

Press Release

May 6, 2020



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NORMA Group results for the first quarter of 2020 affected by the corona pandemic

- Group sales down 8.0 percent in the first quarter
- Business development in all regions impacted by the corona pandemic
- Strong net operating cash flow above last year's level
- Detailed forecast for the full year 2020 not possible at present

Maintal, Germany, May 6, 2020 – [NORMA Group](http://www.normagroup.com), an international market leader in advanced joining technology, recorded an 8.0 percent decline in sales in the first quarter of 2020 to EUR 253.6 million (Q1 2019: EUR 275.6 million). Organic sales were down 8.9 percent. Currency effects had a positive impact of 0.9 percent on Group sales. Adjusted earnings before interest, taxes and amortization of intangible assets (adjusted EBITA) fell by 31.6 percent compared to the same quarter of the previous year to EUR 27.1 million in the first quarter of 2020 (Q1 2019: EUR 39.6 million). The adjusted EBITA margin was at 10.7 percent (Q1 2019: 14.4 percent). Adjusted earnings before interest and taxes (adjusted EBIT) in the first quarter of 2020 amounted to EUR 25.1 million (Q1 2019: EUR 37.5 million).

“The uncertain situation of the global market due to the corona pandemic had a negative impact on our business in the first quarter of 2020,” said Dr. Michael Schneider, CEO of NORMA Group. “To protect our employees and in response to the significant drop in customer demand, we decided to temporarily shut down or interrupt production at several sites in mid-March. In the current situation, our focus is on maintaining our supply chains and securing our financial flexibility in order to be able to bridge temporary sales shortfalls. Thanks to our broad product portfolio and the global orientation of our business activities, however, we are confident that we can cushion the consequences of the corona pandemic as effectively as possible.”

Corona pandemic affects business activities in all regions

Sales in all three regions **EMEA (Europe, Middle East and Africa)**, **the Americas** and **Asia-Pacific** declined in the first quarter of 2020. The main reason for this was the weak automotive business, which deteriorated even further as a result of the restrictions imposed by the corona pandemic since March 2020. As a result, demand for joining technology in this sector fell sharply. Several major automobile manufacturers significantly scaled back their production or temporarily shut down production completely at some plants. Other companies from various industries also cut back their production. In order to adapt to this new market situation, NORMA Group decided to reduce shifts in the EMEA and Americas regions in mid-March and temporarily suspended production. This also applies for plants in the Asia-Pacific region.

Contrary to the automotive business, the water business of NORMA Group's American subsidiary [NDS](http://www.nds.com) continued to develop well in the first quarter of 2020 and recorded organic sales growth of 1.4 percent.

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One of the factors contributing to this was the classification of NDS as part of the critical infrastructure in the “Water and Wastewater Systems” sector by the relevant government authority. As a result, production at the Californian plants is currently not affected by the widespread closure of companies due to the corona pandemic.

Strong net operating cash flow above last year's level – financial flexibility still ensured

Net operating cash flow amounted to EUR 6.7 million in the first quarter of 2020 and was thus EUR 7.0 million higher than in the previous year (Q1 2019: EUR -0.3 million). Thanks to its continued strong cash position and broadly diversified financing structure, NORMA Group is well positioned to maintain financing flexibility even in challenging times and able to compensate for temporary liquidity outflows.

Change program “Get on track” progressing according to plan

NORMA Group decided to launch the change program “Get on track” in November 2019. The implementation of the planned measures is progressing well in the current difficult environment. Initial financial successes are expected in fiscal year 2020.

Reliable outlook for 2020 as a whole currently not possible

Due to the corona pandemic, NORMA Group further assumes that the forecast for 2020 first published in the [2019 Annual Report](#) cannot be met. The impact of the corona pandemic on customer demand and supply chains, as well as on earnings for the full year, cannot be estimated at this point in time. NORMA Group expects the consequences and after-effects to lead to significant negative deviations from the original forecast, however.

In view of the current situation, NORMA Group has postponed its Annual General Meeting originally scheduled for May 14, 2020, to June 30, 2020. The Annual General Meeting will be held as a virtual event for the first time.

NORMA Group SE Financial Results

Key figures at a glance (in EUR million)	Q1 2020	Q1 2019	Change in %
Income statement	01/01 – 03/31/2020	01/01 – 03/31/2019	
Sales	253.6	275.6	- 8.0
Adjusted EBITA*	27.1	39.6	- 31.6
Adjusted EBITA margin*	10.7%	14.4%	n.a.
Adjusted EBIT	25.1	37.5	- 33.2
Balance sheet	03/31/2020	12/31/2019	Change in %
Total assets	1.566,8	1.514,3	3.5
Total equity	639.2	629.5	1.5

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Equity ratio	40.8%	41.6%	n.a.
Net debt**	437.3	420.8	3.9
Employees, including temporary staff	8,476	8,521	- 0.5

*Adjustments: Q1 2020: by step-up effects from purchase price allocations (EUR 0.8 million); Q1 2019: by integration costs (EUR 0.1 million), step-up effects from purchase price allocations (EUR 0.9 million) and "Rightsizing/Footprint" (EUR 1.7 million)

**Net debt including hedging instruments (hedging instruments as of March 31, 2020, amounting to: EUR 2.2 million; December 31, 2019: EUR 0.9 million)

Additional information is available [here](#). Press photos are available from our [platform](#).

Further dates

Publication of the financial figures for the second quarter of fiscal year 2020 is scheduled for August 5, 2020.



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About NORMA Group

NORMA Group is an international market leader in engineered and standardized [joining technology and fluid handling systems](#). With around 8,500 employees, NORMA Group supplies customers in over 100 countries with more than [40,000 product solutions](#). NORMA Group supports its customers and business partners in responding to global challenges such as climate change and the increasing scarcity of resources. NORMA Group's products help reduce emissions harmful to the climate and [use water more efficiently](#). Its innovative joining solutions are used in water supply, irrigation and drainage systems,

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vehicles with conventional and alternative drive systems, ships and aircraft, as well as buildings. NORMA Group generated sales of around EUR 1.1 billion in 2019. The company has a [global network](#) of 29 production sites and numerous sales offices in Europe, North, Central and South America and the Asia-Pacific region. Its headquarters are located in Maintal near Frankfurt/Main. NORMA Group SE is listed on the Frankfurt Stock Exchange in the regulated market (Prime Standard) and is a member of the SDAX.

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.