

Press Release
August 1, 2018



NORMA Group SE
Group Communications
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NORMA Group achieves strong organic growth in the first half of 2018

- **Sales increase by 5.8 percent to around EUR 549.0 million**
- **Strong organic growth of 11.0 percent**
- **Tense situation on raw material markets influences earnings and margin**
- **Forecast for 2018 adjusted**

Maintal, Germany, August 1, 2018 – NORMA Group, a global market leader in engineered joining technology, achieved sales of EUR 549.0 million in the first six months of fiscal year 2018. This is an increase of 5.8 percent compared to the same period of the previous year (H1 2017: EUR 519.0 million). Organic sales growth was strong at 11.0 percent. Revenues from the acquisition of Fengfan contributed 0.8 percent to growth. Negative currency effects, however, reduced sales growth by 6.0 percent.

“NORMA Group achieved strong organic growth in the first half of 2018,” said Bernd Kleinhens, Chairman of the Management Board of NORMA Group. “This shows that our offers are in demand in the diverse markets. The rise in raw material prices and the increasing shortage of materials as well as the strong sales growth has led to variable special costs with a negative effect on earnings and the margin,” Bernd Kleinhens added.

Sales growth in all three regions

In the **EMEA region (Europe, Middle East and Africa)**, NORMA Group increased its sales in the first six months of 2018 by 2.6 percent compared to the first half of 2017 to EUR 258.1 million (H1 2017: EUR 251.6 million). This was due to solid organic sales growth, supported by rising sales and production figures in the automotive sector. The Distribution Services (DS) business recorded slight organic growth, offset, however, by negative currency effects.

Sales in the **Americas** region amounted to EUR 222.7 million in the first half of 2018 (H1 2017: EUR 212.6 million), an increase of 4.7 percent over the same period of the previous year. This is mainly due to catch-up effects in the commercial vehicle and agricultural machinery business in the US and the revival of the water management business. However, the region’s strong organic growth was slowed by currency effects in connection with the US dollar.

In the **APAC (Asia-Pacific)** region, sales from January to June 2018 rose by 24.3 percent to EUR 68.2 million (H1 2017: EUR 54.9 million) compared to the first half of 2017. Strong demand for high-quality joining technology, particularly in the Engineered Joining Technology (EJT) business, as well as additional sales from the acquisition of Fengfan contributed to the region’s good sales development.

Tense situation on raw material markets influences earnings and the margin

Adjusted earnings before interest, taxes and amortization of intangible assets (adjusted EBITA) decreased by 4.3 percent to EUR 87.7 million in the first half of 2018 compared to the first six months of 2017 (H1 2017: EUR 91.7 million). The adjusted EBITA margin (earnings before interest, taxes and amortization in relation to sales) was 16.0 percent in the first half of fiscal year 2018 (H1 2017: 17.7 percent). The operating net cash flow fell by EUR 24.1 million to EUR 16.4 million (H1 2017: EUR 40.5 million).

The lower operating result stemmed from higher raw material prices, particularly in the area of alloy surcharges, as well as force majeure for important plastic components and higher trade barriers, from US steel tariffs for instance. The increasing shortage of materials on the raw material markets and the strong sales growth also temporarily led to special costs in the areas of purchasing, production and logistics.

In the second quarter of 2018, Group sales rose by 4.6 percent compared to the same period of the previous year to EUR 276.4 million (Q2 2017: EUR 264.1 million). Adjusted EBITA amounted to EUR 42.0 million in the second quarter of 2018. This corresponds to a decline of 9.9 percent compared to the second quarter of 2017 (Q2 2017: EUR 46.6 million). The adjusted EBITA margin in the second quarter of 2018 was 15.2 percent (Q2 2017: 17.7 percent).

As of June 30, 2018, NORMA Group employed a total of 8,349 people, including temporary workers. This represents an increase of 682 employees compared to the end of the previous year (December 31, 2017: 7,667 employees).

Adjusted EBITA margin and net operating cash flow forecast adjusted

Based on the expectations for the figures for the second quarter of 2018 and the expected development in the second half of 2018, NORMA Group adjusted its forecast for fiscal year 2018 on July 26, 2018, as follows:

- Organic sales growth of around 5 to 8 percent, targeting the upper end of the range (previously: “around 5 to 8 percent”).
- Additional sales of approximately EUR 5 million from the acquisition of Fengfan (no change) and EUR 10 million from the acquisition of Kimplas (newly added since the acquisition’s closing on July 5, 2018).
- Net operating cash flow of around EUR 130 million (previously: “around EUR 140 million”).
- Adjusted EBITA margin between 16 and 17 percent (previously: “at the level of previous years of over 17.0 percent”).
- The other key financial figures will not differ significantly from the figures forecast in the [2017 Annual Report](#).

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Successful closure of the acquisition of Kimplas

On July 5, 2018, NORMA Group completed the acquisition of Kimplas Piping Systems Ltd. ("Kimplas"). On April 6, 2018, NORMA Group signed the purchase agreement for 100 percent of the shares in the Indian manufacturer of thermoplastic joining solutions for water management. Kimplas has been consolidated since July 5, 2018.

NORMA Group in figures

Key figures at a glance (in EUR millions)	1st half 2018	1st half 2017	Full year 2017
Income statement	01/01 – 06/30/2018	01/01 – 06/30/2017	01/01 – 12/31/2017
Sales	549.0	519.0	1,017.1
Adjusted* EBITA	87.7	91.7	174.5
Adjusted* EBITA margin (in %)	16.0%	17.7%	17.2%
Adjusted* result for the period	56.9	55.8	105.0
Adjusted* earnings per share (in EUR)	1.78	1.75	3.29
Balance sheet	06/30/2018	06/30/2017	12/31/2017
Total assets	1,431.5	1,323.4	1,312.0
Equity	555.1	476.0	534.3
Equity ratio (in %)	38.8%	36.0%	40.7%
Net debt**	392.0	423.9	344.9

Key figures at a glance (in EUR millions)	2nd quarter 2018	2nd quarter 2017	1st quarter 2018
Income statement	04/01 – 06/30/2018	04/01 – 06/30/2017	01/01 – 03/31/2018
Sales	276.4	264.1	272.6
Adjusted* EBITA	42.0	46.6	45.7
Adjusted* EBITA margin (in %)	15.2%	17.7%	16.8%
Adjusted* result for the period	27.3	28.7	29.5
Adjusted* earnings per share (in EUR)	0.86	0.90	0.92

*More on adjustments: 1st half of 2018 (p. 37); 1st half of 2017 (p. 35); Full year 2017 (p. 139); 1st quarter 2018 (p. 8)

**Net debt including hedging instruments; hedging instruments in H1/2018: EUR 1.4 million; H1/2017: EUR 1.9 million; FY 2017: EUR 1.4 million

Additional information is available in the Investor Relations section www.investors.normagroup.com.
 Press photos are available from our platform at www.normagroup.com/images.

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Further dates

Publication of the financial figures for the third quarter of fiscal year 2018 is scheduled for November 7, 2018.



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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 8,300 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. The company generated sales of around EUR 1.02 billion in 2017. NORMA Group operates a [global network](#) of 27 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

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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.