INSIGHT AMERICAS

ANNUAL REPORT 2015

NORMA GROUP

NORMA Group is an international market and technology leader in engineered joining technology. The Company manufactures a wide range of innovative joining technology solutions in three product categories – CLAMP, CONNECT and FLUID – and offers more than 35,000 high-quality products and solutions to around 10,000 customers in 100 countries. NORMA Group's joining products are used in various industries and can be found in vehicles, ships, trains, aircrafts, domestic appliances, engines and plumbing systems as well as in applications for the pharmaceutical and biotechnology industry. From its headquarters in Maintal near Frankfurt, Germany, the Company coordinates a global network consisting of 22 production facilities as well as numerous sales and distribution sites across Europe, the Americas, and Asia-Pacific.

Overview of Key Figures 2015

T 001

		2015	2014	change in %
Order situation				
Order book (31 Dec)	EUR millions	**295.8**	279.6	5.8
Income statement				
Revenue	EUR millions	**889.6**	694.7	28.0
Adjusted gross profit [1]	EUR millions	**533.1**	405.6	31.4
Adjusted EBITA [1]	EUR millions	**156.3**	121.5	28.6
Adjusted EBITA margin [1]	%	**17.6**	17.5	n/a
EBITA	EUR millions	**150.5**	113.3	32.8
Adjusted profit for the period [1]	EUR millions	**88.7**	71.5	24.2
Adjusted EPS [1]	EUR	**2.78**	2.24	24.2
Profit for the period	EUR millions	**73.8**	54.9	34.6
EPS	EUR	**2.31**	1.72	34.6
Cash flow				
Operating cash flow	EUR millions	**128.2**	96.4	33.0
Operating net cash flow	EUR millions	**134.7** [2]	109.2 [3]	23.4
Cash flow from investing activities	EUR millions	**–44.5**	–265.1	–83.2
Cash flow from financing activities	EUR millions	**–70.4**	57.7	n/a
		31 Dec 15	31 Dec 14	change in %
Balance sheet				
Total assets	EUR millions	**1,167.9**	1,078.4	8.3
Total equity	EUR millions	**429.8**	368.0	16.8
Equity ratio	%	**36.8**	34.1	n/a
Net debt	EUR millions	**360.9**	373.1	–3.3
Employees				
Core workforce		**5,121**	4,828	6.1
Share data				
IPO		April 2011		
Stock exchange		Frankfurt Stock Exchange, Xetra		
Market segment		Regulated Market (Prime Standard), MDAX		
ISIN		DE000A1H8BV3		
Security identification number		A1H8BV		
Ticker symbol		NOEJ		
Highest price 2015 [4]	EUR	53.30		
Lowest price 2015 [4]	EUR	38.32		
Year-end share price on 31 Dec 2015 [4]	EUR	51.15		
Market capitalisation as of 31 Dec 2015 [4]	EUR millions	1,629.8		
Number of shares		31,862,400		

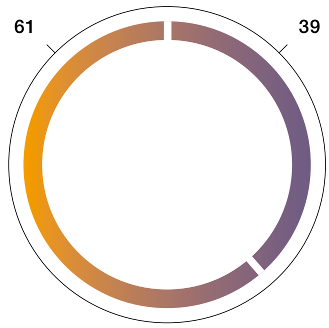
[1] Adjustments are described in the Notes to the Consolidated Financial Statements. → Notes, p. 130.
[2] Adjusted for currency effects.
[3] Adjusted for acquisition-related and currency effects.
[4] Xetra price.

Date of publication: 23 March 2016

Two Strong Distribution Channels

DISTRIBUTION OF SALES BY SALES CHANNELS
in %

Engineered Joining Technology
Tailored, high-tech products developed to meet specific requirements of individual OEM customers



Distribution Services
High-quality standardised brand products for a variety of applications

ENGINEERED JOINING TECHNOLOGY (EJT)

The business area of EJT focuses on customised, engineered solutions which meet the specific requirements of original equipment manufacturers (OEM). For these customers NORMA Group develops innovative, value-adding solutions for a wide range of application areas and various industries. No matter whether it is a single component, a multi-component unit or a complex system, all products are individually tailored to the exact requirements of the industrial customers while simultaneously guaranteeing highest quality standards, efficiency and assembly safety. NORMA Group's EJT products are built on the extensive engineering expertise and proven leadership in this field.

DISTRIBUTION SERVICES (DS)

In the area of DS, NORMA Group sells a wide range of high-quality, standardised joining technology products for various applications through different distribution channels. Among the customers are distributors, OEM aftermarket customers, technical wholesalers and hardware stores. In the DS business area NORMA Group benefits not only from its extensive geographic presence and global manufacturing, distribution and sales capacities, but also from its well-known brands, the customised packaging and the high availability of its products at the point of sale. NORMA Group markets its joining technology products under its well-known brand names:

Innovative joining technology and the highest quality standards have secured NORMA Group's market position for over 60 years now. The Company offers solutions for many different industries with its advanced products. In fact, NORMA Group ranks as one of the world's market and technology leaders in the area of joining technology thanks to the personal dedication of more than 6,000 employees and an intellectual property rights portfolio that consists of more than 700 patents.

WATER CONNECTS

WATER MEANS LIFE

As a global market and technology leader in the field of engineered joining technology, NORMA Group is not only an innovative and reliable partner of global automobile manufacturing. Sustainable joining solutions are also becoming increasingly important for efficient water management. After all, the world's growing population, global warming with droughts and wildfires, water pollution from urbanisation, industrial effluents, and waste are making water increasingly scarce here on earth. In fact, over a billion people already lack access to clean drinking water today. At the same time, half of the global water consumption is caused by inefficient irrigation in agriculture. Water as a precious and limited resource needs to be protected because there is no life without water.

1.4

TRILLION CUBIC METRES

water on earth

3

PERCENT

of the world's water reserves are usable freshwater

17

MILLION PEOPLE

die every year from water-related illnesses

2,842

CUBIC METRES

of water on average are used by a US citizen each year.
The per capita consumption in Germany is 1,426 cubic metres.

334.8

BILLION USD

That is how high the National League of Cities estimates the costs of modernising the US water infrastructure for drinking water systems to be over the next 20 years.

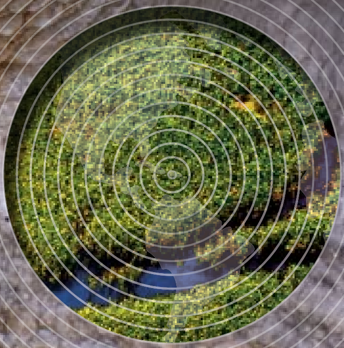
GRAND PRISMATIC SPRING UNITED STATES

Every minute, 2,000 litres of hot water on average flow through the largest thermal spring in the US. Its colour comes from unicellular microorganisms.

USA

A MARKET IN FLOW

Water is scarce. The sparing use of this resource is becoming increasingly important, and not only in arid regions. In times of urbanisation, innovative infrastructure solutions are extremely promising. On the one hand, they prevent water losses from using old equipment. On the other hand, they enable wise use of the sometimes huge volumes of rain that have destructive effects on the environment and on cities. Landscape irrigation accounts for the largest share of water consumption in the US, followed by consumption by industry and households. In California alone, the most highly populated state, landscape irrigation by private households accounts for around 80% of the total water consumption. A state of emergency was declared in 2015 due to the prolonged drought. Modern solutions for efficient water management are becoming increasingly important in the US.



2

BILLION USD

in financial losses for the US economy were caused by the forest fires and bush fires in recent decades.

2.4

PERCENT

The real gross domestic product in the US rose by this percentage in 2015, according to the US Department of Commerce.

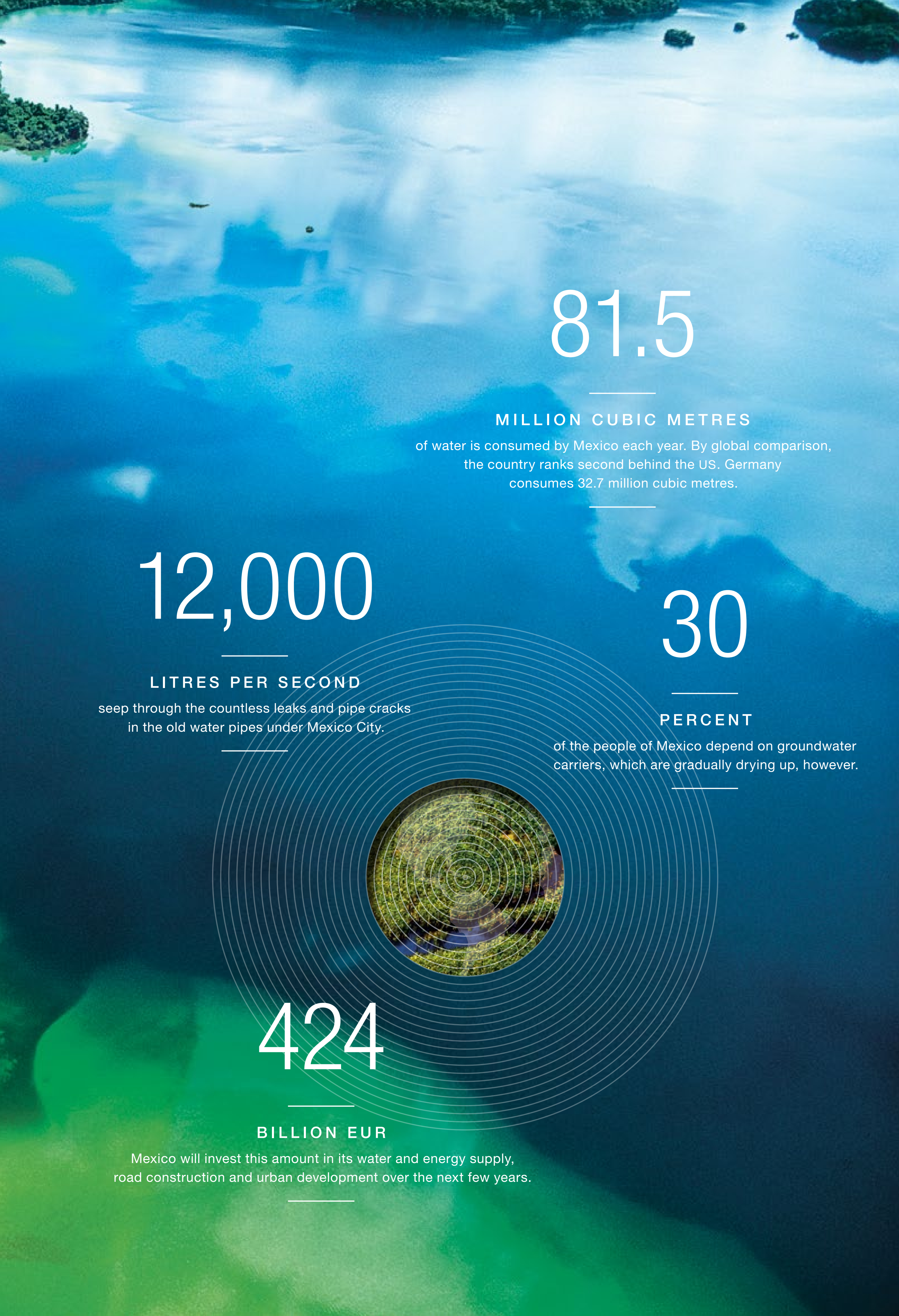
MEXICO

THIRSTY METROPOLISES

The rapid growth of the urban population and urban areas is a major demographic trend worldwide. One of the foundations of modern urban society is to have permanent access to clean drinking water. But several megacities can no longer ensure this, like Mexico City, for example. The city's water quality is among the world's worst, but the water consumption of its roughly 22 million citizens the highest. Due to the constant overuse of the groundwater reserves, the city already drops down by around two and a half cm per month in the south and the west. Massive investments in the renovation and maintenance of the regional and the national water infrastructure are planned over the next few years to bring this development to a halt. The water management and fresh water supply industries can thus look forward to particulary strong demand.

LAGUNA SALADA MEXICO

At 10 metres below sea level, the dry lake is the deepest point in the country. It only fills with water during the rainy season from May to October.



81.5

MILLION CUBIC METRES

of water is consumed by Mexico each year. By global comparison, the country ranks second behind the US. Germany consumes 32.7 million cubic metres.

12,000

LITRES PER SECOND

seep through the countless leaks and pipe cracks in the old water pipes under Mexico City.

30

PERCENT

of the people of Mexico depend on groundwater carriers, which are gradually drying up, however.

424

BILLION EUR

Mexico will invest this amount in its water and energy supply, road construction and urban development over the next few years.

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CONSOLIDATED FINANCIAL STATEMENTS

80

PERCENT

of Brazil's energy, and thus almost its entire demand for electricity, is generated by hydroelectric plants.

21

BILLION USD

That's how much money the Brazilian water supply industry is estimated to generate in sales in 2018. This figure was only USD 16 billion in 2012.

THE AMAZON IN BRAZIL

winds through the rainforests of Brazil over a distance of approximately 6,500 kilometres.

BRAZIL

THE SOURCE OF PROSPERITY

The country on the Amazon is one of the most water-rich in the world and yet in 2015 the water storage tanks emptied down to the ground in the states of Rio de Janeiro and São Paulo. Water was rationed and partially shut off. Around 77 million people were affected. The reasons for the crisis: high consumption, an inefficient system of outdated and leaky pipes and a lack of reservoirs. Important economic sectors such as the paper industry, and hydroelectric power plants in the region suffered from these shortcomings and reacted by announcing temporary short-time work, layoffs and closures. For Brazil, efficient water management based on joining solutions of the highest quality is of growing importance.

36.9

CUBIC METRES PER CAPITA

is how much water Latin America will consume in 2025. In 1995, this figure was only 24.8 cubic metres per capita.

81.2

PERCENT

more water will be needed for livestock in Latin America by 2025 – compared to the data for the year 1995.

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THE AMERICAS IN FIGURES

STRONGER GROWTH DUE TO THE WATER BUSINESS

The Americas region contributed 44% to Group sales in financial year 2015. The newly acquired water business gained through the acquisition of National Diversified Sales (NDS) accounted for a significant share of Group sales growth. NORMA Group's long-term goal for this region is to continue to grow profitably – both organically and through acquisitions.

1,462
Employees

7,700
Wholesale and retail locations in the field of water management

5.8%
Growth in sales of light vehicles in the US

395.3
Million EUR in sales

14
Production and distribution sites

66.3%
Sales growth

Sources: WATER CONNECTS: WHO World Health Organisation 2015 who.int/heli/risk/water/water/en | Federal Agency for Civic Education, bpb.de | USA: CRED Centre for Research on the Epidemiology of Disasters, Statista 2015 | German American Chambers of Commerce 2015, gaccmidwest.org | Department of Water Engineering and Management, University of Twente, pnas.org International Monetary Fund, imf.org | MEXICO: Foreign Office 2015, auswaertiges-amt.de | OECD Organisation for Economic Co-operation and Development, Statista 2015 | spiegel.de | Inter Press Service 2015, ipsnews.de | Mexico Infrastructure Projects Forum, mexicoinfrastructure.com | Handelszeitung 2015 handelszeitung.ch | die tageszeitung 2015, taz.de | icct, The International Council on Clean Transportation, theicct.org; IPS Inter Press Service; ipsnews.de | BRAZIL: Die ZEIT 2015, zeit.de | IFPRI International Food Policy Research Institute, Statista 2015

4 QUESTIONS TO ...

TIM JONES

President – Americas Region

Tim, throughout the last years, NORMA Group significantly expanded its business in the Americas. When did you start the business in this region and where does the Company stand today?
NORMA Group is a result of the merger of the two companies ABA Group and Rasmussen. The activities of both companies were limited mainly to Europe until 2006 when the Company began expanding internationally. Of course, the Americas region with its attractive US and Latin American markets played an important role in this process. We took the first big steps into the American markets by acquiring the specialised joining companies Torca, Breeze, R.G.RAY and Craig Assembly between 2007 and 2010 and by founding NORMA Mexico in 2008. Brazil expansion started in 2011 with a sales centre and then added a production facility in 2013.

And which industries are you focused on?
Until 2014 we mainly focused our activities in the Americas region on the traditional NORMA industries: Automotive, Commercial Vehicles and Industrial. The acquisition of NDS at the end of 2014 marked the entrance into the American water market. By acquiring NDS, we could complement our product portfolio with numerous joining products in the water sector and expand our client base in the US. In total, this resulted in a significant expansion of our Americas business and a broader diversification regarding our end markets. The share of the Americas region compared to the total company sales currently amounts to around 44%. In 2010 it was only 20% and just prior to the acquisition of NDS it was around 35%. This shows the importance of the region for NORMA Group's overall business.

From automotive to water, what were the reasons for this step and are there synergies to be realised?
NORMA Group is an expert in the field of engineered joining technology. This is not only needed in the automotive sector, but also when it comes to providing efficient solutions for water supply and infrastructure. And this is exactly what NDS is doing. The Company's product portfolio ranges from collection solutions for storm water to irrigation systems, infiltration modules, valves and subsurface drainage solutions. In light of the global scarcity of water and aging infrastructure in huge parts of the Americas and the world, we see a huge growth potential for our business. In the current integration process and future development of NDS, we make use of expertise gained in the APAC region, where we have been operating in the water business for quite a few years already. The first cross-selling effects are already being realised as NDS is selling some core NORMA products through their distribution centres. In the long term, we will work on realising further synergies.

What does this mean for the future development of NORMA Group in the Americas? Will you fully focus on the water business or do you see further growth potential also for the traditional industries?
Of course, the water business will be one core area in the future. But nevertheless, we are not going to neglect our traditional businesses, as we still see a high potential in these industries in the coming years. The water business offers growth opportunities that are significant compared to our traditional mature and cyclical automotive and heavy equipment industry segments that have seen recent challenges in the Americas region; primarily in Brazil, Heavy Truck and Agricultural segments. Our primary focus for the Americas region in the future is profitable growth, either organically or through acquisitions. This focus will not change with NDS.

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EXPLANATION OF SYMBOLS

@ Internet → Cross reference

The Management Board

WERNER DEGGIM
CHIEF EXECUTIVE OFFICER (CEO)

- Vice President and General Manager, TRW Automotive, USA
- Managing Director / Chairman of the Management Board, Peguform GmbH
- Various executive management positions, thereof seven years in the USA and Canada

DR. MICHAEL SCHNEIDER
CHIEF FINANCIAL OFFICER (CFO)

- Managing Director, FTE automotive Group
- Member of the Management Board, Veritas AG
- Director of Finance and IT, Aesculap AG (B. Braun Melsungen Group)
- Various international management positions, thereof three years in Brazil

BERND KLEINHENS
BOARD MEMBER BUSINESS DEVELOPMENT

With NORMA Group since the beginning of his professional career:
- Global Sales Director for Commercial & Passenger Vehicles
- Business Area Sales Manager for NORMACLAMP
- Marketing Manager Automotive
- Development Engineer

JOHN STEPHENSON
CHIEF OPERATING OFFICER (COO)

- Vice President Operations, Hayes Lemmerz International
- Director of Operations for Northern Europe, Textron Fastening Systems
- Plant Manager and Managing Director, APW Electronics
- Various positions, among others in the area of project and production management at Valeo

Further information regarding the professional careers of the Management and the Supervisory Board can be found in the Investor Relations section on the NORMA Group website @ http://investors.normagroup.com.

JOHN STEPHENSON WERNER DEGGIM BERND KLEINHENS DR. MICHAEL SCHNEIDER

Letter from the Management Board

Dear shareholders, customers
and business partners,

2015 proved to be a successful financial year in which we continued to lay further strategic groundwork for the future of NORMA Group. With this year's Annual Report that is entitled 'Insight Americas,' we want to share our activities in the Americas region with you in greater detail. We have been active in this region for quite some time and expanded our presence rather significantly by acquiring the joining technology manufacturer Five Star and the water expert National Diversified Sales (NDS) in 2014. In financial year 2015, the share of sales of the Americas region thus rose to 44%. This region has therefore become even more important to NORMA Group.

Furthermore, the acquisition of NDS marked the entry into the US water market, an industry that we have been actively involved in in Asia and Australia for several years. We are currently using the expertise that we established there to integrate NDS, a key focus of our operating business in 2015. We are therefore particularly proud to be able to report that we have made significant progress on integrating the company. By forming an international steering committee, we have coordinated our global activities in the field of water and successfully integrated NDS. By synchronising sales and distribution channels, we were able to realise initial cross-selling effects in the US in 2015, and we expect to be able to generate further synergies on a global scale in the future.

The fact that we made the right decisions with the acquisitions of NDS and Five Star is also reflected in our business figures: With Group sales of EUR 889.6 million in 2015, we achieved growth of 28.0% over the previous year. The acquisitions – and mainly NDS – contributed EUR 115.4 million or 16.6% to this result. At 3.7%, organic growth was at the lower end of the forecast range, but is still satisfactory considering the persistently difficult economic conditions in Brazil and China, in particular. With a 7.7% contribution, currency effects, mainly from the appreciation of the US dollar, also had a positive effect on Group sales growth. We were able to increase our adjusted EBITA by 28.6% to EUR 156.3 million and our adjusted net profit by 24.2% to EUR 88.7 million. With an adjusted EBITA margin of 17.6%, we thus continued our profitable growth path in 2015.

Profitability and growth are two important strategic objectives for NORMA Group. But success and competitiveness cannot be defined solely on the basis of financial figures. For this reason, the issue of sustainability takes on an equally high priority at NORMA Group. Sustainable and responsible action, which is consistent with the interests of our stakeholders, therefore serves as the basis of all decision making. For this reason, we intensified the dialogue with our stakeholders in 2015 and invited them to an initial roundtable discussion in the summer. Besides NORMA Group representatives from the management level, stakeholders from industry, politics, science, associations and non-profit organisations participated in this event. They discussed measures and targets in the fields of action ‘business solutions,’ ‘employees’ and ‘environment,’ which we have defined. The results of the discussions provided us with important impulses for the further development of our Corporate Responsibility (CR) strategy. We published these results on our website in January 2016 as part of our 2018 CR Roadmap. This gives us not only a framework for action for the coming years, which we want to be measured by, but also represents the next logical step towards having a holistic and substantial sustainability strategy.

By focusing on innovation and sustainability and with the clear aim of continuing to expand our market and technology position, we are well positioned for the future. Due to the broad diversification of our business and our stable financial basis, we assume that we will continue to be able to grow profitably even in a persistently difficult economic environment. We see long-term growth drivers for NORMA Group in the increasing density of regulations in environmental law and the consequent pressure on car manufacturers to invest in low-carbon technologies. There are also regulatory initiatives due to increasing problems associated with the global water shortage and water pollution, which have gained relevance for us due to our increased activities in the field of water. We therefore look to the future with optimism and hope you will continue to accompany us on our way.

We would like to thank you for the trust you have shown in the past. We are pleased that we were once again able to achieve a good result in the financial year 2015 and would like you, dear shareholders, to participate appropriately in the Company's success. For this reason, we will be proposing a dividend of EUR 0.90 per share for financial year 2015 at the Annual General Meeting to be held in Frankfurt on 2 June 2016.

We also owe our thanks to the more than 6,000 employees of NORMA Group at all our sites, who through their hard work, team spirit and commitment, contribute to the Company's success every day. Furthermore, we would like to thank our customers and business partners for their trust and look forward to continuing our good collaboration in 2016.

Sincerely

Werner Deggim | Dr. Michael Schneider | Bernd Kleinhens | John Stephenson

USA

The global water business is growing fast. NORMA Group has already benefitted from this trend in Malaysia and Australia. With the acquisition of National Diversified Sales (NDS) in October 2014, the water business has now also been expanded to include the promising US market.


5,000

NDS CATCH BASIN AND GRATE

The NDS inline catch basins and grates protect property against water damage caused by excess rainwater or irrigation. They collect water from downspouts, areas with plants, and gardens. The catch basins are available in various sizes and can be connected with pipes in different sizes at various elevations. The material of the grates is free of choice. It can consist of plastic, brass, steel or cast iron.

Demand for high-quality water management solutions remains high. Here, NDS offers a broad product portfolio that ranges from solutions for collecting rain-water to irrigation systems for agriculture and even infrastructure solutions in the area of water.

5,000

PRODUCTS

that are supplied to 7,700 wholesale and retail locations in the US make up the NDS portfolio.

A

TO OUR SHARE-HOLDERS

ANNUAL REPORT 2015

NORMA Group on the Capital Market

NORMA Group share outperforms benchmark indices

Research coverage at a high level

Annual Report and investor relations work win awards

GERMAN INDICES DEVELOP POSITIVELY OVERALL IN A VOLATILE MARKET ENVIRONMENT

The global capital markets continued their volatile trend from the previous year in 2015. They were influenced by geopolitical events such as the terrorist attacks in Paris and the Ukraine conflict. The ongoing Greek crisis, the slowdown in economic growth in China and the discussion over manipulated emission tests caused uncertainty among investors and thus market fluctuations.

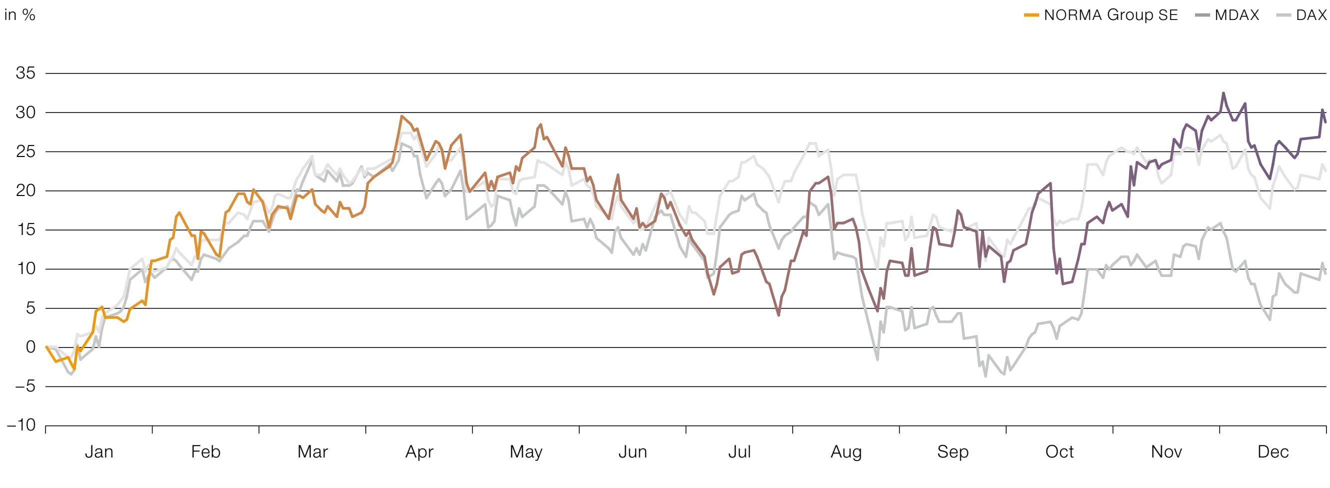
The DAX, which had risen to an all-time high of 12,391 points in April, recorded major losses, especially in the third quarter of 2015, and reached its low for the year of 9,325 points in September. At the end of the year, the German benchmark index was trading at 10,743 points (2014: 9,806 points) and thus rose by 9.6% compared to last year. The benchmark index MDAX that is of relevance to NORMA Group showed a positive overall development from January to December 2015 despite the volatile global market conditions. It closed the year at 20,775 points and thus posted a 22.7% increase over the previous year (2014: 16,935 points). Unlike the German indices, US stock markets ended 2015 slightly lower. The Dow Jones lost 2.2% from January to December while the S&P 500 closed 0.7% lower.

NORMA GROUP SHARE ROSE BY 29%

The NORMA Group SE share continued its upward trend in 2015 and once again performed better than the market. The share closed at EUR 51.15 at the end of the year and was thus 29.0% higher compared to the end of 2014 (EUR 39.64).

The market capitalisation of NORMA Group SE amounted to EUR 1.63 billion on 31 December 2015. This is based on an unchanged number of 31,862,400 shares compared to last year. In terms of free float market capitalisation that is of relevance in determining index membership, which has been at 100% since 2013, NORMA Group shares came in 33rd place out of 50 in the MDAX in December 2015 (December 2014: 38th).

INDEX-BASED COMPARISON OF NORMA GROUP'S SHARE PRICE PERFORMANCE 2015 WITH THE MDAX AND DAX G 002



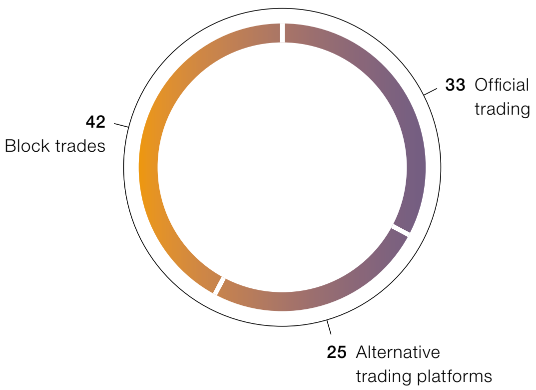
TRADING VOLUME INCREASED

The average Xetra trading volume of the NORMA Group share was 88,888 shares per day (2014: 73,932) in the period from January to December 2015. The NORMA Group share thus ranked 46th out of 50 (2014: 47th) in the MDAX in December 2015 in terms of trading volume. In terms of value, this represents an increased average trading volume per day compared to last year of EUR 4.10 million (2014: EUR 2.80 million).

The total average number of daily traded shares was 273,943 in 2015 (2014: 199,934). Trading on the various trading platforms can be broken down as follows:

DISTRIBUTION OF TRADING ACTIVITY IN 2015 G 003

in %



The percentage of shares traded on the official market declined to 33% compared to last year (2014: 41%). By contrast, the percentage of trading on alternative platforms increased from 21% to 25%. The percentage of shares traded via block trades also increased to 42% compared to last year (2014: 38%).

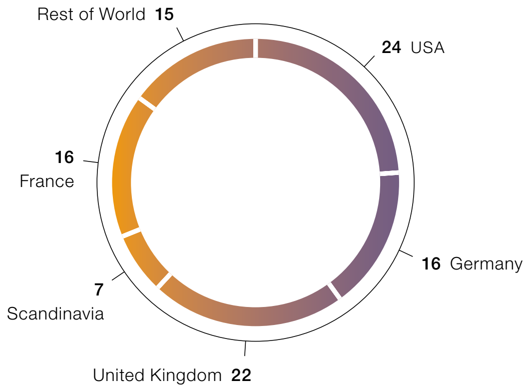
BROADLY DIVERSIFIED SHAREHOLDER STRUCTURE

The NORMA Group share has gained greater international recognition in recent years due to active investor relations work. As a result, foreign investors have become increasingly important. In the meantime, NORMA Group now has a regionally highly diversified shareholder base with a huge share of international investors mainly from the USA, the UK, France, Germany and Scandinavia. → G 004: Free Float by Region.

At the end of the reporting year, 95.6% of NORMA Group shares were held by institutional investors, 2.3% (2014: 2.4%) by management, and 2.1% (2014: 1.8%) by private investors. The number of private investors (excluding management) increased from 2,510 to 2,833 over the course of financial year 2015.

FREE FLOAT BY REGION G 004

in % as of 1 February 2016



VOTING RIGHT NOTIFICATIONS 2015

According to the voting right notifications received in 2015, shares of NORMA Group designated as free floating and amounting to over 3% are held by the following institutional investors:

OVERVIEW OF VOTING RIGHT NOTIFICATIONS T 002

in %	
Ameriprise Financial Inc., Minneapolis, USA	9.96
Allianz Global Investors Europe GmbH, Frankfurt, Germany	5.02
BlackRock Inc., New York, USA	4.94
Mondrian Investment Partners, Ltd., London, United Kingdom	4.85
BNP Paribas Investment Partners S.A., Paris, France	3.15
The Capital Group Companies, Inc., Los Angeles, USA	3.05
BNP Paribas Asset Management SAS, Paris, France	3.01
AXA S.A., Paris, France	3.00

As of 31 December 2015. More information regarding the voting rights can be found on page 168. All voting right notifications are published on the Company's website @ http://investors.normagroup.com.

2015 ANNUAL GENERAL MEETING

The Ordinary Annual General Meeting of NORMA Group SE was held on the premises of the Jahrhunderthalle in Frankfurt / Main on 20 May 2015. 25,000,072 of the 31,862,400 shares with voting rights, i.e. 78.47% of the share capital were represented at the meeting. The participating shareholders resolved a dividend of EUR 0.75 per share. This corresponds to a distribution rate of 33.4% based on NORMA Group's adjusted net profit for the financial year of EUR 71.5 million. All items on the agenda were approved by clear majorities. The voting results are available on the website @ http://investors.normagroup.com/hv.

DIRECTORS' DEALINGS

In financial year 2015, two transactions were reported as Directors' Dealings. These can be found in the Corporate Governance Report. → Corporate Governance Report, p. 34.

RESEARCH COVERAGE INCREASED

In 2015, 21 analysts from different banks and research firms followed NORMA Group. As of 31 December 2015, there were 13 recommendations to 'buy' the share. Eight analysts advised to 'hold' the share. The average price target was EUR 52.86 at the end of December 2015 and thus around 28% higher than the price target on 31 December 2014 (EUR 41.34).

ANALYSTS COVERING NORMA GROUP T 003

Baader Bank	Peter Rothenaicher
Bankhaus Lampe	Christian Ludwig
Bankhaus Metzler	Jürgen Pieper
Bank of America Merrill Lynch	Sheila Weekes
Berenberg Bank	Philippe Lorrain
Commerzbank AG	Ingo-Martin Schachel
Deutsche Bank AG	Tim Rokossa
DZ Bank AG	Thorsten Reigber
equinet Bank	Holger Schmidt
Exane BNP Paribas	Gerhard Orgonas
Goldman Sachs	Will Wyman
Hauck & Aufhäuser	Christian Glowa
HSBC	Jörg-André Finke
Jeffries	Peter Reilly
Kepler Cheuvreux	Hans-Joachim Heimbürger
Macquarie	Christian Breitsprecher
MainFirst Bank AG	Tobias Fahrenholz
NordLB	Frank Schwope
Oddo Seydler Bank AG	Daniel Kukalj
Steubing AG	Michael Bröker
Warburg Research GmbH	Christian Cohrs

In June 2015, Michael Bröker from Steubing AG published his initial opinion of NORMA Group by recommending the share for purchase and quoted a price target of EUR 58.00. In December 2015, Holger Schmidt from equinet Bank AG published his initial assessment of NORMA Group by recommending the share for purchase and set his price target at EUR 60.00.

ANALYST RECOMMENDATIONS G 005

as of 31 December 2015

SUSTAINABLE INVESTOR RELATIONS ACTIVITIES

NORMA Group's investor relations activities seek to further increase awareness of the Company on the capital market, strengthen long-term confidence in its share and achieve a realistic and fair valuation. Therefore, the management and those responsible for investor relations hold many discussions with institutional investors, financial analysts and private shareholders over the course of the year.

The Management Board and the Investor Relations team of NORMA Group conducted 31 roadshows in Europe and North America's most important financial centres in 2015. Furthermore, NORMA Group attended the following conferences.

- Commerzbank German Investment Seminar, New York
- Kepler Cheuvreux German Corporate Conference, Frankfurt / Main
- Goldman Sachs European Small & Mid Cap Symposium, London
- Société Générale Nice Conference, Nice
- Berenberg Energy Efficiency & Construction Sector Conference, Zurich
- Deutsche Bank German, Swiss & Austrian Conference, Berlin
- Exane German Midcaps Forum, London
- Jefferies Industrials Conference, New York
- Commerzbank Sector Conference, Frankfurt / Main
- UBS Best of Germany Conference, New York
- Berenberg / Goldman Sachs German Corporate Conference, Munich
- Baader Investment Conference, Munich
- Berenberg European Conference, Bagshot / Surrey

SERVICE FOR SHAREHOLDERS

Shareholders and those interested can register in the investor relations section of the Company website @ http://investors.normagroup.com to receive the circular letter for investors from NORMA Group. They will be informed promptly by e-mail of any developments within the Group and automatically receive the regular publications.

Furthermore, comprehensive information on the NORMA Group share is published on the website. Besides financial reports and presentations that can be downloaded, all important financial market dates and details on how to reach the contact partners can be found there. The teleconferences on the quarterly and annual financial statements are recorded and offered in audio format.

NORMA GROUP 2014 ANNUAL REPORT RECEIVES NUMEROUS AWARDS

NORMA Group's 2014 Annual Report excelled in numerous national and international competitions and received the following awards:

- **LACP Vision Award:** Silver in the category 'Other – Specialized Materials'
- **The Best Annual Report 2015:** 5th place in the MDAX segment
- **Investors' Darling:** 4th place in the MDAX segment
- **Annual Report Competition (ARC) 2015:** Bronze in the category 'Traditional Annual Report: Connection Method'
- **FOX FINANCE 2015:** awarded with Honors
- **GOOD DESIGN AWARD** for outstanding design

KEY FIGURES OF THE NORMA GROUP SHARE SINCE THE IPO

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	2015	2014	2013	2012	2011	8 Apr 2011[1]
Closing price on 31 Dec (in EUR)	**51.15**	39.64	36.09	21.00	16.00	21.00[2]
Highest price (in EUR)	**53.30**	43.59	39.95	23.10	21.58	n/a
Lowest price (in EUR)	**38.32**	30.76	21.00	15.85	11.41	n/a
MDAX level on 31 Dec	**20,774.62**	16,934.85	16,574.45	11,914.37	8,897.81	10,539.6
Number of unweighted shares as of 31 Dec	**31,862,400**	31,862,400	31,862,400	31,862,400	31,862,400	31,862,400
Market capitalisation (in EUR millions)	**1,630**	1,263	1,150	669	510	669
Average daily Xetra volume						
Shares	**88,888**	73,932	86,570	54,432	46,393	n/a
EUR millions	**4.10**	2.80	2.53	1.04	1.45	n/a
Earnings per share (in EUR)	**2.31**	1.72	1.74	1.78	1.19	n/a
Adjusted earnings per share (in EUR)	**2.78**	2.24	1.95	1.94	1.92	n/a
Dividend per share (in EUR)	**0.90**[3]	0.75	0.70	0.65	0.60	n/a
Dividend yield (in %)	**1.8**	1.9	1.9	3.1	3.8	n/a
Distribution rate (in %)	**32.3**	33.4	35.9	33.5	33.2	n/a
Price-earnings ratio	**22.1**	23.05	20.7	11.8	13.4	n/a
Selected indices	MDAX, CDAX, HDAX, Deutsche Börse Classic All Share Performance Index, Deutsche Börse Prime All Share Performance Index, EURO STOXX Total Market Growth, S&P Global SmallCap, STOXX All Europe Total Market Price Index, STOXX Global Total Market Price Index					

[1] IPO and first trading day of the NORMA Group share. [2] Issuing price.
[3] In accordance with the Management Board's proposal for the appropriation of net profit, subject to approval by the Annual General Meeting on 2 June 2016.

SHARE PRICE DEVELOPMENT SINCE THE IPO IN 2011

G 006

Supervisory Board Report

COLLABORATION BETWEEN THE SUPERVISORY BOARD AND THE MANAGEMENT BOARD

The Supervisory Board of NORMA Group SE has monitored and advised on the activities of the Management Board in financial year 2015 in accordance with the rules of the German Stock Corporation Act, the German Corporate Governance Code and NORMA Group's Articles of Association.

The Management Board reports to the Supervisory Board regularly in written form on a monthly basis on the business development of NORMA Group SE and the Group and provides a forecast for the current financial year. The development of sales and earnings, incoming orders and order backlog are described in detail compared to the previous year and current targets. In addition to this monthly reporting and the Supervisory Board meetings, the Chairman of the Management Board and the Chairman of the Supervisory Board engaged in regular exchanges on important topics in financial year 2015.

The Management Board began each Supervisory Board meeting by reporting on the overall economic situation and sector-specific conditions. In 2015, the weakening of the global economy and the consequent impact on NORMA Group were key topics. The Management Board then reported on the respective business performance of NORMA Group and explained the earnings situation based on key indicators and their development compared to the previous year and the budget. The Management Board discussed sales and the order situation for both the regions and the distribution channels. Accidents at work and countermeasures that have been introduced to improve work safety as well as quality and delivery were also discussed at each meeting. Furthermore, the Supervisory Board and Management Board discussed NORMA Group's long-term strategic orientation and current M&A projects. The Chairman of the Audit Committee, Dr. Schug, reported to the other Supervisory Board members after the meetings of the Audit Committee.

At each regular meeting of the Supervisory Board, the Management Board also presents a risk report in which the probability of occurrence and potential effects of all relevant risks including any countermeasures are assessed. This regular risk reporting provides the Supervisory Board with a clear picture of which possible risks could have a negative impact on the Company's assets, financial and earnings position. Moreover, compliance topics are also discussed at every Supervisory Board meeting.

Two special issues were repeatedly discussed in 2015. Up until the end of the year, the Management Board reported on the respective progress made on implementing improvement measures at the plant in Auburn Hills. Based on a detailed action plan, weaknesses were eliminated in both the area of finances as well as operational areas, which had already been discovered in the course of the audit conducted in 2014. Furthermore, the Supervisory Board discussed the new legal regulations on quotas for women and the targets to be set in greater detail at the first three meetings of the year.

The Supervisory Board convened internally after each meeting with the Management Board.

For transactions requiring approval, the Management Board sought the decisions of the Supervisory Board well in advance and presented the Supervisory Board with sufficiently detailed information in written form.

Besides the regularly recurring topics, the Supervisory Board also dealt with the following issues in financial year 2015:

Supervisory Board meeting held on 18 March 2015 in Maintal

The 2014 annual financial statements and management report of NORMA Group SE as well as the corresponding consolidated

Dr. Stefan Wolf
Chairman of the Supervisory Board

financial statements and group management report presented by the Management Board were discussed in detail by the Supervisory Board with the auditors in attendance from the engaged auditing firm, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft (PWC). This discussion focused, among other topics, on the acquisitions of National Diversified Sales, Inc. (NDS) and Five Star in the US, the changes to the financing structure, the development of earnings and cash flow and the further development of the internal control system. The Chairman of the Audit Committee reported on the detailed discussion of the financial statements at the meeting of the Audit Committee on 17 March 2015 at which these topics had already been discussed with the auditors and with representatives of the Finance / Controlling departments of NORMA Group.

The consolidated financial statements of NORMA Group SE were prepared in accordance with section 315a of the German Commercial Code (Handelsgesetzbuch, HGB) on the basis of the International Financial Reporting Standards (IFRS) as adopted in the EU. The auditor issued an unqualified opinion for the 2014 annual financial statements and management report of NORMA Group SE as well as for the consolidated financial statements and group management report. The documents pertaining to the financial statements, the Management Board's proposal for the appropriation of net profit and both auditors' reports were submitted to the Supervisory Board. The Supervisory Board accepted the auditor's findings and had no objections.

The Supervisory Board then approved and adopted the annual financial statements of NORMA Group SE as well as the 2014 consolidated financial statements along with the associated management reports. The Supervisory Board also approved the Management Board's recommendation on the utilisation of unappropriated net profits and an increase in the dividend to EUR 0.75 per ordinary share.

Subsequently, the Management Board presented a lease for a warehouse in the US that the Supervisory Board approved. The Management Board and Supervisory Board discussed plans for the 2015 Annual General Meeting, in particular the proposed resolutions on capital measures. In addition, the Management Board discussed the planned changes to the compliance organisation.

The Chairman explained the results of the efficiency audit provided for in the German Corporate Governance Code to the Supervisory Board and discussed possible improvements with the other members of the Supervisory Board and the Management Board. The President of the Americas Region then introduced himself to the Supervisory Board at the end of the meeting.

Supervisory Board meeting held on 20 May 2015 in Frankfurt / Main

The Supervisory Board meeting was held after the fourth Annual General Meeting of NORMA Group SE and started with a follow-up assessment of the Annual General Meeting.

The Management Board discussed the development of an EDI solution as part of the continued Microsoft AX implementation. The Supervisory Board approved an insourcing project in the US and the extension of a lease for NDS. The Management Board reported that a supplier to a subsidiary of NORMA Group had invoiced deliveries to the Company incorrectly and at the Company's expense. The Supervisory Board then dealt with personnel issues in the US. The Supervisory and Management Boards agreed that the major accounting firms, including PWC, should be given the chance to bid on the audit of the financial statements for 2016.

Supervisory Board meeting held on 18 September 2015 in Maintal

The Management Board presented its plans for NORMA Group's IT structures and discussed these in detail with the Supervisory

Board. In connection with deliveries that were invoiced incorrectly, the Management Board reported on personnel measures and other steps aimed at minimising damages. The Management Board also reported on internal analysis of the procedure regarding withholding taxes on intra-group licenses. The results of this analysis should also be communicated to the tax office accordingly. No deficits were found with the statutory audit of compliance with EMIR rules.

Supervisory Board meeting held on 27 November 2015 in Maintal

The Management Board presented a detailed draft of the 2016 budget and planning for 2016 through 2020 as well as the assumptions the planning is based on. Planning is based on external data on the economic development of the international economic regions and for industries of relevance to NORMA Group. The Supervisory Board discussed the opportunities and risks of the anticipated market development, the assumptions concerning the development of significant items, and each item of planning.

The medium-term planning for the years 2017 to 2020 was then discussed. The Audit Committee had already discussed the budget and medium-term planning in detail with the CFO the day before. The Supervisory Board finally approved the budget for financial year 2016 and the medium-term planning.

The Management and Supervisory Boards discussed the further development of NORMA Group's strategy. It continues with the plans that had been developed together with an external consultant in 2012. The Management Board presented the results of the tender for the audit of annual accounts. Furthermore, it explained that NORMA Group will use Microsoft AX as its standard ERP system. The Supervisory Board approved the proposal to improve the contracts with banks and prematurely terminate a cross-currency swap. The Management Board then reported on personnel changes in the EMEA region.

TOPICS OF THE AUDIT COMMITTEE

The Audit Committee of NORMA Group convened three times in the financial year just ended. In addition, it also held three detailed telephone conferences. The former CFO, Dr. Othmar Belker, who has since retired, participated in the meetings until March 2015, the new CFO, Dr. Michael Schneider, from July 2015 on. Other participants were departmental managers of the second management level to advise on technical issues in their areas of responsibility, in particular Accounting & Reporting, Treasury, Compliance and Internal Revision.

The Audit Committee discussed the main focuses, procedure and results of the audit of the individual and consolidated financial statements of NORMA Group SE with the auditors. One focus of the work of the Audit Committee in 2015 was on NORMA Group Good Practice Controls. These are rules that are part of the internal control system that were bindingly introduced at all NORMA Group sites in 2015. Other topics for the Audit Committee were the quarterly reporting, budget planning and medium-term planning. Other topics regularly discussed included the compliance management system and current compliance issues, risk management and internal revision. The Audit Committee also discussed topics with the CFO that pertained to the Treasury, in particular foreign currency hedging instruments and improvements to the financing agreements, and the Company's development in light of the targets published for 2015. He prepared the Annual Statement on the German Corporate Governance Code and topics for the Annual General Meeting. He also dealt in particular with the integration of NDS, the ERP system and the tendering of the annual audit.

In addition to the Audit Committee meetings, the Chairman of the Audit Committee was in regular personal and telephone contact with the CFO and the auditors to discuss possible areas of emphasis for the audit of the 2015 annual financial statements.

ATTENDANCE OF MEETINGS AND CONFERENCE CALLS, NO CONFLICTS OF INTEREST

All Supervisory Board members, Dr. Stefan Wolf (Chairman), Lars Berg (Vice-Chairman), Günter Hauptmann, Knut Michelberger, Dr. Christoph Schug and Erika Schulte, participated in all of the Supervisory Board meetings held in 2015.

All members of the Audit Committee, Dr. Christoph Schug as the Chairman, Lars Berg and Knut Michelberger, participated in all meetings and telephone conferences of the Audit Committee.

The General and Nomination Committee did not convene in 2015. Personnel issues, in particular the selection of the new Chief Financial Officer, were prepared by the Chairman of the Supervisory Board and discussed with all of its members.

There were no conflicts of interest between the members of the Supervisory Board and the Company in financial year 2015.

INFORMATION ON THE AUDITOR

The 2014 annual financial statements for NORMA Group SE presented by the Management Board were audited by the auditing firm PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft along with the management report and the corresponding consolidated financial statements and group management report. The audit mandate was issued on 19 October 2015.

The auditors Dr. Ulrich Störk as well as Benjamin Hessel took part in the Supervisory Board meeting held to formally adopt the financial statements as well as three Audit Committee meetings and a conference call with the Audit Committee.

APPROVAL OF THE 2015 ANNUAL FINANCIAL STATEMENTS

The consolidated financial statements of NORMA Group SE were prepared in accordance with section 315a of the German Commercial Code (Handelsgesetzbuch, HGB) on the basis of International Financial Reporting Standards (IFRS) as adopted in the EU. The auditor issued an unqualified opinion for the 2015 annual financial statements and management report of NORMA Group SE as well as for the consolidated financial statements and group management report. The documents pertaining to the financial statements, the Management Board's proposal for the appropriation of net profit and both auditors' reports were submitted to the Supervisory Board. The Audit Committee and the Supervisory Board in its entirety thoroughly examined the reports and discussed and scrutinised them in detail together with the auditor. The Supervisory Board accepted the auditor's findings and had no objections.

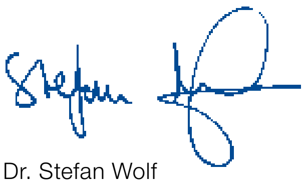
The Supervisory Board then approved the annual financial statements of NORMA Group SE and the 2015 consolidated financial statements together with their respective management reports at its meeting on 21 March 2016. The Supervisory Board approved the proposal on the appropriation of profits by the Management Board. NORMA Group SE's annual financial statements are thereby adopted in accordance with section 172 of the German Stock Corporation Act (Aktiengesetz, AktG).

DECLARATION OF CONFORMITY WITH THE GERMAN CORPORATE GOVERNANCE CODE

The Supervisory Board and Management Board dealt with the requirements of the German Corporate Governance Code and ratified the following Declaration on 19 February 2016: With the exceptions mentioned in the → Corporate Governance Report, p. 34, NORMA Group SE has complied with the recommendations of the German Corporate Governance Code as amended on 5 May 2015, published (on 12 June 2015) by the Federal Ministry of Justice in the official section of the Federal Gazette ('Bundesanzeiger') since its last Declaration was submitted and will continue to comply with the recommendations. The Corporate Governance Declarations made by NORMA Group SE are available on the Company's website @ http://investors.normagroup.com.

The Supervisory Board would like to thank all employees of NORMA Group all around the world and the Management Board for their personal efforts and successful work once again in financial year 2015. The Supervisory Board is confident that NORMA Group will continue to grow successfully in financial year 2016.

Dettingen / Erms, 22 March 2016



Dr. Stefan Wolf
Chairman of the Supervisory Board

Corporate Governance Report

The following is the Management Board's Declaration of Conformity in accordance with article 289a of the German Commercial Code (Handelsgesetzbuch, HGB) and section 3.10 of the German Corporate Governance Code. The Declaration is part of the Consolidated Group Management Report.

The management of NORMA Group is dedicated to achieving sustained economic success while complying with the Company's social responsibility. Transparency, responsibility and sustainability are the principles that determine its actions.

DECLARATION OF CONFORMITY WITH THE GERMAN CORPORATE GOVERNANCE CODE

The Supervisory Board and Management Board of NORMA Group SE thoroughly examined which of the German Corporate Governance Code's recommendations and suggestions NORMA Group SE should follow and explains deviations from the recommendations and the reasons for deviating from the Code. The current Declaration dated 19 February 2016 as well as all the other Declarations are published on NORMA Group's website. @ http://investors.normagroup.com.

The Declaration dated 19 February 2016 is presented below:

With the following exceptions, NORMA Group SE complies with the recommendations of the German Corporate Governance Code as amended on 5 May 2015 (published on 12 June 2015) by the Federal Ministry of Justice in the official section of the Federal Gazette ('Bundesanzeiger') since its last Declaration was submitted and will continue to comply with the recommendations:

1. **With respect to the compensation of the members of the Management Board, the Supervisory Board does not take into account the compensation of the upper management or the workforce as a whole (Section 4.2.2 para. 2 of the German Corporate Governance Code).**

   When determining the compensation of the Management Board, the Supervisory Board, advised by an external expert, also took into account the compensation structure of the Company as well as the entire NORMA Group. Due to NORMA Group's dynamic development, the Supervisory Board has so far not explicitly defined the upper management or the relevant workforce and, therefore, does not take these groups or their development over time into account.

2. **The remuneration of the Management Board is not capped, either in total or in terms of its variable compensation elements (Section 4.2.3 para. 2 of the German Corporate Governance Code).**

   The maximum gross option profit from the Matching Stock Programme for the Management Board is limited in total to a percentage of the average annual EBITA during the vesting period; therefore, a relative maximum limit that is dependent on the Company's success is applied rather than a maximum monetary amount.

   The maximum amount of the long-term variable remuneration under the Long-Term Incentive Programme is limited to 250% of the amount that results based on the three-year average value of the annual EBITA or the free cash flow that the Company has budgeted multiplied by the respective bonus percentages set in the employment contract.

   In addition, the Supervisory Board may grant in its sole discretion a special bonus for extraordinary achievements which is not limited by a maximum amount. The Supervisory Board does not believe such a maximum amount to be required because the Supervisory Board can ensure by specifically exercising its discretion that the requirement of adequacy under section 87 para. 1 of the German law on stock corporations is complied with.

3. **The remuneration of the Management Board is not to be disclosed on an individual basis (Section 4.2.5 para. 3 of the German Corporate Governance Code).**
The Annual General Meeting held on 6 April 2011 resolved not to disclose the remuneration for individual Management Board members between 2011 and 2015. The Board is committed to upholding this resolution. For this reason, the reference tables attached to the German Corporate Governance Code cannot be used unchanged, but rather only the individual components of remuneration each as a total sum for the entire Management Board. Both the Management Board and the Supervisory Board believe that this overview is sufficient in assessing the appropriateness of the remuneration of the Management Board.

4. **Concrete objectives regarding the composition of the Supervisory Board are not set and, therefore, are not published in the Corporate Governance Report. There is no regular limit of length of membership of the Supervisory Board (Section 5.4.1 para. 2 of the German Corporate Governance Code).**
All members of the Supervisory Board will continue to comply with all pertinent legislation related to Supervisory Board proposals for new Supervisory Board members. In doing so, the Supervisory Board takes into account the individual professional and personal qualifications of the relevant candidates independently of their gender. According to section 2 para. 2 of the rules of procedure of the Supervisory Board, each member of the Supervisory Board shall have the required knowledge, abilities and functional experience to fulfil the duties properly and shall be sufficiently independent. The tenure of a Supervisory Board member shall not be extended beyond his or her 70th birthday; a regular limit of length of membership of the Supervisory Board does not exist. Section 2 para. 3 of the rules of procedure of the Supervisory Board provides for further principles which shall be taken into account in the Supervisory Board's proposals for the election of the Supervisory Board by the general shareholders' meeting. These principles comprise, amongst others, a maximum number of positions in other listed companies and of former members of the Management Board within the Supervisory Board as well as the requirements of independence. In addition, attention shall be paid to the international activities of the Company and diversity.

   Taking into account the size of the Supervisory Board with only six members, the Supervisory Board does not believe the definition of additional concrete objectives for its composition to be appropriate.

5. **During the transformation of NORMA Group AG into an SE, the members of the Supervisory Board were not chosen in a separate election (Section 5.4.3 of the German Corporate Governance Code).**
All members of the first Supervisory Board of NORMA Group SE were elected as part of the transformation pursuant to article 40 para. 2 2nd sentence SE VO in accordance with the Articles of Association to ensure that the resolution on the election of the members of the Supervisory Board could not be challenged separately. Otherwise, the risk could not be ruled out that the Company would have no Supervisory Board or that the board would have an insufficient number of members after the transformation was entered in the commercial register.

ALLOCATION OF COMPETENCES BETWEEN THE MANAGEMENT AND THE SUPERVISORY BOARD

NORMA Group SE uses the same type of dual management system that German stock corporations use. Here, the Supervisory and Management Boards are separate bodies. They have different functions and powers. The Management Board manages the Company under its own responsibility. The Supervisory Board appoints, advises, monitors and dismisses members of the Management Board.

The Management Board provides the Supervisory Board with regular updates about its business policies, the business development, the position of the Company and any transactions that could have a significant impact on profitability or liquidity. The Management Board reports the key figures of the Group and the current course of business to the Supervisory Board on a monthly basis, in particular with regard to the published statements on the expected development of the Company. Based on the written documents that were submitted to the Supervisory Board in advance, the members of the Management Board report in great detail on business developments and provide an outlook on the expected future development of NORMA Group at the Supervisory Board meetings. Other recurring topics at all meetings include the monthly and quarterly figures, risk analysis and measures aimed at minimising any risks that had been detected, reports by the respective Committee Chairmen on the previous meetings held and strategic projects. All Management Board members participate in the Supervisory Board meetings. The Supervisory Board convenes separately after meeting with the Management Board.

The Chairman of the Supervisory Board and the Chairman of the Management Board coordinate the collaboration of the two boards. They also stay in regular contact between Supervisory Board meetings and discuss current corporate governance issues.

In accordance with the by-laws of the Management Board and NORMA Group's Articles of Association, the Supervisory Board must approve certain important transactions before they can be executed by the Management Board and the Company's employees. This applies not only for measures at NORMA Group SE, but also for measures at its subsidiaries. In order to ensure that the Management Board is promptly informed of corresponding matters involving subsidiaries so that it can request the approval of the Supervisory Board, a hierarchical system of approval requirements organised by functional areas, levels of responsibility and countries applies worldwide at NORMA Group.

MANAGEMENT BOARD AND REGIONAL MANAGEMENT

The Management Board of NORMA Group SE is composed of four members: Werner Deggim (Chief Executive Officer), Bernd Kleinhens (Managing Director Business Development), Dr. Michael Schneider (CFO), and John Stephenson (Chief Operating Officer). The Chief Executive Officer also heads the Corporate Responsibility initiative of NORMA Group and is responsible for the topics Environmental, Social and Governance (ESG), insofar as this does not concern individual issues, especially on the environment. Chief Operations Officer, Mr. Stephenson, is responsible for these matters.

The former CFO, Dr. Othmar Belker, left the Company at the end of his employment contract at the end of the first quarter of 2015. During the transition period, the Chief Executive Officer took over the duties of CFO until Dr. Michael Schneider took office on 1 July 2015.

The allocation of responsibilities and internal order of the Management Board are based on relevant legislation, NORMA Group SE's Articles of Association and the Management Board by-laws enacted by the Supervisory Board as well as the internal guidelines, including the compliance documents and the business allocation plan.

In general, Management Board resolutions are passed by simple majority. The Chairman has the deciding vote if the vote is tied. However, the members of the Management Board are obliged to make an effort to reach unanimous decisions. If a member of the Management Board cannot participate in a vote, his vote will be obtained at a later date. The entire Management Board is responsible with matters of particular importance. In accordance with the Management Board by-laws, these include the following matters: producing the Management Board reports for the purpose of informing the Supervisory Board and the quarterly and half-yearly reports, fundamental organisational measures, including the acquisition or disposal of significant parts of companies and strategic and business planning issues, measures related to the implementation and supervision of a monitoring system pursuant to section 91 (2) of the German Stock Corporation Act (Aktiengesetz, AktG), issuing the Declaration of Conformity pursuant to section 161 (1) AktG, preparing the consolidated and annual financial statements and similar reports, convening the Annual General Meeting and inquiries and recommendations by the Management Board that are to be handled and resolved by the Annual General Meeting. In addition, every Management Board member may request that a specific issue be dealt with by the entire Management Board. The Management Board did not form any committees. Board meetings are usually held once a month. In addition, the Board meets regularly at least once a month along with other executives of the Group.

Every Board member is obliged to inform the Supervisory Board immediately, but also the other members of the Management Board, of any conflicts of interest. No such conflicts of interest arose for a Board member in 2015.

The Supervisory Board must approve of any transactions between NORMA Group companies on the one hand and a member of the Management Board, related parties or businesses on the other hand. No such transactions took place in 2015.

The Supervisory Board must also approve of any secondary activities by a member of the Management Board. For instance, it has agreed that the CFO, Dr. Schneider, is still a member of the Supervisory Board of Leitwerk AG, Appenweier, and the Supervisory Board of accuris AG, Munich. The remaining members of the Management Board do not have any secondary activities that are subject to approval.

Local Presidents in the three regions EMEA, Americas and APAC are responsible for carrying out business on a daily basis. These three Presidents report directly to the CEO. The entire Management Board of NORMA Group SE meets at least once a year with the Presidents and their managers at the local headquarters – Singapore for the Asia-Pacific region, Auburn Hills, Michigan, for the Americas, and Maintal for the EMEA region. In addition, individual members of the Management Board meet regularly with the local teams. The managers at NORMA Group work in a matrix structure in which they have both a disciplinary as well as a technical supervisor.

SUPERVISORY BOARD

The Supervisory Board of NORMA Group SE is comprised of the following six members:

- Dr. Stefan Wolf (Chairman of the Supervisory Board)
- Lars M. Berg (Vice Chairman of the Supervisory Board)
- Dr. Christoph Schug
- Günter Hauptmann
- Knut J. Michelberger
- Erika Schulte

They are all representatives of the shareholders, in other words elected by the Annual General Meeting. NORMA Group SE is not a codetermined Company; therefore worker representatives are not represented on its Supervisory Board.

All members of the Supervisory Board are independent as defined in section 5.4.2 of the German Corporate Governance Code. No Supervisory Board member has ever served as a member of the Management Board of NORMA Group SE or been a member of management of any of its predecessor companies.

Five of the six members of the Supervisory Board, Dr. Wolf, Mr. Berg, Mr. Hauptmann, Mr. Michelberger and Dr. Schug, have been members of the Supervisory Board since 2011. Mrs. Schulte has been a member of the Supervisory Board since 2012. The term of all members of the Supervisory Board began in 2013 and lasts until the Annual General Meeting that resolves on discharging the Supervisory Board for the fourth financial year after commencement of the term (the 2013 financial year in which the term began is not counted) at the very longest and no later than six years after officially taking office. This is expected to be until the 2018 Annual General Meeting, 2019 at the latest.

All members of the Supervisory Board are obligated to report any conflicts of interest. No such conflicts of interest arose in 2015. Furthermore, no member of the Supervisory Board exercised an executive function or served as a consultant for a major competitor of NORMA Group. No consulting or other service contracts were concluded between any NORMA Group companies and a member of the Supervisory Board.

In financial year 2015, the Supervisory Board of NORMA Group convened for four regular meetings. All members of the Supervisory Board and the Management Board took part in these meetings.

The Chairman of the Supervisory Board represents the Supervisory Board externally. He organises the work of the Supervisory Board and chairs its meetings. The Supervisory Board can pass resolutions by simple majority, whereby the Chairman has the deciding vote if a vote is tied.

The Supervisory Board formed two committees: the Audit Committee and the General and Nomination Committee.

The Audit Committee deals in particular with monitoring the accounting process and the effectiveness of the internal control and risk management systems as well as the audit of the annual financial statements, in particular through the independence of the auditor, the additional services rendered by the auditor, engaging the auditor, determining areas of audit emphasis and agreeing to the auditor's fees. The Audit Committee accompanies the collaboration between NORMA Group SE and the auditors and ensures that opportunities for improvement identified during the audit are promptly implemented. It is responsible for preparing the accounting documents and adopting the Supervisory Board's resolution on the consolidated and separate financial statements. Moreover, it is responsible for compliance and reviews the compliance with statutory provisions and the internal guidelines.

The Chairman of the Audit Committee is Dr. Christoph Schug and the other members are Lars M. Berg and Knut J. Michelberger. The members of the Audit Committee have special knowledge and experience in the application of accounting policies and internal control processes due, in particular, to their many years of work as either a Chief Financial Officer, a managing director or a consultant. They are independent financial experts within the meaning of section 100 (5) AktG. The Audit Committee of NORMA Group convened three times in financial year 2015 and held three telephone conferences.

The General and Nomination Committee prepares personnel-related decisions for the Supervisory Board. This committee has the following specific responsibilities: preparing Supervisory Board resolutions regarding the formation, amendment and termination of employment contracts with members of the Management Board in accordance with the remuneration system approved by the Supervisory Board, preparing Supervisory Board resolutions regarding legal applications to reduce the remuneration of a Management Board member pursuant to section 87 (2) AktG, preparing Supervisory Board resolutions regarding the structure of the remuneration system for the Management Board, acting as representatives of the Company to Management Board members who have left the Company pursuant to section 112 AktG, approving secondary employment and external activities for Management Board members pursuant to section 88 AktG, granting loans to the persons specified in section 89 AktG (loans to members of the Management Board) and section 115 AktG (loans to members of the Supervisory Board), approving contracts with members of the Supervisory Board pursuant to section 114 AktG and proposing suitable candidates to the Annual General Meeting when there is a vote on Supervisory Board members. In 2015, the Chairman of the Supervisory Board, Dr. Stefan Wolf, served as the Chairman of the General and Nomination Committee and its other members were Dr. Christoph Schug and Lars M. Berg. No formal meeting of the General and Nomination Committee was held in 2015.

SHAREHOLDERS AND ANNUAL GENERAL MEETING

The shareholders of a Societas Europaea decide on the Company's important and fundamental matters. The shareholders exercise their voting rights at the Annual General Meeting, which takes place at least once every year. The Annual General Meeting resolves among other topics on how earnings are to be distributed, the formal approval of the Management Board and the Supervisory Board, the selection of the auditor, but also on amendments to the Articles of Association.

Shareholders are entitled to vote if they are registered in the shareholders' register of NORMA Group SE and provide NORMA Group SE or another location specified in the invitation with written notice, in German or English, at least six days before the Annual General Meeting that they will be attending. Each share entitles the bearer to one vote.

NORMA Group SE publishes the invitation and all documents that are to be made available at the Annual General Meeting promptly on its website. Information regarding the number of attendees and the voting results are published there following the Annual General Meeting. @ http://investors.normagroup.com/hv.

SHAREHOLDINGS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

On 31 December 2015, the Management Board and the Supervisory Board jointly held 730,904 (2.3%) of the total 31,862,400 shares of NORMA Group SE. Members of the Supervisory Board held 87,083 (0.3%), and members of the Management Board 643,821 (2.0%). No member of the Management Board held more than 1% of the shares in NORMA Group SE. Most of these shares were acquired prior to the initial public offering in 2011 when interest in the former NORMA Group GmbH was transformed into NORMA Group AG shares.

Therefore, these acquisitions were never published as Directors' Dealings.

DIRECTORS' DEALINGS

According to section 15a of the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG), members of the Management Board and the Supervisory Board and related parties are obliged to disclose Directors' Dealings in NORMA Group SE shares if the value of these transactions reaches or exceeds EUR 5,000 within a calendar year.

The following transactions were reported in connection with Directors' Dealings in 2015:

DIRECTORS' DEALINGS T 005

Buyer / seller	Bernd Kleinhens	Bernd Kleinhens
Type of transaction	Sale	Sale
Date of transaction	13 August 2015	14 August 2015
Price per share in EUR	46.06	46.09
Number of shares	13,553	797
Total value in EUR	624,251.18	36,733.73

STOCK OPTION PLANS AND EQUITY-BASED INCENTIVE PROGRAMMES

The principles of the management remuneration are described in the remuneration report which is also part of the management report. → Remuneration Report, p. 90.

In financial year 2013, a Long-Term Incentive Programme (LTI) was launched for the second management level, which involves the employees participating in NORMA Group's success over the medium term.

OTHER MANDATES IN MANAGEMENT BOARDS OF LISTED COMPANIES OR SUPERVISORY BODIES

Exercised professions and other mandates on Supervisory Boards or compared Supervisory Bodies of the members of NORMA Group's Supervisory Board in financial year 2015, are shown in → table 006.

TARGETS FOR THE SHARE OF WOMEN

According to the statutory requirements introduced in 2015, the Supervisory Board of NORMA Group SE has set targets for the proportion of women for the Supervisory Board and the Management Board respectively the Management Board for the management level of NORMA Group SE below the Management Board as well as a time limit for implementing them.

There is no need for the Supervisory Board of NORMA Group SE to be occupied by one-third women. The legal provisions for mandatory women quotas apply only to companies that are listed and codetermined. NORMA Group SE is listed, but not codetermined. The members of the Supervisory Board of NORMA Group SE are elected solely by the shareholders; Employee representatives are not represented on the Supervisory Board.

In setting the target values for the Supervisory Board and the Management Board, the Supervisory Board bases its decisions on the remaining term of office of the Supervisory Board and the terms of the Management Board member's contracts of employment. The latest deadline for implementation of the targets that are to be set for the first time is 30 June 2017. The term of office of all Supervisory Board members and the terms of Management Board members end after this date. For this reason, the proportion of women cannot be expected to change before this date. Accordingly, the current status quo has been

OTHER MANDATES OF THE SUPERVISORY BOARD MEMBERS T 006

Supervisory Board member, exercised office	Other mandates on Supervisory Boards and comparable committees
Dr. Stefan Wolf, Chairman of the Management Board (CEO) of ElringKlinger AG	Member of the Supervisory Board of Allgaier Werke GmbH, Uhingen, Germany
	Member of the Supervisory Board of Fielmann AG, Hamburg, Germany (up until 9 July 2015)
Lars Berg, Consultant to various companies in the fields of telecommunications, media and finances	Chairman of the Supervisory Board of Net Insight AB, Stockholm, Sweden
	Chairman of the Supervisory Board of Greater Than AB, Stockholm, Sweden (since 5 February 2016)
	Member of the Supervisory Board of BioElectric Solutions AB, Stockholm, Sweden
	Member of the Supervisory Board of OnePhone Holding AB, Stockholm, Sweden (up until 23 September 2015)
Günter Hauptmann, Consultant	Member of the Supervisory Board of Geka GmbH, Bechhofen, Germany
	Chairman of the Advisory Board of GIF GmbH, Alsdorf, Germany
Knut J. Michelberger, Member of the Management Board of Kaffee-Partner-Holding GmbH and its subsidiaries	Member of the Supervisory Board of Rena Technologies GmbH, Gütenbach, Germany
Dr. Christoph Schug, Entrepreneur	Member of the Board of Directors of AMEOS Gruppe AG, Zurich, Switzerland
	Member of the Supervisory Board of BCG Baden-Baden Cosmetics Group AG, Baden-Baden, Germany (up until the end of May 2015)
Erika Schulte, Managing Director of Hanau Wirtschaftsförderung GmbH and Liquidator of Technologie- und Gründerzentrum Hanau GmbH	No seats on other boards or comparable committees

set as the target for the Supervisory Board and the Management Board until 30 June 2017. The Supervisory Board currently has a female member; therefore the target for the proportion of women is one female member out of the six members in total. The Management Board is currently composed exclusively of men. Therefore, the target for the proportion of women on the Management Board remains zero.

At NORMA Group SE, ten out of the 17 employees who participated in the decision to define the targets and the reporting date in September 2015 were women. Of the total of four people, who form the first management level below the Management Board, two are women. NORMA Group SE has only one layer of management below the Management Board. It includes all persons who report directly to the Management Board and have management responsibilities towards employees. There is no second management level, for which the Management Board would have also had to set targets.

Given the current female representation of 50%, the Management Board has set the target for the proportion of women in the first management level below the Management Board that is to be met by 30 June 2017 at at least 25% or one woman. No reduction in the proportion of women is intended, nor is it to be ruled out that the percentage of women will increase compared to the current share. The Management Board has in its opinion proven with the current filling of management positions that it has succeeded and should be able to continue to recruit qualified women for leadership positions at NORMA Group SE in the future.

At NORMA Group, targets for the management, the Supervisory Board and the top two levels of management were also set for another company, NORMA Germany GmbH. This company is not listed, but codetermined.

COMPLIANCE

NORMA Group's compliance organisation seeks to prevent violations of laws and other rules, in particular through preventive measures. Nevertheless, if there is evidence of violations, these matters will be investigated promptly and thoroughly and the necessary consequences will be taken. Findings will be used to take steps to reduce the risk of future violations.

The Group-wide compliance activities are headed by the Chief Compliance Officer of NORMA Group. He works for NORMA Group SE and reports directly to the CEO. To further professionalise the compliance programme, NORMA Group bolstered its existing central compliance organisation in 2015 by hiring additional personnel. Besides the existing compliance department at Group level, there are Compliance Officers at the level of the regions and the individual companies. For instance, the three regional Compliance Officers of the EMEA, Americas and Asia-Pacific regions report to the Chief Compliance Officer. Finally, each operational Group company has its own Compliance Officer, who reports to the respective Regional Compliance Officer. The Supervisory Board monitors compliance with the compliance rules by the Management Board.

The compliance organisation performs risk analysis together with the relevant functions and departments in order to determine and monitor the risk profile of countries, subsidiaries and functions. On the basis of this, it identifies the respective need to take action and initiates corresponding measures. It performs specific staff training at selected risk areas. In addition, all employees are trained on the basic compliance rules on location worldwide in personal training or online training. Employees receive important current compliance information on a regular basis on the intranet page, through the employee newsletter and in the form of notices.

The compliance guidelines of NORMA Group are an important means of demonstrating to employees their ethical and legal obligations. The central compliance documents, the Code of Conduct and the two fundamental guidelines 'Conflicts of interest' and 'Anti-corruption' are binding for all employees of NORMA Group. A separate Code of Conduct applies for suppliers. It should help to ensure that laws and ethical rules are respected within the supply chain of NORMA Group. The compliance documents are reviewed on a regular basis and adapted to changes in legal or social requirements if necessary and thus always kept up to date.

NORMA Group encourages its employees to report breaches of regulations and internal policies for all hierarchies. In 2015, the existing reporting procedures were further professionalised and an Internet-based whistleblower system was introduced. It enables internal and external whistleblowers to report suspicious cases. The members of the compliance organisation always follow up on references to compliance violations. If violations of compliance rules are discovered or weaknesses in the organisation are identified, management takes the necessary action promptly in cooperation with the compliance organisation. Depending on the actual case, these measures range from targeted additional training and changes in organisational processes to disciplinary means, including termination of employment.

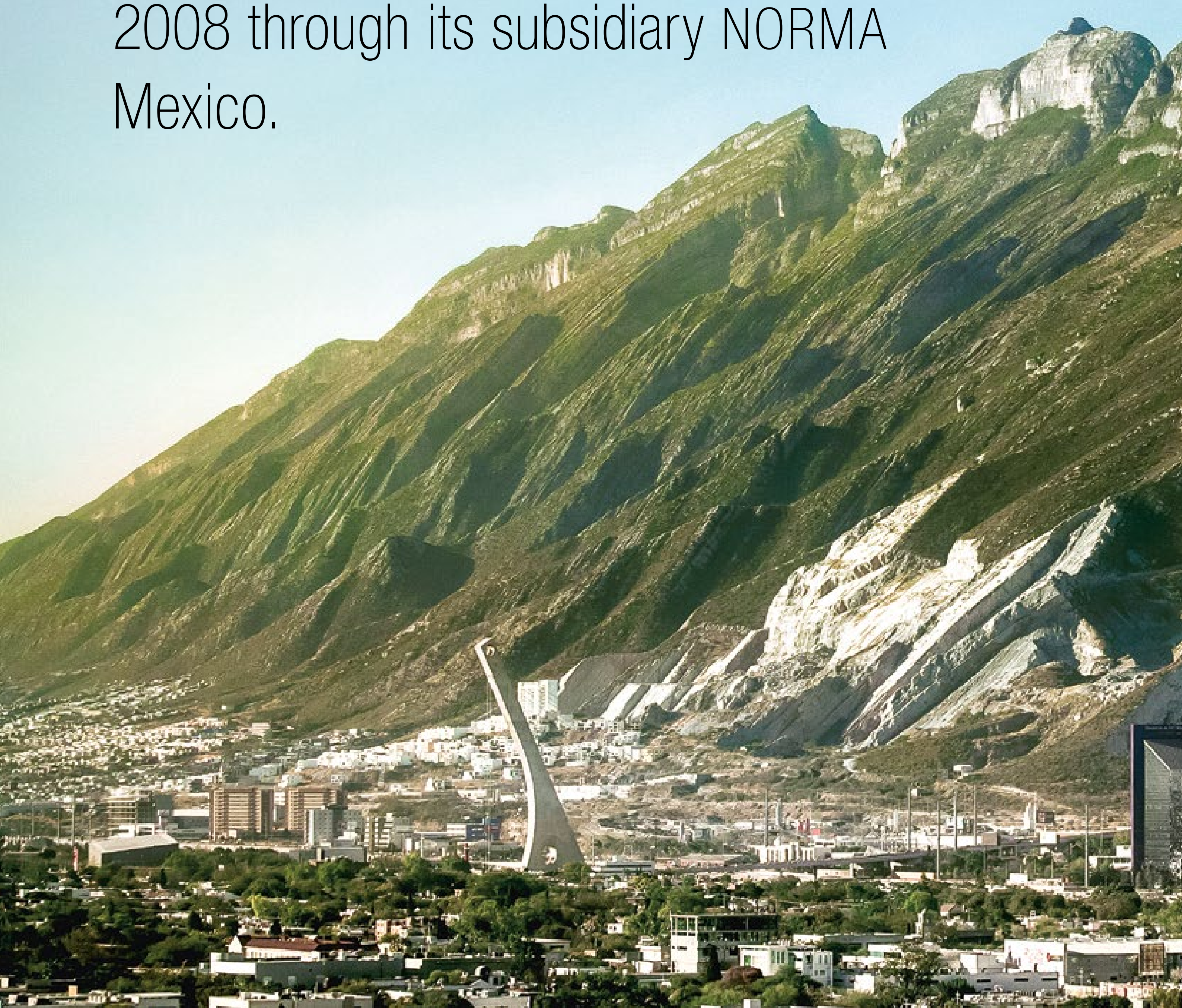
INFORMATION ON THE AUDITOR AND ROTATION

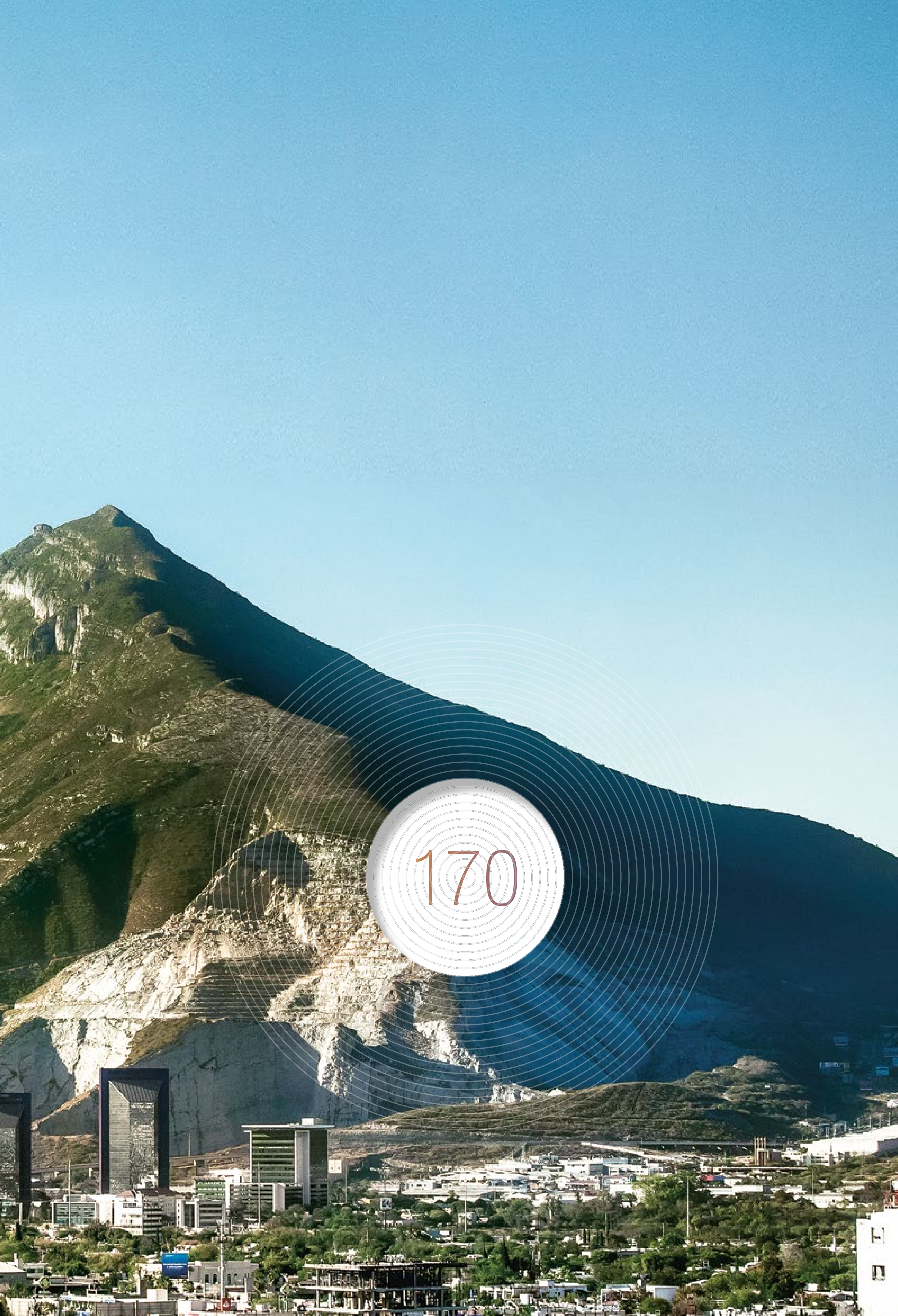
PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Frankfurt / Main, audited the financial statements of NORMA Group SE / NORMA Group AG as well as the consolidated financial statements for the financial years 2011 to 2015. Dr. Ulrich Störk held the office of the left undersigned auditor in each case. Furthermore, PWC retroactively audited the years 2009 and 2010 for the prospectus under his guidance as part of the IPO in 2011. If PWC is again proposed to the Annual General Meeting as auditor and elected by it, NORMA Group has already discussed with PWC that the position of the left undersigned auditor needs to be reassigned to ensure independence. The right undersigned auditor Benjamin Hessel held that position since the audit of financial year 2012.

To ensure the independence of the auditor, all services worldwide that are to be rendered by a company that belongs to PWC to a NORMA Group company must first be approved by the Management Board of NORMA Group SE. The Board only agrees if there is a compelling content-related reference to the final audit.

MEXICO

Mexico is on its way to becoming the manufacturing hub of the western car world. Over five million vehicles per year will be manufactured here by 2018. NORMA Group has been successfully active in this country since 2008 through its subsidiary NORMA Mexico.




170

BREEZE HEAVY DUTY T-BOLT HOSE CLAMP

The Breeze Heavy Duty T-Bolt Hose Clamp is also manufactured for the Mexican EJT market, among other purposes. It is intended for use in areas where other hose clamps would not do the job. Typical applications include air intake systems, charge air hose connections and a variety of hose and pipe joints. It can be supplied in different materials and in Quick Connect or Quick Release latch styles.

Mexico is the world’s fourth largest car importer. All major car manufacturers have already set up operations here or are planning to start production in the next few years. NORMA Group has also been present here with two production sites. From Juarez and Monterrey, NORMA Group customers in the automobile and commercial vehicle industries are supplied with high-quality joining products such as fluid systems and hose and profile clamps.

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MILLION TONS

That is the volume of CO_2 emissions that Mexico wants to avoid by 2030 in order to reduce its greenhouse gas emissions by about a quarter. This goal is to be achieved mainly by adopting new emission standards.

B

CONSOLIDATED MANAGEMENT REPORT

ANNUAL REPORT 2015

Consolidated Management Report 2015

Principles of the Group

BUSINESS MODEL

NORMA Group is an international market and technology leader in the area of advanced engineered joining and mounting technology. With its 22 production sites and numerous sales offices, the Group has a global network with which it supplies more than 10,000 customers in over 100 countries. NORMA Group's product portfolio includes approximately 35,000 high-quality joining products and solutions in the three product categories clamps (CLAMP), joining elements (CONNECT) and fluid systems / connectors (FLUID). 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 customised system solutions, the global availability of products in consistently high quality and delivery reliability.

By opening new plants and competence centres and making strategic acquisitions, NORMA Group has succeeded in expanding its international presence quite significantly in recent years while optimising its distribution channels and intensifying its cooperation with local customers.

ORGANISATIONAL 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 for the Internal Revision.

Group-wide functional management responsibilities such as Group Accounting and Group Controlling, IT, and Treasury, are all based at the subsidiary NORMA Group Holding GmbH. Three regional management teams located in Auburn Hills, USA, Maintal, Germany, and Singapore steer the specific business activities in the regions. This is how the Company ensures that subsidiaries are able to concentrate solely on everyday business.

As of 31 December 2015, NORMA Group SE holds shares in 44 companies that belong to NORMA Group either directly or indirectly and are fully consolidated. → Notes, p. 125.

Changes of legal structure

To reduce the complexity of its structures and costs, NORMA Group always strives to simplify its corporate structure while maintaining its focus on customer service. For this reason, the following corporate changes were made in 2015: The liquidation of Nordic Metalblok S.r.l which started in 2014 was completed at the end of 2015. Furthermore, the company Chien Jin Plastic Sdn. Bhd., which is located in Malaysia, was renamed NORMA Products Malaysia Sdn. Bhd. The corporate changes mentioned will have no impact on the operational business.

Group management

NORMA Group SE has a dual management system that consists of a Management Board and a Supervisory Board. The Management Board comprised of four members, manages the Company under its own responsibility, while the Supervisory Board advises and monitors the Management Board. The Supervisory Board consists of six members who have been elected by the shareholders at the Annual General Meeting. 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 Management Report.

NORMA GROUP (SIMPLIFIED STRUCTURE)[1]

G 007

NORMA Group SE

- NORMA Group Holding (Germany)
  - NORMA Germany
  - Groen BV (The Netherlands)
  - NORMA Netherlands
  - NORMA Italy
  - NORMA France
  - NORMA Sweden
  - Connectors Verbindungstechnik AG (CH)
  - NORMA China[2]
  - NORMA Serbia
  - NORMA Poland
  - NORMA Czech
  - NORMA Turkey
  - NORMA Spain
  - NORMA UK
  - NORMA Russia
- NORMA Pennsylvania (USA)
  - Craig Assembly (USA)
  - R.G.RAY (USA)
  - National Diversified Sales (USA)
  - NORMA Brazil
  - NORMA Michigan (USA)
  - NORMA Group Mexico
  - NORMA DS Mexico
  - NORMA LLC (USA)
- NORMA Group APAC Holding (Singapore)
  - NORMA Singapore
  - NORMA Australia
  - Guyco (Australia)
  - NORMA Products Malaysia
  - NORMA Thailand
  - NORMA EJT (China)
  - NORMA Korea
  - NORMA Japan
  - NORMA India

[1] A list of the Group companies and NORMA Group's shareholdings as of 31 December 2015 can be found in the → Notes on page 126.
[2] NORMA China is organisationally assigned to the APAC segment. In terms of company law, it belongs to NORMA Group Holding GmbH.

The Statement of Corporate Governance pursuant to section 289a HGB, including the Declaration of Conformity pursuant to section 161 AktG, a description of the procedures of the Management Board and the Supervisory Board, and relevant information on corporate governance practices, is also part of the Corporate Governance Report. → Corporate Governance Report, p. 34. The curriculum vitae of the Supervisory and Management Board members are published on NORMA Group's website. @ http://investors.normagroup.com.

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 (Europe, Middle East and Africa), the Americas and Asia-Pacific (APAC). All three regions have networked regional and cross-company organisations with different functions. The internal Group reporting and control system that Management uses is also therefore quite regional in nature. The distribution service is based on regional and local priorities.

PRODUCTS AND END MARKETS

Product portfolio

The products that NORMA Group offers can for the most part be divided into the three product categories clamps (CLAMP), joining elements (CONNECT) and fluid systems / connectors (FLUID).

The clamp products (CLAMP) are manufactured from unalloyed steels or stainless steel and are generally used to join or seal elastomer hoses.

The connection products (CONNECT) include connectors made of unalloyed steels or stainless steel that are partly equipped with elastomer or metal seals and are used as the joining and sealing elements of metal and thermoplastic pipes.

FLUID products are either single or multiple layer thermoplastic plug-in connectors for liquid systems that reduce installation times, ensure reliable flow of liquids or gases and occasionally replace conventional products such as elastomer hoses.

ORGANISATIONAL STRUCTURE OF NORMA GROUP

G 008

NORMA Group SE			PARENT COMPANY UNDER COMPANY LAW
EMEA	Americas	Asia-Pacific	SEGMENTS
Engineered Joining Technology (EJT)		Distribution Services (DS)	DISTRIBUTION CHANNELS

In addition, the FLUID division's product range 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.

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 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 that enable cost benefits and ensure quality assurance.

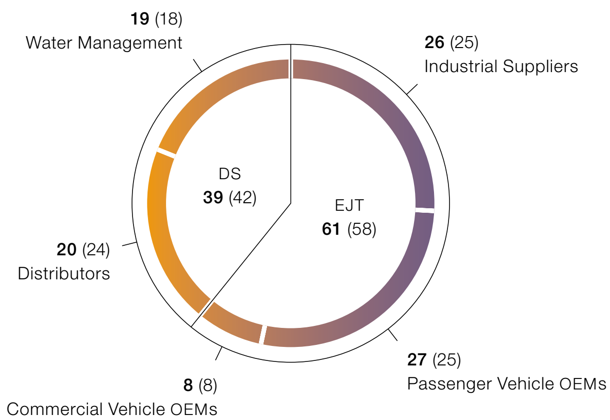
The area of **EJT** includes sophisticated, individually customised joining technology and is particularly characterised by close development partnerships with OEMs (original equipment manufacturers). NORMA Group's central development departments and resident engineers work together with the customer 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. 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. As a result, they generate substantial added value for the customers and contribute to their economic success.

SALES BY END MARKETS IN 2015 (PRO FORMA 2014*)

G 009

in %

2014 in brackets



* In order to facilitate comparison, the previous year's figures include NDS sales for the full year 2014.

Via its **Distribution Services (DS)**, NORMA Group markets a broad range of high-quality, standardised 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, specialised wholesalers, OEM customers in the aftermarket segment, do-it-yourself stores and small application industries. The brands ABA®, Breeze®, Clamp-All®, CONNECTORS®, FISH®, Five Star®, Gemi®, NDS®, NORMA®, R.G.RAY®, Serflex®, TERRY® and TORCA® exemplify technological know-how, high quality and reliability and meet the technical standards of the countries in which they are sold.

UNIQUE SELLING PROPOSITIONS AND COMPETITIVE SITUATION

Economies of scale and synergies
By combining expertise in developing customised solutions for industrial customers (EJT) and providing high-quality standard brand products through global distribution (DS), NORMA Group is not only able to realise cross-selling effects, but also many synergies in the areas of production, logistics and sales.

OVERVIEW OF END MARKETS AND BRANDS BY SEGMENT

T 007

Segment	Main product categories	Distribution channels	End markets	Brands
EMEA	CLAMP CONNECT FLUID	EJT DS	Industrial suppliers, Passenger vehicle OEMs, Distributors, Commercial vehicle OEMs, Pharma/Biotechnology, Water management	ABA®, CONNECTORS®, Gemi®, NORMA®, Serflex®, TERRY®
Americas	CLAMP CONNECT FLUID	EJT DS	Industrial suppliers, Passenger vehicle OEMs, Distributors, Commercial vehicle OEMs, Pharma/Biotechnology, Water management	ABA®, Breeze®, Clamp-All®, CONNECTORS®, Five Star®, Gemi®, NDS®, NORMA®, R.G.RAY®, TORCA®
Asia-Pacific	CLAMP CONNECT FLUID	EJT DS	Industrial suppliers, Passenger vehicle OEMs, Distributors, Commercial vehicle OEMs, Pharma/Biotechnology, Water management	ABA®, Breeze®, CONNECTORS®, FISH®, Gemi®, NORMA®

In addition, the Company benefits from significant economies of scale and scope due to the broad variety of its product offerings and high quantities and therefore differentiates itself clearly from smaller, usually more specialised competitors.

Broad diversification with respect to products

With its products, NORMA Group provides solutions for numerous industrial applications. Its expertise covers metal-based connection solutions and products (CLAMP and CONNECT) as well as thermoplastic materials (FLUID). 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.

Competitive environment

In the area of Engineered Joining Technology, NORMA Group operates in a highly fragmented market, which is characterised by a very heterogeneous structure due to the abundance of specialised industrial companies. With its diversified product portfolio and international business alignment, however, NORMA Group stands out from its mostly only regionally active competitors.

Furthermore, NORMA Group sees itself as a provider of solutions that are based on the specific needs of its customers and generate significant value for them. With this approach, the Company differentiates itself particularly in the area of CLAMP and CONNECT from the large number of smaller competitors who specialise in marketing only specific groups of products.

In the area of FLUID, NORMA Group finds itself facing mainly competitors that are globally active and mainly offer solutions that are based on rubber and elastomer products. NORMA Group, however, has focused more on innovative plastic-based solutions that generate significantly higher value for its customers due to their lower weight and price, as well as the environmental compatibility of the materials used.

In the much more standardised sales channel Distribution Services, NORMA Group is active in mass markets and competes primarily with providers of similar standardised 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. These products are available on short notice, therefore the dealer is always in a position to meet his delivery obligations even with uncommon applications or if demand fluctuates.

ECONOMIC AND LEGAL FACTORS OF INFLUENCE

Economic factors

NORMA Group is active in many different industries and regions. Seasonal and economic fluctuations in individual countries or industries can have varying effects on customer demand and the order situation at NORMA Group. Thanks to its diversified product portfolio and broad customer base, NORMA Group is, however, perfectly equipped to compensate for temporary drops in demand. Temporary production peaks can be intercepted quite flexibly due to its efficient production structures and use of temporary workers. Additionally, the high proportion of long-term development partnerships makes NORMA Group more independent of short-term fluctuations in demand.

Exchange rate fluctuations

Due to NORMA Group's international activities, exchange rate fluctuations also influence its business. While fluctuations between two non-euro currencies have only little impact on the operating result of NORMA Group as a result of regional production, exchange rate fluctuations against the euro as the reporting currency may have a greater impact on its results. As a result of the acquisition of National Diversified Sales (NDS) in 2014, US dollar exposure increased in financial year 2015 compared to the previous year. NORMA Group generated around 45 percent of its sales in US dollars in 2015; therefore the consolidated result was particularly affected by changes in the value of the US dollar against the euro. → Risk and Opportunity Report, p. 83 and Notes, p. 127.

Changes in personnel and material costs

With respect to costs, the development of wages and salaries in particular has an effect on NORMA Group, as do changes in material costs.

Because the majority of the companies that make up NORMA Group are not bound by a collective agreement, personnel costs are based mainly on the country-specific development of the cost of living. For companies that have collective agreements, for example in Germany and Sweden, personnel costs are influenced by the cost levels in the collective agreements or by the outcomes of local collective pay negotiations.

Short-term fluctuations in material prices generally have less effect on earnings because the prices for important materials are set in long-term contracts – generally one year – when an order is placed. This pertains to both procurement as well as sales to customers.

The ongoing productivity improvements defined as part of the Global Excellence Programme that was introduced back in 2009 contribute to continuous optimisation of the cost structure and help to compensate for negative developments with regard to costs. → Production and Logistics, p. 66.

Legal and tax-related aspects

Due to the international focus of the business and against the background of its acquisition strategy, various legal and tax-related regulations are of relevance to NORMA Group. Among others, these include product safety and product liability laws, construction, environmental and employment-related regulations as well as foreign trade and patent laws. → Risk and Opportunity Report, p. 88.

The growing density of regulation in environmental law, in particular, has an impact on NORMA Group's product strategy. For example, new emission regulations, especially in the automotive and commercial vehicle industry, increase the demand for innovative joining technology and thus benefit NORMA Group's business. It cannot yet be said whether new risks or opportunities will arise for NORMA Group from the current discussion surrounding compliance with emission standards for diesel vehicles. Here, a possible decline in demand for diesel vehicles could be compensated for by the demand for gasoline engines. At the same time, this discussion is driving the efforts of OEMs to meet stricter emission targets. NORMA Group therefore continues to assume that the gradual implementation of existing and new emission standards will have a positive impact on its worldwide business.

Furthermore, NORMA Group also expects country-specific regulations for car fleets to have a positive effect on sales in the medium term. In this case, lower average emission ceilings per vehicle fleet will be mandatory in the years to come. → T 008: Regulation of Average Emissions (CO_2) for Vehicle Fleets. Vehicle manufacturers will have to invest in low-emission technologies in order to achieve the required emission targets. NORMA Group's products are of great benefit to OEM customers as they strive to comply with these requirements.

By acquiring National Diversified Sales (NDS) at the end of 2014, the various regulatory initiatives due to increasing environmental problems, water shortages and water pollution are of greater relevance for NORMA Group. Therefore, in various regions, such as California, for example, households and companies are being called upon to convert technical equipment and lower their water consumption. In addition, innovations and growth are being pushed forward in these markets. NORMA Group will help to meet these needs with its efficient solutions for the water supply and infrastructure. The Company expects these stricter regulations regarding the use of water to have a positive effect on its business.

GOALS AND STRATEGY

NORMA Group's strategic goal is the sustainable increase of the company value. In both distribution channels and all regions the focus lies on the continuous extension of business activities and the increase in market shares in all business segments. Here, NORMA Group also relies on targeted acquisitions that will contribute to the diversification of the business and strengthen growth. Furthermore, the Group also focuses closely on high profitability and stable cash flows. By focusing on innovations and high service quality, the Company seeks to sustainably increase the value of NORMA Group and achieve the highest level of customer satisfaction. Measures to achieve these goals will always take sustainable business practices and relationships into account.

REGULATION OF AVERAGE EMISSIONS (CO_2) FOR VEHICLE FLEETS[1] T 008

				Fleet goal year 1		Fleet goal year 2			
Region	Target year 1	Target year 2	Duration in years	under national laws	converted into g/km[2]	under national laws	converted into g/km[2]	Change in %	CAGR in %
EU	2015	2021	6	130 g/km	130	95 g/km	95	–27	–5.1
USA	2016	2025	9	37.8 mpg	139	56.2 mpg	88	–37	–5.0
China	2015	2020	5	6.9 l/100 km	161	5.0 l/100 km	117	–27	–6.2
Japan	2015	2020	5	16.8 km/l	139	20.3 km/l	115	–17	–3.7
India	2016	2021	5	130 g/km	130	113 g/km	113	–13	–2.8

[1] Emission regulation schedule for cars with gasoline engines (source: European Union, ICCT, NORMA Group).
[2] Fuel consumption data is normalised as g CO_2/km in accordance with the NEDC.

Robust business model through broad diversification
Broad diversification with respect to the products, regions and end markets that the Company operates in represents the core of NORMA Group's growth strategy. The Company is able to expand and strengthen its business activities and international presence by constantly adding application solutions for existing EJT customers, identifying and signing up new EJT customers, extending and deepening its customer base in the area of Distribution Services and entering new markets with attractive growth potential. NORMA Group sees immense growth potential especially in the emerging markets where demand for advanced engineered joining technology is on the rise in all industries due to the ongoing industrialisation and increasing quality requirements. To benefit from this growth trend, NORMA Group has positioned itself in the major Asian growth markets of India and China as well as in the emerging economies of South and Central America in recent years. In order to meet the increasing long-term demand in these regions, the sites in Asia and South America will be expanded even further in the mid-term.

In identifying new end markets, NORMA Group places a strategic focus on niche markets with attractive margins, sophisticated products, fast-growing sales opportunities and a fragmented competition environment. By engaging in strategic knowledge transfer to new, fast-growing industries, the Company seeks to achieve broad diversification with respect to the end markets. This also strengthens the sustainable earnings profile, independence from economic trends and contributes to the stability of the business. The large number of relevant growth trends in the end markets that NORMA Group serves offer the Company attractive growth potential. → Products and End Markets, p. 47.

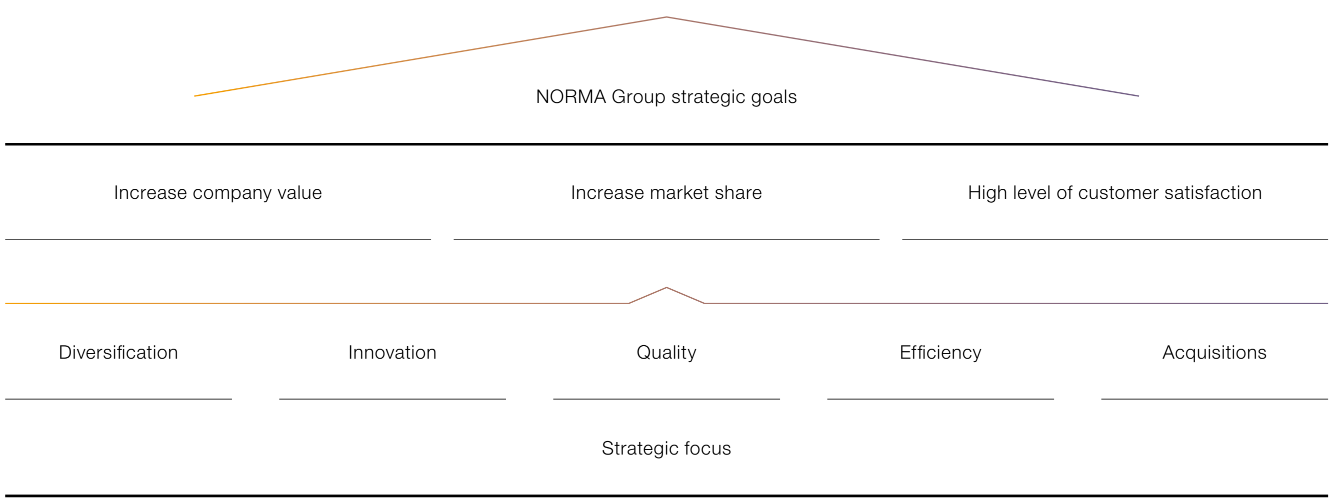
Furthermore, NORMA Group focuses on expanding in new application areas of existing customers in which no NORMA Group components are being used yet. The goal here is to achieve high market penetration within the various individual technical applications.

Selective value-added acquisitions to supplement organic growth
By making select acquisitions, NORMA Group intends to contribute to the diversification of its business and strengthen its growth. Acquisitions are therefore an integral part of the Company's long-term growth strategy. NORMA Group observes the market for engineered joining technology very closely and contributes to its consolidation through targeted acquisitions. NORMA Group has acquired nine companies since the IPO in 2011 and successfully integrated them into the Group.

The main focus of M&A activities is always on companies that help to realise the diversification objectives of NORMA Group and / or to generate synergies. The preservation of growth and high profitability also play an important role. For example, NORMA Group expanded its activities in the lucrative field of water quite significantly by acquiring National Diversified Sales in 2014 and is thus driving its growth and increasing the diversification of its business.

Focus on high-quality joining technology and sustainable product solutions
The technological requirements that end products for NORMA Group's customers must meet constantly change. Increasing environmental consciousness, rising fuel costs and growing cost pressure also play key roles for virtually every industry. Other factors include binding targets by lawmakers that place special requirements on the materials used, particularly in the automotive and commercial vehicle industry, due to more stringent emission regulations or special requirements. → Economic and Legal Factors, p. 49. This marks the starting point for the development of new products. NORMA Group therefore focuses on value-added solutions that assist its customers in reducing emissions, leakages, weight, space and installation time. Innovations play an important role in meeting customer requirements, which increase with each new production cycle. Therefore, NORMA Group employs more than 270 engineers

STRATEGIC GOALS OF NORMA GROUP — G 010



who constantly work on developing new solutions and optimising existing systems. NORMA Group invests around 5% of its EJT sales in research and development activities to sustainably strengthen its power of innovation. → Research and Development, p. 54.

Highest quality standards and strong brands

Although the joining products that NORMA Group sells make up a relatively small value proportion of the final product, they are often mission-critical. Quality management therefore plays a crucial role for NORMA Group. The high quality standards are highly appreciated by customers and regularly receive awards. → Quality Management, p. 68.

The area Distribution Services which offers and sells more standardised brand products is based on a specific, regionally-driven brand strategy that is based on the respective performance parameters of the well-known brands. → Marketing, p. 74. In this business unit, the focus is on ensuring high-quality service and the availability of products at all times. NORMA Group ensures this through its worldwide distribution network.

Ongoing efficiency improvements

In order to increase NORMA Group's profitability, the focus is on continuously improving processes in all functional areas and regions. The Global Excellence Programme launched back in 2009 serves as an important tool for achieving this. As part of this programme, all internal operative processes are continuously optimised. Projects on increasing efficiency are systematically recorded and monitored using a web-based programme. This makes it possible to quantify the monetary savings that result from a specific measure fairly accurately at the end of the 12-month project cycles. Senior management reviews the current status of all projects once a month and a steering committee does so once a quarter. The aim of the programme is to be able to absorb and minimise both the unexpected negative cost developments and inflationary cost increases.

CONTROL SYSTEM AND CONTROL PARAMETERS

The consistent focus on the Group objectives mentioned is also reflected in the internal control system at NORMA Group, which relies on both financial and non-financial control parameters.

Important financial control parameters

The most important financial control parameters for NORMA Group include the following value-oriented indicators that are directly related to value creation at NORMA Group: Group sales, profitability (adjusted EBITA margin) and net operating cash flow.

NORMA Group strives to achieve short and medium term growth in sales that exceeds the market average. Due to the heterogeneous industries that use joining technologies, the Management Board aligns its forecast of expected market development on selected early indicators. These are internal analyses as well as studies from important economic research institutes on the development of production and sales figures in the relevant customer industries. In addition, the customer order patterns in the area of Distribution Services and the order book also provide an indication of the expected revenue.

The adjusted EBITA margin (EBITA as a percentage of sales) as another key performance indicator for NORMA Group provides information on the profitability of its business activities. Both, performance in the past and the planning of the individual business units, are used in forecasting the EBITA target value. The target margin for the Group is determined as the weighted average of the divisions. It is adjusted for the amortisation effects from the purchase price allocation of acquired companies as well as for potential integration and transaction costs. → Notes, adjustments, p. 130. The price development of raw materials of importance to NORMA Group that would have a negative impact on the margin serves as an early indicator of changes in major cost items, such as the costs of materials, for instance. For this reason, the respective markets and commodity prices are observed constantly and the prices for key materials are contractually fixed if deemed necessary.

Operating net cash flow is yet another target figure besides those already listed. By focusing on this financial indicator, NORMA Group ensures that the financial solidity of the Group is maintained in the future. It is calculated based on the EBITDA plus changes in working capital, less investments from the operational business.

All financial indicators are planned and continuously monitored at the Group, regional and Group company levels. Deviations between forecasted and actually achieved targets are measured on a monthly basis inside all local companies and are aggregated at the level of regional segments within the monthly reporting for the Management Board. Detailed business plans are regularly projected based on existing monthly and quarterly results that perhaps include various scenarios.

Important non-financial control parameters

The most important non-financial control parameters for NORMA Group include the extent of market penetration, the Group's power of innovation, problem-solving behaviour and the sustainable overall development of NORMA Group as a whole.

NORMA Group always pursues the objective to sustainably expand its business and achieve sales growth and profitability that are higher than average by industry comparison. Particularly by offering innovative solutions, NORMA Group is able to create value creation potential in various areas of application and numerous industries. The Group's organic growth is thus a sign of NORMA Group's market penetration.

Sustainably securing its innovation capability is a key driver for the future growth of NORMA Group. The Group uses patents as a way of protecting its innovations. The number of patent

FINANCIAL CONTROL PARAMETERS

T 009

	2015	2014	2013	2012
Group sales (in EUR millions)	**889.6**	694.7	635.5	604.6
Adjusted EBITA margin (in %)	**17.6**	17.5	17.7	17.4
Operating net cash flow (in EUR millions)	**134.7**[1]	109.2[2]	103.9	81.0

[1] Adjusted for currency effects. [2] Adjusted for acquisition-related and currency effects.

NON-FINANCIAL CONTROL PARAMETERS

T 010

	2015	2014	2013	2012
Number of new patent applications	**74**	95	68	77
Defective parts per million (PMP)	**21**	17	24	34
Quality-related customer complaints per month	**8**	8	9	10

applications per year is therefore part of the internal control system and an important indicator of NORMA Group's innovative capacity. In addition, it is used to steer the long-term development strategy. → Research and Development, p. 54.

NORMA Group stands for the highest possible reliability and quality of service. The reputation of its brands and reliability of its products are key factors in the Company's success. In developing and manufacturing products, the Group therefore relies on the highest quality standards. In order to minimise production losses and maximise customer satisfaction, NORMA Group measures and manages the problem solving behaviour of its employees by using two performance indicators: the average number of customer complaints per month and defective parts per million of manufactured parts (parts per million / PPM). The two metrics are collected and aggregated at Group level on a monthly basis. → Quality Management, p. 68.

NORMA Group considers it to be its main responsibility to bring the effects of its business activity into balance with the expectations and needs of society. For this reason, operational decisions are based on the principles of responsible company management and sustainable actions. NORMA Group's strategy and goals are influenced by its corporate responsibility (CR) policies and described in detail on the Corporate Responsibility website of NORMA Group. @ http://normagroup.com/cr.

Other non-financial performance indicators include employee and environmental indicators and indicators on occupational safety and healthcare within the Group. They are discussed in the respective chapters of this management report.

Goals regarding the financial and liquidity management

NORMA Group's objectives with respect to central finance and treasury management have not changed since the previous year and are as follows:

I. Ensuring solvency at all times

The main financial objectives are maintaining the necessary liquidity for the Group's operating business at all times, maintaining sufficient strategic liquidity reserves and thus ensuring NORMA Group's long-term solvency.

II. Limiting financial risks

The Group Treasury division constantly identifies and assesses interest rate and currency risks as well as risks related to changes in the price of raw materials and selects suitable hedging instruments to reduce these risks. Here, not only derivatives, but also the appropriate foreign currency financing, are used to reduce currency risks. In the reporting year 2015, a significant share of financing (the equivalent of EUR 80 million) was issued in US dollars in the context of the renegotiation of the syndicated credit line. More detailed information can be found in the chapter → Financial management, p. 63. The overall goal is to optimise the assets and liabilities side of the balance sheet with regard to currency risks. In addition, existing risk exposures are monitored regularly by the Group Treasury and evaluated in terms of their risk-bearing capacity.

III. Optimising the Group's internal liquidity

NORMA Group Holding GmbH assumes central liquidity management and is responsible in particular for investing surplus liquidity as well as for intra-Group financing. Last year, NORMA Group also extended the possibilities of internal financing by engaging in various projects in the Treasury department. The overall objective has been to place Group-wide financing with respect to the instruments, currency mix and maturity profile on a broad and well-balanced foundation and thus further optimise the Group's cash flow which is already quite strong. The main components of the policy on limiting financial risks include a clear definition of process responsibility, multilevel approval processes, and risk assessments, which have been adopted in a Treasury policy. The new EMIR (European Market Infrastructure Regulation) requirements have already been addressed and reviewed by the auditor.

NORMA Group's goal is to bundle the surplus liquidity of Group companies and allocate this money optimally within the Group or invest it outside the Group in order to make a profit. This is done using a professional treasury management system which provides an overview of the cash holdings of the most important subsidiaries at all times. In addition, regional cash pools have been installed. More cash concentrations are performed in periodic intervals. Manually pooling funds allows for these funds to be invested with external institutions at better terms, whereby in particular the local terms for international payments must be taken into account.

RESEARCH AND DEVELOPMENT

Research and development activities at NORMA Group are aimed at further expanding the Group's innovation leadership in the area of engineered joining technology and systematically tapping into new groups of customers and products. The focus of development is orientated towards the global industrial challenges of the respective end markets. These are systematically identified on a central basis and analysed to reveal the important megatrends for the Group. NORMA Group is thus able to anticipate technology trends early on and offer the market the appropriate products.

Strategic collaboration with customers and research institutes

NORMA Group's EJT unit works closely with its end customers, but also with research and development institutes, suppliers and other external partners. This allows for the global trends to be identified immediately and be seamlessly turned into new technologies and ideas for products. This, in turn, allows for fast marketing of product innovations. For competitive reasons, however, the Company does not disclose the specific nature of these research partnerships.

The Distribution Services division is purely a commercial unit; the market does not demand the same level of technological research from it thus far. Moreover, customers of NORMA Group in this business division expect a strong brand image and the most complete product range. Therefore, the focus in the DS area lies on making useful additions to the product range and targeted marketing measures.

Reorganisation of the R&D area completed

NORMA Group finished restructuring the areas of engineering and product development in financial year 2015. In the course of doing so, the responsibilities of the R&D area were also redefined. The department will concentrate on developing and evaluating new technologies, particularly with respect to new processes, methods, materials and additional functionalities, in the future. New projects will be identified by taking the appropriate measures, for example 'Innovation Road Mapping' and 'Innovation Scouting,' in which innovations will be systematically planned and changes in technological developments detected early. The R&D department will also be responsible for identifying the potential that new application fields and markets hold. NORMA Group expects the reorganisation of the department to enable an improved focus on innovation and higher efficiency in the areas of product and customer development in the years to come.

Development focuses in 2015

The main focus of R&D activities in 2015 was still on driving implementation of the SCR (Selective Catalytic Reduction) systems with major automotive customers. To this end, optimised detailed solutions were developed, which could then be expanded by using the building block system that is part of NORMA Group's SCR system. This, in turn, made it possible to further increase the market potential for this product and improve the overall performance of the system. In addition, NORMA Group continued to develop the Urea Transport System (UTS) even further in 2015. As a result, the robustness and performance of the pipeline system has been significantly improved, which was also reflected in newly acquired customer projects.

Another focus during the reporting year was on improving the profile clamps. The goal here was to further optimise the tolerance effect on the holding and sealing ability of profile clamp connections in order to increase the reliability of the connections.

In addition, the R&D department has also identified product solutions on the basis of detailed analysis that will enable NORMA Group to meet the global demands of its customers that result from increasingly stringent emission regulation even better in the future. → Production and Logistics, p. 66.

Furthermore, joining technology in pipeline systems was an important focus in the reporting year. Here, technologies that are not yet in use were being investigated scientifically more closely.

In the area of fundamental research, NORMA Group continued to expand the development and validation of plastic materials and optimise test processes. This has significantly improved the informative value of using plastics in certain applications, for example in the area of cooling water. Here, the main focus will be on the component- and manufacturing-related properties of materials and material combinations.

Know-how protected by patents

Specific know-how in the area of engineered joining technology represents a key success factor for NORMA Group. The Company therefore uses patents to protect its innovations. As of 31 December 2015, the Group held 727 patents and utility models (2014: 850) in 179 patent families (2014: 154). In 2015, 74 new patent applications (2014: 95) were filed in 23 patent families (2014: 17). Licensing revenue plays a subordinate role since NORMA Group uses most of its licenses and rights itself for competitive reasons. To strengthen the market position of NORMA Group in the future, the Group aims to submit at least 80 patent applications per year within the years 2016 to 2018.

R&D expenses

Research and development expenses in the area of EJT totalled EUR 25.4 million in 2015 (2014: EUR 25.7 million). This represents approximately 4.7% (2014: 5.3%) of sales in this area. The capi-

R&D KEY FIGURES

T 011

	2015	2014	2013	2012	2011
Number of R&D employees	**271**	250	205	190	174
R&D employee ratio in relation to permanent staff (in %)	**5.3**	5.2	5.0	5.1	5.1
R&D expenses in the area of EJT (in EUR millions)	**25.4**	25.7	21.9	22.1	16.8
R&D ratio in relation to EJT sales (in %)	**4.7**	5.3	4.9	5.1	4.1
R&D subsidies received (in EUR thousands)	**0**	231	0	55	58

talisation ratio, which is the proportion of own work capitalised, during the reporting year amounted to 10.8% (EUR 2.7 million).

In 2015, NORMA Group received no public funding support for Research and Development (2014: EUR 231 thousands).

R&D employees

As of 31 December 2015, 271 employees (2014: 250) worldwide worked for NORMA Group in the R&D department which represents approximately 5.3% of all permanent employees of the Group (2014: 5.2%). Most of the employees who work in R&D are engineers, technicians and technical draftsmen.

Important product launches

NORMA Group develops new and innovative products for various types of applications each year. The most important new product developments of the year are listed in the → table 012.

Newly introduced products accounted for EUR 42.2 million in sales in 2015. This corresponds to 4.6% of total sales (2014: 7.3%).

IMPORTANT NEW DEVELOPMENTS IN FINANCIAL YEAR 2015

T 012

Product	Application	Industry
GEMI 12mm clamp	Connections in low pressure areas	Agriculture, automotive industry, ship building, construction industry
GEMI 9mm clamp	Connections in low pressure areas	Agriculture, automotive industry, ship building, construction industry
NORMACONNECT® VPP – profile clamp 'Light Compact'	Flanged pipes, exhaust gas, cooling and filter systems	Agriculture, automotive industry, ship building, construction industry
NORMACONNECT® V2PP – profile clamp 'Simple assembly'	Flanged pipes, exhaust gas, cooling and filter systems	Agriculture, automotive industry, ship building, construction industry
Push-Fit quick connector	Water systems	Water industry
ABA Low Profile Cable Tie	Connections with low installation heights	Agriculture, automotive industry
ABA Original SMO clamp	Connections in low pressure areas	Agriculture, automotive industry, ship building, construction industry
NORMAQUICK SSL quick connector	Fuel systems	Agriculture, automotive industry, construction industry
SCR UREA Generation III lines	Dosing lines for SCR systems	Agriculture, automotive industry
SealRite light weight clamp	Exhaust gas systems	Agriculture, automotive industry, ship building, construction industry
AccuLock Generation II clamp	Exhaust gas systems	Agriculture, automotive industry, ship building, construction industry
Breeze Secure-Seal	Connections with soft hoses and rigid pipes	Agriculture, construction industry
Breeze Secure-Strap	Industrial mounting applications	Agriculture, construction industry
SuperSeal hose clamp	Connections with soft hoses and rigid pipes	Agriculture, automotive industry, ship building, construction industry
S5 Sustainable Storm water Solutions	Residential and commercial storm water management solutions	Landscape and storm water management
Sod Stakes	Landscape irrigation systems	Landscape and Irrigation
Light weight metal grates 800 series	Residential storm water management solutions	Landscape and storm water management
400-10 metal grates	Residential storm water management solutions	Landscape and storm water management
Drought Buster Kit for retail	Irrigation conversion systems	Landscape and irrigation
CPVC CTS MIP Ball Valves	Pool, pond and plumbing applications	Landscape and plumbing
Spee-D 2351 7" metal grate	Residential storm water management solutions	Landscape and storm water management

Economic Report

GENERAL ECONOMIC AND INDUSTRY-SPECIFIC CONDITIONS

Global economy in 2015 in the wake of China's weaker growth

The world economy did not gain momentum in 2015 as projected. With an increase of 3.1% according to the International Monetary Fund (IMF), the world economy grew even more slowly than in the previous two years. The main reason was the very weak growth in China. 2015 was also marked by the dramatic drop in the prices of oil and raw materials, the appreciation of the US dollar, higher volatility in the financial markets and the escalation of geopolitical crises. Monetary policy remained expansionary in the euro zone. Some emerging economies even had to raise their key interest rates to stabilise their currencies and prevent capital outflows. The US Federal Reserve (FED) did not initiate the long expected rate reversal until the end of the year.

According to the Chinese Bureau of Statistics NBS and the IMF, the Chinese economy grew by 6.9% in 2015. This was the lowest growth in more than 20 years. China continued its transformation course aimed at strengthening domestic demand and the technology orientation of its industry at the expense of its general growth momentum. Traditional industrial sectors suffered from overcapacity and the collapse of China's stock exchanges in the summer caused great concern. The construction industry was still caught up in a crisis and the increase in industrial output declined to 6.1% (2014: 8.3%). China's economic slowdown also had a negative impact on neighbouring countries. According to the IMF, the Southeast Asian countries (ASEAN-5) grew by 4.7% without experiencing any real recovery (2014: 4.6%). India's economy grew by an unchanged 7.3% as a result of infrastructure measures. Brazil and Russia both fell into a deep recession. According to the IMF, the growth of emerging and developing countries continued to drop to 4.0% in total (2014: 4.6%).

The US economy grew by a presumed 2.4% in 2015 as in the previous year. Impetus came from the recovery of the housing and labour market, as well as private consumption. Industrial activity was increasingly impacted by the appreciation of the dollar and falling oil prices in the energy sector, however. According to the FED, US industrial production declined overall. Industrial production had actually increased, excluding the slump in the energy sector, but only moderately by around 1%. Capacity utilisation of US industry fell by 250 basis points to a low 76.5% by December. According to the IMF, Japan's economy grew by a slight 0.6% in 2015 after stagnating in 2014. Whereas the UK economy remained strong, but grew less dynamically than in the past, the economy in the euro zone gained momentum. The IMF estimates that the established economies grew slightly by a mere 1.9% in 2015 (2014: 1.8%).

GDP GROWTH RATES (REAL) T 013

in %	2015	2014	2013
World	**+3.1**	+3.4	+3.4
USA[1]	**+2.4**	+2.4	+1.5
China	**+6.9**	+7.3	+7.7
Euro zone	**+1.5**	+0.9	–0.3
Germany[2]	**+1.7**	+1.6	+0.3

Sources: IMF, [1] US Department of Commerce [2] Federal Statistical Office (Destatis)

Euro zone posts fast recovery – the ECB continues to ease rates

The economy in the euro zone gained strength in 2015. The Gross Domestic Product (GDP) grew by 1.5% at a rapid pace (2014: 0.9%). Interest rates and inflation remained low. The ECB initiated further monetary easing by launching a bond purchase programme. This resulted in a significant depreciation of the euro, especially against the US dollar. Private consumption remained the pillar of the economy in 2015. In regional terms, the recovery in Europe took place on a broader basis. Above-average growth was achieved in Ireland and Spain, while Portugal continued its steady recovery. In terms of the peripheral countries, only Greece underperformed the overall positive development. Increasingly buoyant forces in Italy and France contributed significantly to the recovery in the euro zone, although their dynamics remained below average compared to the region as a whole. The Netherlands returned to a robust, strong growth path.

According to the Statistical Office of the European Union (Eurostat), employment increased by 1% in the euro zone in 2015. The unemployment rate dropped to 10.4% by December, but showed broad regional differences (December 2014: 11.4%). Unemployment was still high and 16.8 million people were without jobs at the end of 2015 (end of 2014: 18.3 million), primarily in Spain, Portugal, Italy and France. The economy in the euro zone rebounded steadily, but was slowed despite the strong monetary policy and lower oil prices by increasing uncertainty over the development in important export markets, the escalation of the crisis in the Middle East and the flow of refugees. Industrial production faltered at its current level over the course of the year and therefore increased by a mere 1.4%. Capacity utilisation increased only slightly in this market environment and reached 81.4% in the fourth quarter of 2015 (end of 2014: 80.5%). The investment rate barely improved year on year.

Intact upswing in Germany – strong consumption and robust investment spending

According to the Federal Statistical Office Destatis, German GDP grew strongly by 1.7% in real terms in 2015 (2014: 1.6%). The upswing remained intact despite the difficult international environment. Government consumption rose by 2.8%, partly due to the influx of refugees, and private consumption increased by 1.9%. Drivers included low energy costs, higher real wages and the past ten years of employment growth. Furthermore, investment activity gradually increased and gross fixed capital formation grew by 1.7%. Exports gained momentum over the course of the year and rose by 5.4%, buoyed by the low euro exchange rate, but also by higher demand from the euro zone.

The economic development gained strength to start with in 2015, but lost momentum at the end of the year. Despite good financing terms, construction investments stagnated at a high level (+0.2%). Lively exports and good consumer demand further increased investment in equipment and machinery, however. According to Destatis, equipment investment rose by 3.6% (2014: 4.5%). By the fall, industrial production had experienced robust growth, but the mood became cloudy due to growing international risks and the industry began to falter again. Capacity utilisation decreased by 30 basis points to 84.4% in the fourth quarter compared to the summer, according to Eurostat's data, and was thus only slightly higher than a year ago (84.1%) at the end of 2015.

Engineering globally weak and heterogeneous – production stagnates in Germany

The global engineering industry lost momentum in the wake of the global economic slowdown. According to the industry association VDMA, real sales growth of only 1% (2014: 5%) was achieved in 2015 on a worldwide basis. In China, sales increased by 2% in real terms while the US market stagnated. Industry sales fell by double digits in Latin America, by 15% in Brazil alone. By contrast, India (+7%), Malaysia (+8%), the Philippines (+6%), Japan and South Korea (both +1%) experienced growth. Europe posted no growth in total. The markets in Russia (–17%) and Switzerland (–10%) collapsed quite significantly. The EU posted growth of only 1% (UK –10%), however sales increased in the euro zone by 2% in real terms, while stagnation was observed in France and only a slight increase of 1% in Italy.

The extremely export-oriented German mechanical engineering industry was unable to increase production in real terms in 2015 (2014: +1.1%) considering the difficult international environment. Sinking exports to China and Russia stood opposed to higher exports to the US and Europe. In the first eleven months of 2015, real exports rose moderately by 0.6% (imports: +0.9%). Domestic business was without impetus. Sales of German manufacturers rose nominally by nearly 3% to EUR 218 billion (real: +2%) in 2015, according to the VDMA. At the end of the year, the order situation had improved with a strong push, however. This was due to large orders from overseas and higher orders from the EU. For the year as a whole, the engineering industry posted a 1% increase in incoming orders in 2015 (Germany and abroad: +1% respectively).

Automotive industry records moderate global growth – upturn in Western Europe

According to LMC Automotive, the automotive industry manufactured 88.6 million passenger vehicles (passenger cars, light trucks) worldwide in 2015. This is a slight 1.6% increase in production (sales: +1.2%). The German industry association VDA estimates that sales rose only moderately by 1% to 76.9 million passenger cars in the more narrowly defined global passenger car market. The regional market trends varied greatly with respect to the global market. The single largest market China got off to a weak start, but later received strong support from government incentives. According to the Chinese association CAAM, production (+5.8%) and sales of passenger cars (+7.3%) increased in 2015. With respect to commercial vehicles in China (production: –10%, sales: –9%), however, the negative market trend caused by the economic downturn continued. The US light vehicle market benefitted from strong consumption and low fuel prices and remained on a growth course. According to the VDA, sales in the US rose again by 5.8% in 2015. Car sales in India rose by 7.9%. Japan, Russia and Brazil all recorded double-digit losses.

Europe's car market gained more momentum and expanded dynamically in 2015. According to the European association ACEA, production increased by 6.2% to 15.9 million units and sales by 9.2% to 14.2 million passenger cars (EU28 + EFTA). The sales increase was 9.0% for Western Europe and 12.1% for the Eastern European countries. Among the higher volume markets, both Spain (+20.9%) and Italy (+15.8%) showed extremely strong growth. France (+6.8%) and the UK (+6.3%) also achieved strong growth rates. In Germany, new registrations rose by almost twice as much as in the previous year, rising by 5.6% to 3.2 million units. Despite a recent decline in foreign demand, German manufacturers managed to increase exports by 3% in 2015, according to the VDA. Domestic production increased by 2% to 5.7 million cars while foreign production rose by 1% to 9.45 million vehicles.

According to the ACEA's figures, sales of trucks and buses on the European market increased by 12.3% in 2015 to 2.2 million commercial vehicles, by 11.5% in Western Europe and by 20.4% in the Eastern European countries. Significant growth was achieved in Spain (+36.4%), Italy (+13.2%) and the UK (+16.7%). Sales also increased in France (+3.1%) and Germany (+4.3%). All commercial vehicle market segments recorded double-digit growth in Europe in 2015. The volume segment of light commercial vehicles up to 3.5 tons increased by 11.6% to 1.8 million units. Sales of other commercial vehicles (over 3.5 tons and heavy trucks over 16 tons) rose by 15.5% and 18.6%. The bus segment grew by 17.1%.

Europe's construction industry on course for recovery – Germany stagnates at a high level

The European construction industry continued its recovery, but with regional differences. According to the joint estimates of the industry network Euroconstruct and the Ifo Institute, construction output rose by 1.6% in 2015 (2014: 1.3%). In Western Europe, growth increased to 1.3% (2014: 1.1%). In Eastern Europe, the output even rose by 6.0% (2014: +4.7%). The highest gains in Western Europe were achieved in Ireland, the Netherlands, Sweden and the UK. Besides slight declines in Switzerland and

Finland, France's construction output fell slightly. As a result of the subdued investment climate in Europe, commercial construction lacked impetus. Growth was driven by civil engineering (+3.3%) and slightly stronger residential construction.

According to Destatis, German investments increased by only 0.2% in real terms in 2015 (previous year: +2.9%). Construction was weaker at the beginning of the year compared to last year due to the weather conditions. Commercial construction was affected by burgeoning economic risks in 2015. Construction output revived in the summer months and returned to its expansion course overall. According to the IfW, investment in commercial (–2.1%) and public construction (–1.9%) failed to reach last year's high level year round. Only residential construction was able to post robust growth (+2.7%) once again. According to the estimates of the industry associations ZDB and HDB, the construction trade's sales increased nominally by 1.0% to EUR 100.3 billion in 2015. The order situation in the industry has continued to improve. In 2015, orders rose by 3.7% in real terms (nominal: +5.2%).

SIGNIFICANT DEVELOPMENTS IN 2015

Personnel changes in the Management Board

Dr. Michael Schneider took office as a member of the Management Board of NORMA Group SE on 1 July 2015. He succeeds the former CFO, Dr. Othmar Belker, who stepped down at the end of March 2015, and is responsible for the divisions Finance, Controlling, Treasury, IT and Investor Relations.

Restructuring of financing

In December 2015, NORMA Group adjusted the credit line that the Company had renegotiated in September 2014 and thus received better conditions. By adjusting the credit line and dividing it into a euro and a US dollar tranche, NORMA Group has taken its growing US business into account. → Financial management, p. 63.

ACTUAL BUSINESS DEVELOPMENT COMPARED TO FORECAST

T 014

	Results in 2014[1]	Forecast March 2015	Forecast May 2015	Forecast August 2015	Forecast November 2015	**Results 2015[1]**
Group sales (in EUR millions)	694.7	n/a	n/a	n/a	n/a	**889.6**
Growth of Group sales	6.5% plus EUR 22.0 million from acquisitions	solid organic growth of around 4% to 7%, in addition approximately EUR 110 million from acquisitions	no adjustment	no adjustment	no adjustment	**3.7% organic growth, additionally EUR 115.4 million from acquisitions**
Adjusted cost of materials ratio	41.7%	around the same as in the previous year	no adjustment	no adjustment	no adjustment	**40.8%**
Adjusted personnel cost ratio	27.1%	around the same as in the previous year	no adjustment	no adjustment	no adjustment	**26.3%**
Adjusted EBITA margin	17.5%	sustainable at the same level as in previous years of more than 17.0%	no adjustment	no adjustment	no adjustment	**17.6%**
Financial result (in EUR million)	−14.5 (unadjusted) −9.1 (adjusted)	up to EUR −18.0 million	no adjustment	no adjustment	no adjustment	**−17.2 (unadjusted)**
Adjusted tax ratio	33.3%	around 33% to 35%	no adjustment	no adjustment	no adjustment	**32.1%**
Earnings per share (in EUR)	2.24 (adjusted) 1.72 (unadjusted)	solid increase	no adjustment	no adjustment	no adjustment	**2.78 (adjusted) 2.31 (unadjusted)**
Operating net cash flow (in EUR million)	103.2[2] 109.2[3]	slightly higher than the level of previous years (2013: EUR 103.9 million, 2014: EUR 103.2 million)	no adjustment	no adjustment	no adjustment	**134.7[4]**
Investments in R&D (related to EJT sales)	5.3%	around 5%	no adjustment	no adjustment	no adjustment	**4.7%**
Investment rate (without acquisitions)	5.7%	operationally around 4.5%	no adjustment	no adjustment	no adjustment	**4.7%**
Dividend (in EUR) Payout ratio	0.75 33.4%	approx. 30% to 35% of adjusted annual Group earnings	no adjustment	no adjustment	no adjustment	**0.90[5] 32.3%**

[1] The adjustments refer to one-off effects from acquisitions. → Notes, adjustments, p. 130.
[2] Adjusted for acquisition-related effects.
[3] Adjusted for currency and acquisition-related effects.
[4] Adjusted for currency effects.
[5] In accordance with the Management Board's proposal for the appropriation of net profit, subject to the approval by the Annual General Meeting on 2 June 2016.

GENERAL STATEMENT BY THE MANAGEMENT BOARD ON COURSE OF BUSINESS AND ECONOMIC SITUATION

Financial year 2015 was essentially in line with the Management Board's expectations. With Group sales of EUR 889.6 million and adjusted net profit of EUR 88.7 million, the Group developed in line with the forecast.

At 3.7%, organic growth was at the lower end of the predicted value, but still satisfactory in light of the persistently difficult economic conditions. Acquisition-related sales that were mainly related to NDS, the company acquired at the end of 2014, developed very positively in the reporting year and amounted to EUR 115.4 million, which means they contributed 16.6% to the growth of Group sales. Currency effects, in particular in connection with the appreciation of the US dollar, also made a positive contribution to the growth of Group sales of 7.7%.

In terms of sales distribution by segments, slight shifts occurred compared with the forecast. While organic growth in the Americas region was slightly weaker than expected due to the decline in business in the area of commercial vehicles and agricultural machinery in the reporting year and the persistently difficult economic conditions in Brazil, the EMEA region posted organic growth that was slightly above expectations. The Asia-Pacific region grew strongly all year, as had been predicted.

The main cost positions, personnel costs and costs of materials ratio, were also in line with the forecast. Both improved in the reporting year 2015. Adjusted EBITA increased by 28.6% to EUR 156.3 million. The resulting adjusted EBITA margin was maintained at a sustainable high level of 17.6%.

All in all, the Management Board is satisfied with how business developed in 2015. Most of the ambitious objectives set for 2015 were achieved. In particular, the integration of the water expert NDS progressed well during the reporting year. The Management Board considers the economic situation of NORMA Group to be stable and sustainable. This assessment is based on the results of the balance sheet and NORMA Group SE's separate financial statements for 2015 and takes business development up until the drawing up of the Group management report 2015 into consideration. Business development through the start of 2016 has been in line with the Management Board's expectations up until this Annual Report was prepared.

As of 31 December 2015, the order book remained at a good level of EUR 295.8 million (2014: EUR 279.6 million), which suggests that 2016 is off to a good start. The Management Board therefore believes that NORMA Group will be able to continue to pursue its course of growth in the current year.

EARNINGS, ASSETS AND FINANCIAL POSITION

Adjustments

In financial year 2015, expenses related to the acquisition of NDS were adjusted.

Expenses in the amount of EUR 3.6 million in total (2014: EUR 6.9 million) were adjusted within EBITDA (earnings before interest, taxes, depreciation of tangible assets and amortisation of intangible assets). The adjustments reflect material expenses (EUR 2.5 million) resulting from the valuation of acquired inventories performed within the purchase price allocation of the acquisition of National Diversified Sales, Inc. Furthermore, expenses for the integration of the acquired company were adjusted within the other operating expenses (EUR 0.6 million) as well as within the expenses for employee benefits (EUR 0.5 million).

Besides the adjustments described, the depreciation of fixed assets in the amount of EUR 2.2 million (2014: EUR 1.3 million) and intangible assets in the amount of EUR 17.3 million (2014: EUR 10.1 million) from purchase price allocations has been adjusted as in previous years.

In financial year 2015, no adjustments were made to the financial result (2014: EUR 5.4 million). Fictitious income taxes that arise from adjustments are calculated using the tax rates of the respective affected local companies and included in adjusted earnings after tax. → Notes, p. 130.

The following table shows the adjustments in a simplified form.

ADJUSTMENTS* T 015

in EUR millions	2015 adjusted	Adjustments	2015 reported
Group sales	889.6		889.6
EBITDA	177.5	3.6	173.9
EBITDA margin (in %)	20.0		19.5
EBITA	156.3	5.8	150.5
EBITA margin (in %)	17.6		16.9
EBIT	147.9	23.1	124.8
Financial income	–17.2	0	–17.2
Profit for the period	88.7	14.9	73.8
EPS (in EUR)	2.78	0.47	2.31

* Deviations may occur due to commercial rounding.

Sales and earnings performance

The development shown below describes the changes in the essential items of the income statement during the year adjusted for the special effects mentioned. For comparison purposes, adjustments will be discussed separately in certain cases. All other adjustments are explained in the notes. → Notes, p. 130.

Sales development

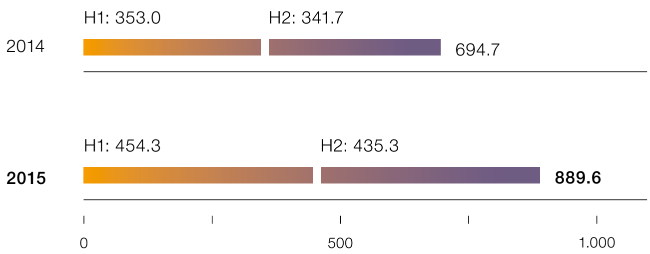
Group sales growth strengthened by acquisitions and currency effects

NORMA Group's revenue in financial year 2015 amounted to EUR 889.6 million and was thus 28.0% higher than in the previous year (2014: EUR 694.7 million). At 3.7%, organic growth was lower than in the previous year (2014: 6.5%). The reasons for this include the weak demand in the area of trucks and agricultural machinery in the USA and the consequent decline in the EJT business in the Americas region. Furthermore, the environment in some markets such as Brazil and Russia continued to be difficult, which had a negative impact on the local demand for NORMA Group products.

The revenue from acquisitions in the amount of EUR 115.4 million (2014: EUR 22.0 million), which was attributable to NDS, the company acquired at the end of 2014, was a growth driver, on the other hand. It contributed 16.6% (2014: 3.5%) to Group sales growth in 2015. In addition, currency effects, mainly due to the development of the US dollar, contributed 7.7% to Group sales growth (2014: –0.6%).

DEVELOPMENT OF SALES IN 2015 G 011

in EUR millions



EFFECTS ON GROUP SALES T 016

	in EUR millions	Share in %
Sales 2014	694.7	
Organic growth	25.9	3.7
Acquisitions	115.4	16.6
Currency effects	53.5	7.7
Sales 2015	**889.6**	**28.0**

Heterogeneous developments in the various regions

Sales developed rather heterogeneously in the various regions in financial year 2015. At the beginning of the year, the consequences of a general slowdown in economic activity in the euro zone could still be felt in the EMEA region, therefore sales in the first quarter of 2015 still showed a decline in this region. Sales growth picked up considerably in the EMEA region as the year progressed, however, as a result of the economic recovery in the euro zone. This resulted in solid organic growth starting in the second quarter.

The Americas region experienced just the opposite with a good first quarter and a significantly weaker rest of the year. The causes for this included lower sales of commercial vehicles and agricultural machinery. Furthermore, the persistently weak economic situation in Brazil had a negative impact on local sales.

The Asia-Pacific region grew solidly all year by posting double-digit organic sales growth compared to the previous year.

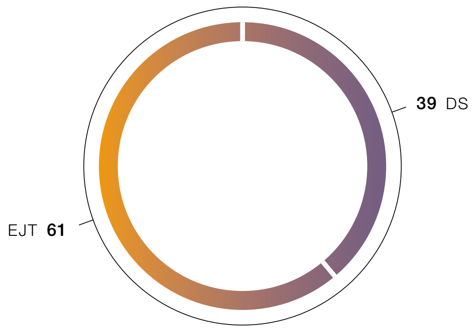
Organic growth in the area of EJT; DS business bolstered by acquisitions

NORMA Group generated total sales of EUR 540.3 million in the EJT unit in financial year 2015, an increase of 12.3% over the previous year (2014: EUR 481.0 million). While sales growth in the area of EJT increased significantly in the EMEA region over the course of the year after getting off to a slow start, the development with respect to commercial vehicles and agricultural machinery weakened in the Americas due to the problems referred to earlier. The Asia-Pacific region achieved strong organic growth all year despite continued weak economic growth in China.

Revenues in the Distribution Services unit amounted to EUR 344.1 million in 2015 and were thus 62.7% higher than in the previous year (2014: EUR 211.5 million). This growth is largely due to acquisitions and to the good sales performance of NDS, the company that specialises in water that was acquired at the end of 2014.

SALES DISTRIBUTION BY DISTRIBUTION CHANNELS G 012

in %



DEVELOPMENT OF SALES CHANNELS T 017

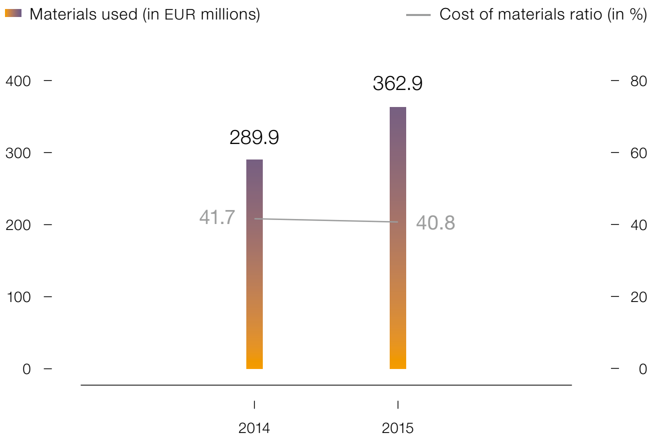
	EJT		DS	
	2015	2014	**2015**	2014
Group sales (in EUR millions)	**540.3**	481.0	**344.1**	211.5
Growth (in %)	**12.3**	9.1	**62.7**	11.8
Share of sales (in %)	**61**	70	**39**	30

Development of earnings

Adjusted cost of materials ratio improved – higher gross margin

Thanks to targeted procurement management and the building of an effective Group purchasing structure, partly lower commodity prices and a lower material usage ratio at NDS, NORMA Group managed to improve its adjusted cost of materials ratio again in financial year 2015. With adjusted costs of materials amounting to EUR 362.9 million (2014: EUR 289.9 million), the adjusted materials ratio amounted to 40.8% in 2015 (2014: 41.7%). After deducting changes in inventories (EUR 3.6 million) and other own work capitalised (EUR 2.7 million) from sales, NORMA Group reported adjusted gross profit of EUR 533.1 million, an increase of 31.4% compared to the previous year (EUR 405.6 million). In relation to sales, this resulted in an improved adjusted gross margin of 59.9% (2014: 58.4%).

COST OF MATERIALS AND COST OF MATERIALS RATIO (ADJUSTED) G 013



Shift in the cost ratios – adjusted operational results increased

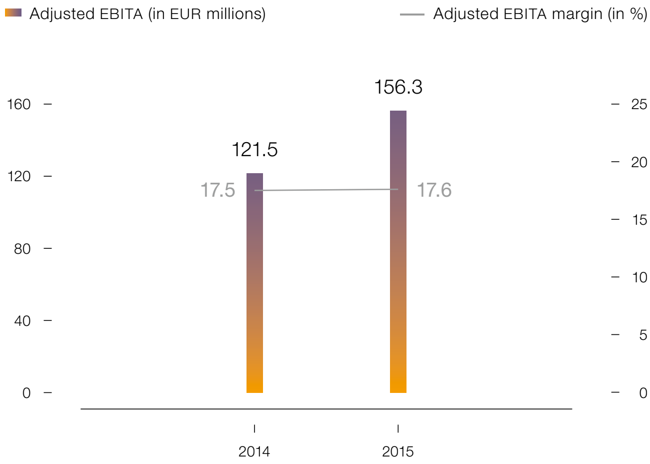
The cost ratios in the Group shifted slightly in the past year due to the acquisition of NDS. In relation to sales, adjusted personnel expenses increased disproportionately by 24.3% to EUR 234.1 million in 2015 (2014: EUR 188.3 million). The resulting adjusted personnel expense ratio has thus improved and amounted to 26.3% (2014: 27.1%). This can be attributed to the nature of the products that the newly acquired company NDS offers, which are mainly standardised DS products that require less R&D effort than the EJT business requires. Secondly, NDS relies on external logistics partners. Consequently, the adjusted personnel expenses decreased in the reporting period relative to sales.

On the other hand, adjusted other income and expenses (EUR 121.5 million) increased by 54.1% and thus amounted to 13.7% of sales (2014: 11.4%), mainly due to external logistics costs at NDS in the reporting year.

This resulted in adjusted earnings before interest, taxes, depreciation and amortisation (adjusted EBITDA) for the financial year of EUR 177.5 million, an increase of 28.2% over the previous year (EUR 138.4 million).

The more significant financial control parameter for NORMA Group, adjusted EBITA, amounted to EUR 156.3 million in 2015, which is 28.6% higher than the adjusted EBITA of the previous year (EUR 121.5 million). The resulting adjusted operating EBITA margin was 17.6% (2014: 17.5%). This means that NORMA Group's business was sustainably profitable again in 2015.

ADJUSTED EBITA AND ADJUSTED EBITA MARGIN G 014



Financial result

The financial result for financial year 2015 came to EUR –17.2 million (2014: EUR –14.5 million). This was mainly influenced by interest charges and expenses from the measurement of derivatives. Furthermore, the financial result includes positive currency effects, which resulted mainly from the appreciation of the US dollar. → Notes, p. 130. No adjustments were made to the financial result in the reporting year (2014: adjustments of EUR 5.4 million).

Adjusted net income after tax increased significantly

Adjusted net income after tax for the period amounted to EUR 88.7 million in 2015, and thus increased by 24.2% compared to the previous year (2014: EUR 71.5 million). Adjusted income taxes amounted to EUR 41.9 million, resulting in an effective tax rate of 32.1% (2014: 33.3%). Unadjusted net income in 2015 amounted to EUR 73.8 million and was thus 34.6% higher than in 2014 (EUR 54.9 million). Overall, the adjustment effect after taxes amounted to EUR 14.9 million. → T 015: Adjustments, p. 130.

With an unchanged number of 31,862,400 million shares compared to last year, this resulted in adjusted earnings per share of EUR 2.78 (2014: EUR 2.24). Unadjusted earnings per share amounted to EUR 2.31 (2014: EUR 1.72).

Financial position

Total assets

Total assets amounted to EUR 1,167.9 million as of 31 December 2015 and were thus 8.3% higher than in the previous year (EUR 1,078.4 million). They were mainly influenced by currency effects.

Non-current and current assets

Non-current assets increased by 5.2% compared to the previous year to EUR 793.6 million (2014: EUR 754.3 million). The main reasons for this were the increase in fixed assets (EUR 15.4 million) and the increase in goodwill by EUR 19.3 million. The latter is mainly due to positive currency effects, particularly in relation to the US dollar. Furthermore, the other intangible assets increased by EUR 8.5 million mainly also due to currency effects. → Notes, p. 138.

Current assets, on the other hand, increased by 15.5% from EUR 324.1 million as of 31 December 2014 to EUR 374.3 million. This increase is mainly due to an increase in cash and cash equivalents of EUR 15.7 million, the increase in inventories (EUR 15.0 million) and in receivables for goods and services (EUR 15.1 million).

The share of non-current assets to total assets at the end of 2015 amounted to 68.0%. Consequently, current assets accounted for a share of 32.0%.

Working capital

(Trade) working capital (inventories plus receivables minus liabilities, both primarily from trade payables and trade receivables) was EUR 151.9 million as of 31 December 2015, and thus 7.1% higher than in the previous year (2014: EUR 141.8 million). The increase resulted primarily from an increase in activities compared to last year. In relation to sales, trade working capital amounted to 17.1% on the balance sheet date (2014: 20.4%).

Increased equity ratio

Consolidated equity amounted to EUR 429.8 million as of 31 December 2015 and thus rose by 16.8% compared to the previous year (2014: EUR 368.0 million). This increase resulted mainly from the net profit for the period of EUR 73.8 million and positive currency translation differences in the amount of EUR 18.0 million. In contrast, the dividends paid in the second quarter in the amount of EUR 23.9 million reduced equity. The equity ratio had thus improved to 36.8% at the end of financial year 2015 compared to the previous year (2014: 34.1%).

Net debt decreased

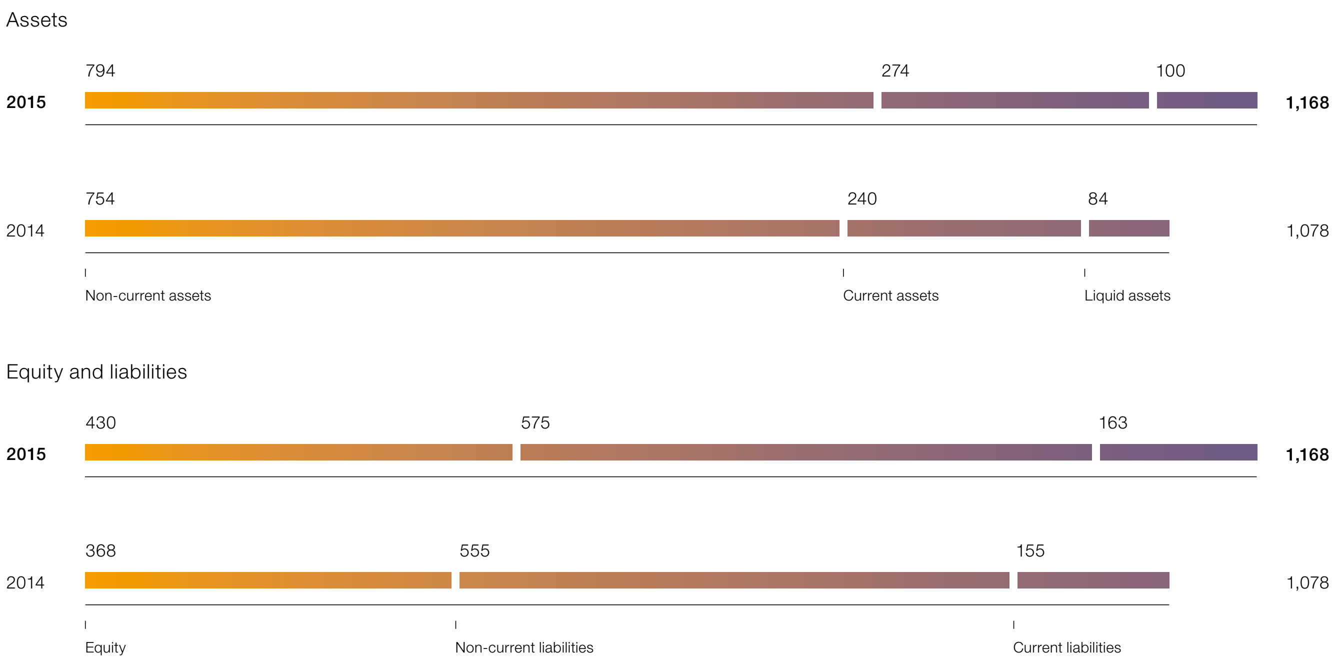
Net debt at the end of the reporting period was EUR 360.9 million (included herein are derivative financial instruments in the amount of EUR 3.4 million), and thus 3.3% lower than in the previous year (2014: EUR 373.1 million). The increase in cash and cash equivalents had a particularly positive effect. Gearing (net debt in relation to equity) was 0.8 (2014: 1.0). → Notes, p. 161.

Non-current and current liabilities

Non-current liabilities amounted to EUR 575.4 million as of 31 December 2015 (2014: EUR 555.1 million) and were thus around 49.3% of total assets. This reflects in particular the increase in long-term debt of EUR 408.2 million at the end of 2014 to EUR 443.7 million as of the balance sheet date in 2015, which can be attributed to the adjustment of financing by renegotiating the syndicated credit line. Furthermore, the long-term provisions increased by 74.7% in the reporting period to EUR 10.8 million. The main reason for this is the conversion of the Matching Stock Programme for the Management Board from being a settlement

ASSET AND CAPITAL STRUCTURE G 015

in EUR millions



in equity instruments to cash payments. In contrast, derivative financial liabilities decreased by 86.2% to EUR 2.5 million as of the balance sheet date. This is due to the repayment of portions of hedging derivatives related to the renegotiation of the syndicated loans. → Financial management, p. 63.

Current liabilities amounted to EUR 162.6 million at the end of 2015 (2014: EUR 155.3 million) and thus rose by 4.7% compared to the previous year. This was influenced by the scheduled repayment of loan liabilities. By contrast, trade liabilities increased by 24.8% to EUR 100.9 million.

Unrecognised intangible assets

NORMA Group's rights to the brands it owns, if acquired externally, are recognised in the balance sheet as intangible assets together with its patents as well as customer relationships. However, the reputation of these brands and how well known they are among its customers also play important roles in its success, as does consumer confidence in NORMA Group's products. Well-established customer relationships that are based on NORMA Group's distribution network that has continually grown over the course of many years are equally important. The know-how and experience of NORMA Group employees also play important roles in the Company's success. The many years of research and development expertise and project management know-how are also seen as competitive advantages for NORMA Group. These values are not recognised in the balance sheet.

Financial management

Financial measures and capital costs

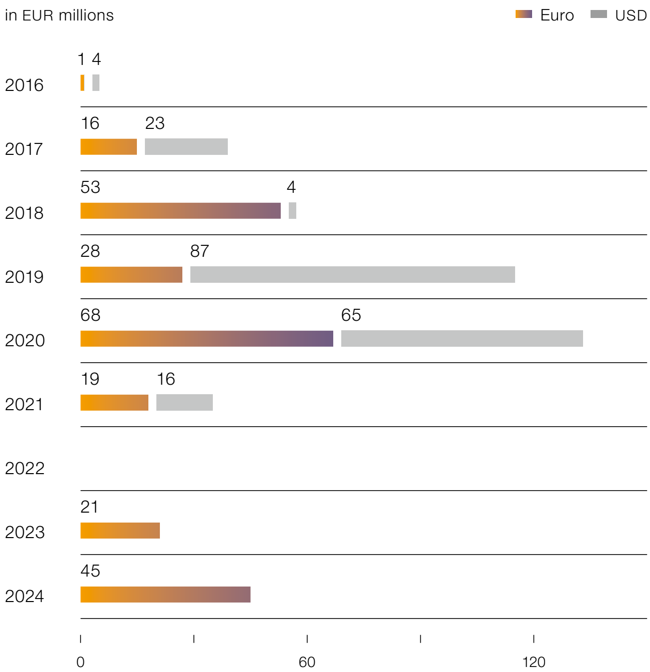
Risks from changes in exchange rates are continuously monitored and limited by using derivative structures among others. Furthermore, NORMA Group generally strives to achieve a diversification of its financing instruments in order to reduce risk. These also include prolongation of repayment obligations and an even distribution of the maturity profile. Most of the supply and service relationships between individual currencies are simultaneously hedged over the course of the year.

In financial year 2015, NORMA Group took further steps toward improving its financial structure. For this purpose, the credit line that was last renegotiated in September 2014 was revised again in December 2015, whereby the conditions have improved. Furthermore, the credit line was increased by approximately 20% and divided into a euro and a US dollar tranche to account for NORMA Group's growing US business. The new syndicated loan has a term of five years (with a double extension option) and a total volume of EUR 150 million. It includes a revolving line of credit in the amount of EUR 50 million and a loan facility in the amount of EUR 100 million. The latter consists of two tranches, whereby the first tranche is EUR 20 million and the second tranche EUR 80 million. The second tranche was converted into US dollars the day after the contract took effect. As of the reporting date 31 December 2015, no use was made of the revolving line. In order to achieve maximum flexibility, a so-called accordion facility was also negotiated in the loan agreement. This enables NORMA Group to take out loans from other banks up to a maximum volume of EUR 250 million and thus extend the overall credit line.

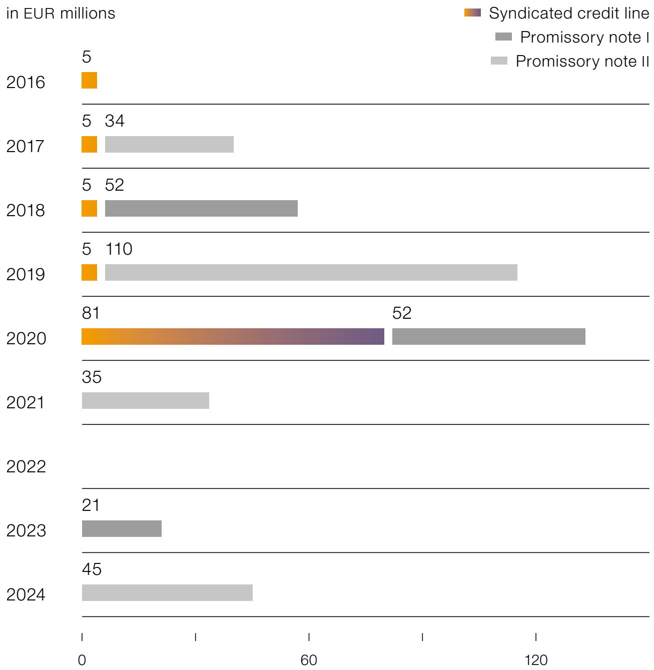
The syndicated loan, of which approximately 80% was granted in US dollars, does justice to NORMA Group's local cash flows so that the US dollar currency risks have now been reduced quite significantly. The tranches granted both completely on a variable euro basis as well as a variable US dollar basis were not interest-secured due to the low interest rates on the balance sheet date. NORMA Group considers the risk of a significant short-term increase in interest rates to be manageable → Risk and Opportunity Report, p. 83. Should this assessment change, interest rate risk will be limited by using the appropriate instruments.

The overall funding mix from the two promissory notes I (2013) and II (2014) and the syndicated credit line (2015) was as follows on 31 December 2015:

MATURITY PROFILE BY CURRENCY G 016



MATURITY PROFILE BY FINANCIAL INSTRUMENTS G 017



As of the balance sheet date in 2015, NORMA Group complied with all of the conditions contained in the loan contracts (financial covenants: debt in relation to the consolidated EBITA and change of control).

Future concrete financing steps will depend on the current changes in the financing markets and acquisition potentials.

Development of cash flow

Net operating cash flow

In 2015, NORMA Group achieved net operating cash flow of EUR 134.7 million[1], which means it was significantly higher than in the previous year (2014: EUR 109.2 million[2]). This was mainly due to significantly higher adjusted EBITDA year on year and improved working capital management. Investments increased only slightly over the previous year to EUR 42.2 million (2014: EUR 39.6 million).

Cash flow from operating activities

Cash flow from operating activities in financial year 2015 amounted to EUR 128.2 million (2014: EUR 96.4 million). In particular non-cash income from foreign currency translation, external financing liabilities and intragroup monetary items totalling EUR –11.7 million (2014: EUR –4.4 million) were included therein. In addition, non-cash expenses from the stock option programme in the amount of EUR 0.1 million (2014: EUR 0.5 million) and non-cash interest expenses in the amount of EUR 1.6 million (2014: EUR 2.5 million) were reflected in other cash expenses and income. Furthermore, share-based payments of EUR 2.3 million (2014: EUR 0.0 million) are shown in the cash flow from operating activities as well as the effects of the reverse factoring programme and the Asset Backed Securities (ABS) programme.

Cash flow from investing activities

Cash flow from investing activities amounted to EUR –44.5 million (2014: EUR –265.1 million) in financial year 2015. The significant reduction over the previous year is due to the fact that no new acquisitions were made in the reporting year. The net payments for acquisitions of EUR 52 thousand (2014: EUR 232.2 million) reported pertain to payments made for acquisitions in previous years. In financial year 2015, cash flow from investing activities, on the other hand, was substantially affected by the outflow of funds for the procurement of non-current assets in the amount of EUR 44.8 million. This includes EUR 2.6 million in investments from the year 2014. The investment ratio (tangible and intangible assets) thus amounted to 4.7% of sales.

Investment analysis

NORMA Group invests the funds from its operating cash flow in its continued growth. Investments made in the reporting year 2015 pertained to investments in production facilities and expansion of capacities mainly in the US, Serbia, France, Germany and China. → Production and Logistics, p. 66.

Cash flow from financing activities

Cash flow from financing activities amounted to EUR –70.4 million in 2015 (2014: EUR 57.7 million). This included, among other items, proceeds from borrowings, repayment of borrowings, payments in connection with the repayment of hedging derivatives, the payment of the dividend and the cash flows from interest paid.

Proceeds from borrowings in the amount of EUR 99.7 million resulted from the partial renegotiation of the syndicated loan in the fourth quarter. Outflows of EUR 83.2 million mainly resulted from the payout of the adjusted financing and in connection therewith repayment of hedging derivatives in the amount of EUR 23.5 million but also scheduled principal payments totalling EUR 9.6 million. Furthermore, disbursements from currency hedging derivatives totalling EUR 14.3 million are also included. The dividend payment in the amount of EUR 23.9 million and EUR 13.9 million in interest payments are also shown.

To improve the working capital, NORMA Group uses among others a supplier-side reverse factoring programme. An attempt is also made to optimise working capital on the customer side using the appropriate instruments, for example, an Asset Backed Securities (ABS) programme. → Notes, p. 162.

SEGMENT REPORTING

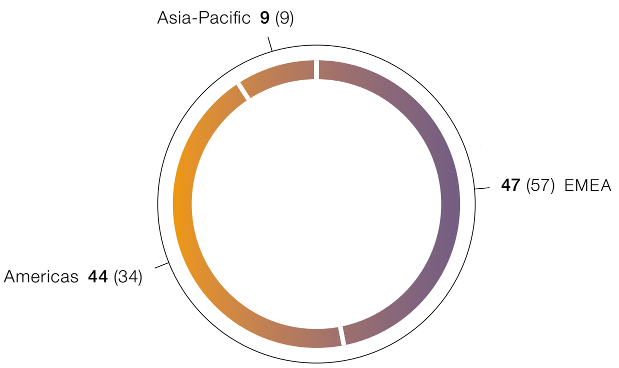
By developing new markets in line with its continuing strategy of internationalisation of NORMA Group, the share of sales realised internationally increased from 72.2% to 78.3%.

[1] Adjusted for currency effects.
[2] Adjusted for currency and acquisition-related effects.

The distribution of sales across the three segments EMEA (Europe, Middle East, and Africa), the Americas (North, Central and South America) and Asia-Pacific (APAC) changed slightly in financial year 2015 due to currency effects and acquisitions from the previous year and is now as follows:

BREAKDOWN OF SALES BY SEGMENT G 018

in % 2014 in brackets



Due to the fact that financing as a whole is controlled centrally and financing is exclusively available through approved external credit facilities by the central functions of NORMA Group, the Company forgoes publishing a separate list of financing by segments. In every segment, the aim is to achieve an investment ratio and cash generation that is in line with the Group average in the medium-term. → Goals regarding the financial and liquidity management, p. 53.

EMEA

External sales in the EMEA region amounted to EUR 416.0 million in 2015, and thus increased by 5.5% over the previous year (2014: EUR 394.5 million). While the region shrank slightly in the first quarter due to the weak economy in the euro zone, it experienced solid organic growth through the end of the year due to the economic upturn and the positive development of the European automotive industry. The EMEA region's share of total sales declined compared to the previous year from 57% to 47% due to currency effects and the acquisitions made in the previous years.

Adjusted EBITDA in the EMEA region increased by 4.0% to EUR 88.0 million (2014: EUR 84.6 million). At 19.8%, the adjusted EBITDA margin remained at a sustained high level (2014: 20.1%). In addition, the adjusted EBITA of EUR 75.0 million in the previous year has increased to EUR 78.1 million. In the reporting year, adjusted EBITA margin correspondingly amounted to 17.5% (2014: 17.8%).

Assets decreased slightly by 1.5% to EUR 489.2 million compared to last year (EUR 496.4 million).

Investments amounted to EUR 14.4 million, and were thus higher than last year (EUR 13.1 million). The funds were invested primarily in production facilities for the purpose of capacity expansion at the Serbian site, but also in Germany and France. → Production and Logistics, p. 66.

Americas

The Americas segment generated EUR 395.3 million in external sales in 2015 and thus growth of 66.3% over the previous year (EUR 237.8 million). Here, particularly the acquisition-related sales of NDS in the amount of EUR 115.4 million had a positive effect. Furthermore, currency effects also contributed to growth. Nevertheless, this growth was slowed down in the Americas by the drop in demand for commercial vehicles and agricultural machinery, and the generally weak economic situation in Brazil. These factors resulted in negative organic growth in the region starting in the second quarter of the year, which, despite positive organic growth in the fourth quarter, could not be fully compensated for. Due to the acquisition and the positive sales trend at NDS, the share of sales of the Americas region of total sales increased significantly to 44% (2014: 34%).

Adjusted EBITDA for the Americas region was EUR 87.6 million in 2015, and thus 77.8% higher than the previous year's level (2014: EUR 49.3 million). Due to the good sales performance of NDS and the economies of scale related to the acquisition, this results in a significantly improved EBITDA margin of 21.7% compared to the previous year (2014: 20.1%). Similarly, the adjusted EBITA of EUR 44.7 million in the previous year has increased by 78.2% to EUR 79.7 million. This results in an adjusted EBITA margin of 19.8% (2014: 18.3%).

DEVELOPMENT OF SEGMENTS T 018

	EMEA			Americas			Asia-Pacific		
in EUR millions	**2015**	2014	Δ	**2015**	2014	Δ	**2015**	2014	Δ
Total segment sales	**445.2**	420.6	5.9%	**403.4**	244.6	64.9%	**81.0**	64.6	25.5%
External sales	**416.0**	394.5	5.5%	**395.3**	237.8	66.3%	**78.2**	62.5	25.1%
Contribution to consolidated sales (in %)	**47**	57		**44**	34		**9**	9	
Adjusted EBITDA [1]	**88.0**	84.6	4.0%	**87.6**	49.3	77.8%	**10.1**	7.7	32.0%
Adjusted EBITDA margin (in %) [2]	**19.8**	20.1		**21.7**	20.1		**12.5**	11.9	

[1] The adjustments are described in the notes. → Notes, p. 130.
[2] In relation to segment sales.

Assets increased compared to the previous year, mainly due to currency effects, and amounted to EUR 636.3 million at the end of the year (2014: EUR 574.9 million).

Investments of EUR 17.8 million were also above the previous year's level (2014: EUR 16.2 million). Investment focused on NDS as well as the other plants in the US and in Monterrey, Mexico. → Production and Logistics, p. 66.

Asia-Pacific

External sales in the Asia-Pacific region amounted to EUR 78.2 million in 2015 and were thus 25.1% higher compared to the previous year (2014 EUR 62.5 million). The region once again experienced a very dynamic development with solid organic growth despite the decreasing economic output of China.

Adjusted EBITDA rose by 32.0% to EUR 10.1 million (2014: EUR 7.7 million). The adjusted EBITDA margin increased to 12.5% (2014: 11.9%). At the same time, adjusted EBITA increased to EUR 7.7 million (2014: EUR 5.7 million), which resulted in an increase in the adjusted EBITA margin of 9.5% (2014: 8.8%).

Assets increased from EUR 71.9 million by 17.4% to EUR 84.4 million in the reporting period. This is mainly due to the continuing growth of the operating business in the region.

Investments, which amounted to EUR 5.6 million (2014: EUR 5.8 million) in 2015, were mainly used to expand the two sites in China. → Production and Logistics, p. 66.

SUSTAINABLE VALUE CREATION

NORMA Group considers reconciling the effects of its business activities with the needs of society as part of its corporate responsibility. The management therefore takes the principles of responsible management and sustainable conduct into consideration in making company decisions.

Corporate Responsibility (CR), NORMA Group's responsibility to society and the environment, is therefore an integral component of the corporate strategy. The CR steering committee under the leadership of CEO Werner Deggim is responsible for setting and formulating long-term goals for CR and coordinates the respective cross-divisional activities and the dialogue with the stakeholder representatives.

Five key areas of Corporate Responsibility

NORMA Group pursues a comprehensive CR strategy and focuses its CR goals and measures on five areas of activity:

- Responsible Management
- Business Solutions
- Employees
- Environment
- Community

The main focuses of each area of activity, relevant developments and performance indicators are described in more detail on NORMA Group's Corporate Responsibility website @ http://www.normagroup.com/cr and discussed in the respective chapters of this management report.

The first roundtable discussion in which NORMA Group employees from the management level actively exchanged ideas on the topics of Corporate Responsibility and sustainability with stakeholders from the worlds of business, politics and science as well as associations and non-profit organisations was held in July 2015. Ideas on further developing the Corporate Responsibility strategy were discussed and activities were defined at this event. The results have been incorporated into the 2018 CR Roadmap, which will serve as the framework for the next three years. The new CR Roadmap was published in January 2016 on NORMA Group's CR website. @ http://www.normagroup.com/cr.

As a transparent Company, NORMA Group communicates regularly on current developments and the objectives of its Corporate Responsibility. NORMA Group will publish its next Sustainability Report for the financial year 2015 later in 2016.

PRODUCTION AND LOGISTICS

NORMA Group manufactures and markets approximately 35,000 different products and has 22 production sites all over the world. Furthermore, the Company has a network consisting of numerous distribution, sales and competence centres that supply to its customers in the respective regions. → G 001: NORMA Group Production and Distribution Sites, Back cover.

NORMA Group closed its representative office in Vietnam for economic reasons in the reporting year 2015. The customers located here will be served by the employees of other Asian sites in the future.

Production and capacity utilisation

The capacity utilisation of NORMA Group's manufacturing and storage facilities varies from site to site. In markets such as the emerging countries of Asia and South America, where NORMA Group's business is still being developed, the area-related utilisation of production plants is currently relatively low. This can be attributed to the fact that investment decisions are planned in advance to ensure that sufficient production space is available to be able to expand production capacity in a flexible manner. In industrial nations and the markets in which NORMA Group already has an established market position and the plants are largely working to capacity, an attempt is made to avoid investing in additional manufacturing space whenever possible. Instead, the goal is to optimise the current manufacturing processes by improving efficiency in order to be able to use the existing space to create additional capacity. This was also the focus in the reporting year 2015. The extension of extrusion and injection moulding capacity by optimising the machines has helped to increase value addition for the Company and the current production areas. Furthermore, logistics and duty costs were reduced by localising production closer to where the relevant customers are based. This concentration then helped to strengthen the margins, improve working capital and ultimately contributed to organic growth.

The capacity utilisation of manufacturing plants can be ramped up flexibly to suit customer demand and the order situation. Within each product category, a wide variety of different products with different specifications can be manufactured at the existing plants by performing only minor conversion measures. Thus, production can be optimally adapted to suit customer demand.

Investment in capacity expansion

NORMA Group has again invested in expanding its capacity during the reporting year. The main investments are shown in the → table 019.

Continuous optimisation of the entire value chain

At NORMA Group, all internal processing steps in the value chain are constantly analysed for optimisation potential. The Global Operational Excellence Management System represents an essential tool here that helps to analyse existing processes, identify potential for improvements, introduce the appropriate measures for implementation and realise cost saving projects. As a result, many processes have already been automated and standardised in recent years, so that significant economies of scale have been achieved.

By introducing the NORMA Group Production System (NPS) at the beginning of 2014, yet another step towards becoming a value-oriented company has been taken. The NPS and the implementation of lean manufacturing associated with it are both aimed at making production even more efficient, increasing productivity and achieving further cost savings. NORMA Group also relies on lean methods of process optimisation that are similar to the Toyota Production System. This includes, for example, the 5S methodology for optimising workplaces, the introduction of standardised work, the visualisation of various KPIs and the daily Gemba Walk. Furthermore, the optimisation of material flow (KANBAN) and setup time (SMED) as well as preventive maintenance (TPM) were introduced during the reporting year. In addition, in 2015 Operational Excellence Leaders, who are familiar with lean management were hired at all of NORMA Group's production plants to advance local implementation of the NPS system. Thus a culture of continuous improvement is promoted within NORMA Group.

A uniform, Group-wide ERP system that was implemented starting in 2012 provides software-based support for all important business processes. The system was expanded step by step at further NORMA Group sites and divisions in 2013 and 2014. The group-wide roll-out is not yet completed and will be continued in the future. By using a standardised system, NORMA Group is able to harmonise and integrate all processes, which is particularly important in light of the Group's rapid growth and its many acquisitions in recent years.

Customer focus and secure supply chain

In order to optimise its logistics costs, NORMA Group always strives to keep the geographical distances in the value chain as short as possible and avoid non value-adding intermediate steps via other NORMA Group sites. The goal is therefore to always manufacture in the regions that its customers are based in. This not only optimises working capital and lowers logistics costs, but also minimises delivery risks and reduces negative impacts on the environment.

INVESTMENT HIGHLIGHTS IN 2015 — T 019

Country	Site	Description
Germany	Maintal	Modernisation of machinery and equipment for the improvement of quality and productivity
Germany	Gebershausen	Expansion of the Eurocoupler capacity
France	Briey	Expansion of the multi-layer extrusion process to take advantage of long-term opportunities in product development, Expansion of production lines for new customer projects
Czech Republic	Hustopece	Investment in a clean room for manufacturing of joining solutions for the biotech and pharmaceutical industry, Introduction of a robotized cell for preparing turbocharger applications
Sweden	Anderstorp	Modernisation of machinery and equipment for the improvement of quality and productivity
United Kingdom	Newbury	Modernisation of machinery and equipment for the improvement of quality and productivity
Poland	Pilica	Investment in new injection moulding capacity
Serbia	Subotica	Investment in new injection moulding capacity
China	Changzhou	Investment in production equipment for Couplers, QRC and Gemi products
Malaysia	Ipoh	Expansion of the electrical infrastructure to allow for additional injection moulding machines to be used
India	Pune	Modernisation of machinery and equipment for the improvement of quality and productivity
USA	Pennsylvania	Expansion of capacity to manufacture the Power Seal clamp, investment in equipment for manufacturing bolts
USA	Fresno	Expansion of the extrusion capacity for irrigation products, Extension of the injection moulding capacity for irrigation and rain management products
USA	St. Clair	Extension of the injection moulding capacity
Mexico	Monterrey	Establishment of extrusion and injection moulding capacity

Despite these efforts, cross-border deliveries are still indispensable for NORMA Group in many places, therefore optimised and secure customs processes are extremely important in order to flexibly react to customer requirements. For this reason, NORMA Group participates in various customs and trade partnership programmes, e.g. in the US, China and the EU. By participating in an export control programme that is part of the global compliance programme, NORMA Group ensures that its supply chain meets all of the legal requirements. By reviewing all of its business partners at least once a year, NORMA Group is able to rule out deliveries to legally sanctioned third parties. In addition, compliance with the relevant legal regulations on export control is ensured through internal organisational procedures and regular checks.

QUALITY MANAGEMENT

The products that NORMA Group supplies are often critical to the ability of its customers' end products to function properly. It is therefore extremely important for NORMA Group to ensure that it delivers outstanding quality. In order to be able to offer the same high quality all over the world, the quality standards ISO 9001, TS 16949 are observed throughout the entire Group, with the exception of NDS. Two sites that supply to the aviation industry have also been certified in accordance with EN 9100, and various product categories have been approved especially for the shipping and construction industry. Sites that are not yet connected to the quality management are to be initially certified by ISO 14001 and OHSAS 18001 certification.

Because customer needs vary in the many different regions and markets, regional standards and customer requirements are also taken into consideration in production. This know-how is shared inside the Group through close collaboration between the various sites and gradual implementation of quality management (CAQ) software.

The key metrics for measuring customer satisfaction in 2015 were at approximately the same level as last year. The number of returned parts per million (PPM) increased slightly to 21 compared to the previous year (2014: 17). The average number of quality-related complaints per month amounted to 8, the same figure as last year.

NORMA Group received additional awards in 2015, the Platinum Supplier Status Award from General Motors for its US plant in St. Clair, in addition to the 50 PPM Award from the vehicle manufacturer PACCAR for its sites in Auburn Hills, Michigan, and Juarez, Mexico. These awards reflect how satisfied customers are with the high quality of NORMA Group's products.

PURCHASING AND SUPPLIER MANAGEMENT

Material costs represent the highest cost position for NORMA Group next to personnel costs. Because they significantly affect the Group's profits, purchasing and supplier management both play a decisive role in the success of the Group. The most important goal for the purchasing department is to reduce price risk and leverage economies of scale within the Group through proactive management of the direct and indirect costs of materials and services purchased.

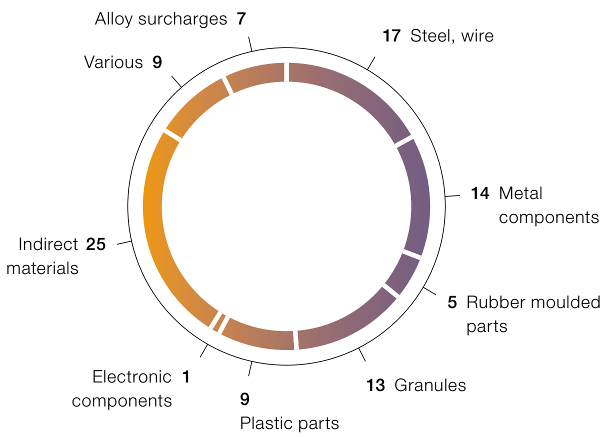
Purchasing and supplier management at NORMA Group is organised primarily on the basis of the following three higher level commodity groups:

- Steel and metal components (various grades / materials)
- Granules, plastic and rubber products
- Capital goods, non-production materials and services

The commodity organisation is integrated into the NORMA Group plants worldwide in the form of a matrix structure. Additional commodity responsibilities emerged in recent years in purchasing and supplier management, particularly in the areas of water infrastructure and pharmaceutical biotechnology, due to the Company's continued growth, acquisitions and the related expansion into new markets.

MATERIAL PURCHASING TURNOVER IN 2015 ACCORDING TO MATERIAL GROUPS G 019

in %

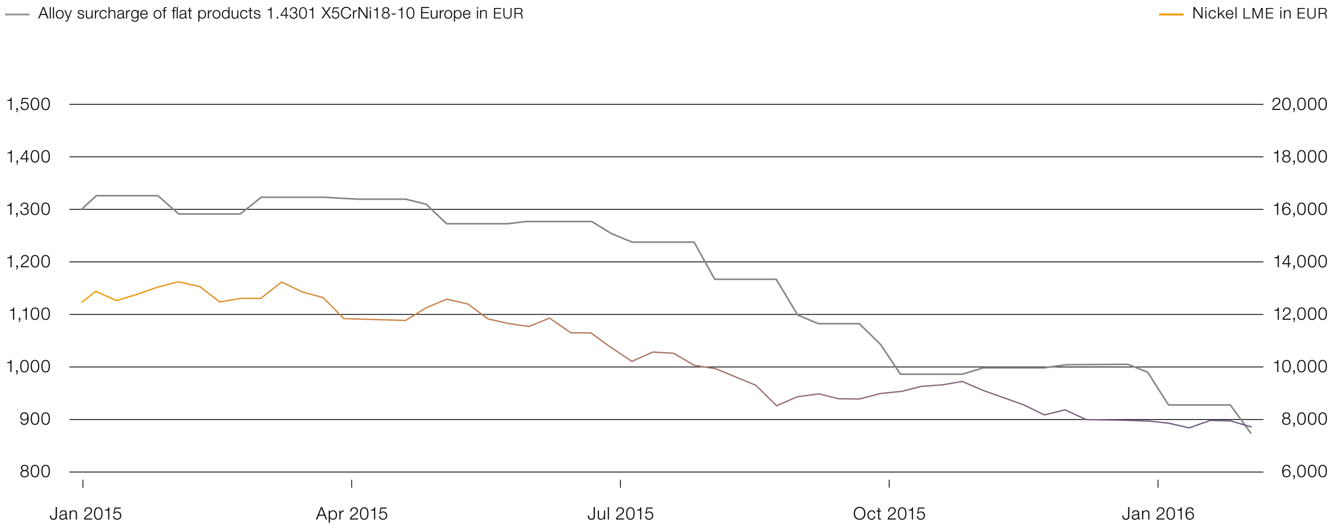


Global Group structure and regional expertise

NORMA Group has further expanded its high-performance Group purchasing structure in recent years. Besides purchasing of production materials, procurement of non-production materials and services, including IT, has been expanded even further.

Purchasing at NORMA Group is controlled centrally for all domestic and foreign Group companies, while regional or local teams contribute their specific knowledge of local market conditions and typical regional cost drivers. Due to the high degree of professionalism and the combination of global, regional and local purchasing management, resources and services can be purchased much more competitively; therefore the costs can be reduced quite significantly. Furthermore, the recent introduction of the new e-procurement solutions have made reporting easier and now even allow for more efficient purchasing management. This is also reflected in an improved adjusted material usage ratio of 40.8% in financial year 2015 (2014: 41.7%). → Economic Report, p. 56.

DEVELOPMENT OF NICKEL PRICES AND THE ALLOY SURCHARGE 1.4301 IN 2015 G 020



Development of material prices and prices of non-production materials

The price of the raw material nickel, which is used for alloying austenitic stainless steels, and is of importance to NORMA Group, dropped significantly in financial year 2015. Due to the fact that the purchasing volume of this material group is of significance to NORMA Group, the decline in nickel prices in the reporting year resulted in lower spending on alloy surcharges. The base prices for stainless steels, on the other hand, remained relatively constant in Europe. They increased slightly in North America due to the fact that steelworks work at high capacity at the beginning of the year. → G 020: Development of the Prices of Nickel and the Alloy Surcharge.

The alloy surcharges of ferritic materials developed less volatile and remained relatively stable throughout the year. The average of the quotations changed only slightly over the previous year.

With respect to the purchase of plastics, declining oil prices affected the cost of procurement positively, especially for polypropylenes. These are used in plastic components in the water infrastructure sector, in particular.

Furthermore, improved commodity management led to more competitive conditions with respect to certain polyamide material groups.

By establishing regional and local structures, it was also possible to improve the supply and service conditions in the area of non-production materials, which had a positive impact on the lower materials ratio in the reporting year.

Supplier management

Constantly optimising the selection of suppliers is yet another key task of purchasing. This is done not only solely on the basis of traditional criteria such as quality, price, delivery times and loyalty, but also takes important aspects of risk management and sustainable development into consideration. A centrally defined, detailed supplier evaluation system is used by all of the production plants each year. It serves to measure the performance of local suppliers, to monitor the future development of suppliers, and to ensure that new business is awarded on a sound basis for making decisions.

By establishing a globally valid Code of Conduct for Suppliers in 2015, NORMA Group expressed its expectations with respect to the sustainable economic activity of its suppliers. Consideration of sustainability criteria such as compliance with human and employee rights, workplace safety and environmental and ethical aspects as part of the contractual arrangements will help to ensure that all parties act responsibly throughout the entire value creation chain. @ http://normagroup.com/cr.

The newly introduced e-procurement solutions will also be used in supplier management in the future. Standardised shopping processes and transparent and clearly structured supplier interaction processes, which are subject to the compliance principles of NORMA Group, will help to ensure a fair procurement process and encourage sustainable relationships with suppliers. The new processes were shared with suppliers at the end of 2015.

Based on the supplier evaluation system, two suppliers were recognised with the Supplier Recognition Award for their outstanding achievements at the regional level in the reporting year. NEIDA Products Engineering Limited received the award for its outstanding achievements and results in the EMEA region while McMasters Koss Co. was recognised in the Americas region. Both suppliers were honoured for their many years of reliable service to NORMA Group.

Supplier structure

Total production materials turnover amounted to approximately EUR 194 million in 2015. The top 10 suppliers accounted for roughly 29%, while the Company's top 50 suppliers accounted for nearly 61% of the total volume. Thus there are no excessive dependencies on individual suppliers.

EMPLOYEES

Personnel development

NORMA Group employed a staff (core workforce including temporary staff) of 6,306 in total at the end of December 2015 and thus 6% more people than in the previous year (2014: 5,975). There were 1,185 temporary workers on this date (2014: 1,147). This equates to around 19% of the total workforce.

NORMA Group recorded the highest increase in employees in the Americas region in 2015. The permanent workforce here grew by 11% to 1,462 employees. This was due to the 85 temporary workers who were hired in Michigan and California, as well as the construction of another distribution center.

In the Asia-Pacific region, the number of employees rose by 7% to 760 permanent employees. This can be attributed for the most part to the start of GEMI Clamp production at the plant in Changzhou, China, and the establishment of the global RE-Engineering Center, which was founded to adapt existing products to suit local market conditions, among its other tasks.

In the EMEA region, the number of employees increased by 3% to 2,899 permanent employees at the end of the year. This was due to the expansion of capacities at the site in Serbia.

CORE WORKFORCE BY SEGMENT T 020

	2015	in %	2014	in %
EMEA	**2,899**	57	2,803	58
Americas	**1,462**	28	1,315	27
Asia-Pacific	**760**	15	710	15
Total	**5,121**		**4,828**	

AGE STRUCTURE OF NORMA GROUP EMPLOYEES[*] T 021

< 30 years	30 to 50 years	> 50 years	average age
25%	54%	21%	38.9

[*] 5,054 employees in total (98.7% of permanent staff in total). For legal reasons, reporting on employees' ages is not possible for all Group companies.

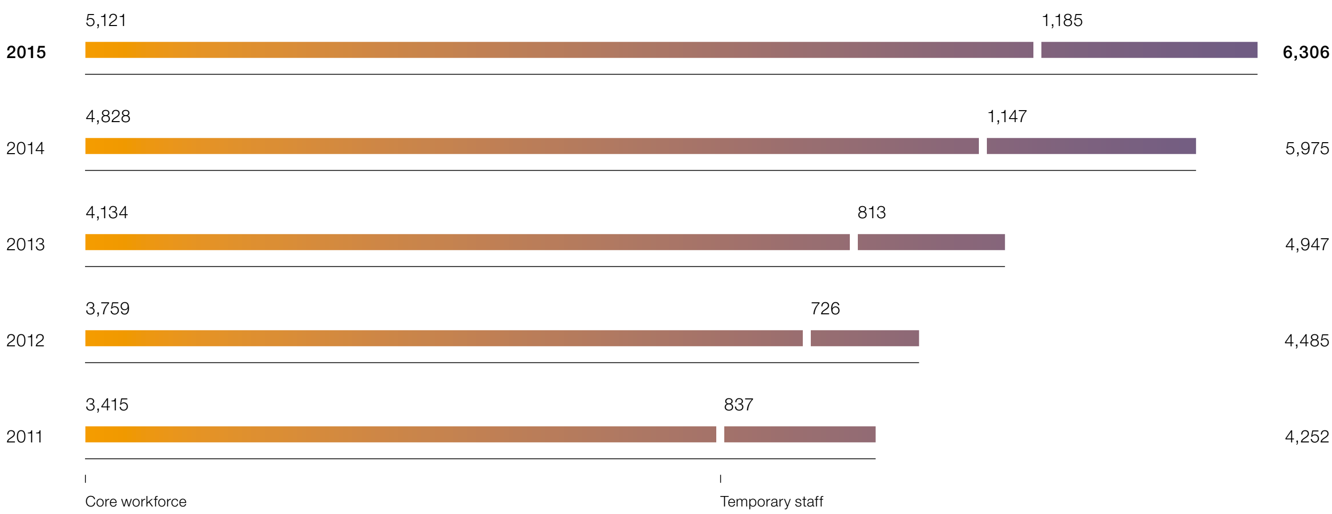
LENGTH OF SERVICE OF NORMA GROUP EMPLOYEES T 022

up to 5 years	> 5 years	> 10 years	average
56%	17%	27%	7.1 years

Stable share of employee groups

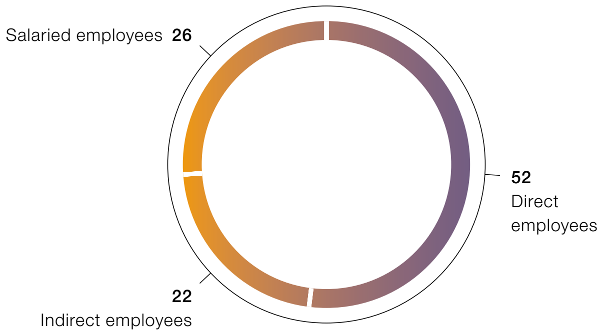
The total number of employees (permanent staff including temporary workers) in the reporting year consisted of 3,307 direct employees (2014: 3,167), 1,374 indirect employees (2014: 1,336) and 1,625 salaried employees (2014: 1,472). The proportion of the various groups of employees in relation to the total number of employees remained virtually unchanged compared to the previous year. While direct employees are individuals who are involved in the manufacturing process, indirect employees are employees who work in production-related areas such as the quality department, for example. The group of salaried employees refers mainly to employees who hold administrative positions.

PERSONNEL DEVELOPMENT AT NORMA GROUP G 021



BREAKDOWN OF EMPLOYEES BY GROUP G 022

in %



Qualified permanent workforce

The employees of NORMA Group are well trained and obtain their qualifications by earning school and university degrees, and participating in professional and supplementary training. Thus, NORMA Group has a high qualification level with respect to its permanent workforce in all areas and according to regional specificities. As of the reporting date, NORMA Group employed 1,207 employees who have a doctorate, a university or college degree. The ratio of university graduates in relation to permanent staff is thus at around 24%. Another 1,911 employees have a master craftsman or technician certificate or other qualifying education.

Human resources work supports the growth strategy

During the reporting year, the initiative 'HR Invent' was continued to align the area of personnel with NORMA Group's growth and acquisition strategy. As part of this initiative, a staff organisation that includes the competence centers 'Learning & Development,' 'Compensation & Benefit,' and 'Workforce Planning' was defined. In addition, the Company was working on unifying its standard processes worldwide. NORMA Group therefore makes use of HRIS (Human Resources Information System) software to further optimise its personnel management.

Employer branding programme

As part of the 'HR Invent' initiative, an employer brand was developed to strengthen the Company's identity and position NORMA Group clearly on the labour market. By interviewing employees at all of its sites, experiences and opinions on the perceived corporate culture and on NORMA Group as an employer were collected and merged with the assumptions and expectations of the Management Board. The following core values were identified based on the results, which are to serve as a basis for the conduct of all employees in the future:

- Change readiness – We drive change
- Team spirit – We empower people
- Open mindset – We share ideas and information
- Strong ties – We develop partnerships

Supporting diversity and internationality

NORMA Group's employees come from 40 different nations and have various ethnic and cultural backgrounds. People with 19 different nationalities work at Company headquarters in Maintal alone. By signing the 'Charter of Diversity' in 2013, NORMA Group reaffirmed its position on diversity. The mission statement 'Diversity that connects' emphasises the view that diversity extends beyond aspects such as gender or nationality. In order to systematically encourage diversity and the exchange of ideas at work, NORMA Group's aim is to create a working environment free from prejudice and discrimination. The Group therefore has three regional diversity officers who help maintain a culture of mutual appreciation, respect and equal opportunities. Furthermore, the global Diversity Day, which takes place once a year and invites everyone to experience diversity, is a fixed date in NORMA Group's calendar. Maintaining diversity also means ensuring that all parties can find their way around in their respective environments. For this reason, NORMA Group is committed to successful integration through cooperation.

Female expertise

One objective of NORMA Group's diversity strategy is to increase the share of female employees in management positions (up to the fourth level of management). On 31 December 2015, the Group employed 1,782 female employees, which equates to roughly 35% of its total workforce. Women hold 21% of all management positions.

Inclusion of the handicapped

At NORMA Group, people who have handicaps are also given the chance to take part in normal work life. The Group employed 52 men and women with disabilities in financial year 2015.

Performance Management

Rewarding performance

NORMA Group strives to attract and retain qualified and committed employees. For this reason, particular importance is placed on fair remuneration. By holding regular benchmarks, NORMA Group ensures that its employees are paid market-oriented salaries and wages based on their responsibilities. The remuneration system also contains variable remuneration elements to encourage employees to take an interest in the further development of the Company and share in its economic success. Furthermore, we ensure that all of the remuneration and social contributions paid satisfy at least the local statutory standards. For tariff and non-tariff employees in Germany, this is based on important financial performance indicators, for example. Moreover, the personal achievements of employees also play a role in remuneration. All of the remuneration and social contributions that NORMA Group pays satisfy at least the local statutory standards.

Knowledge as a resource

In order to maintain its high degree of innovative capabilities and ensure that the Group continues its successful development in the future, NORMA Group invests heavily in the further education and training of its employees. The goal is to recruit as many expert employees from its own youth as possible and thus lower its dependence on the external job market.

Numerous training opportunities for career entrants

Training its young people represents an elementary component of NORMA Group's personnel policy. In keeping with its global focus, the Company's training and further education programmes also have an international focus. Young employees participate in traineeships and exchange programmes at other national companies in order to prepare them for working in international teams at an early point in time.

NORMA Group has been giving its people the chance to obtain a combination of practical training and university studies in the fields of industrial engineering, mechanical engineering, mechatronics, and business administration since 2006. In addition, NORMA Group trains young people in various technical and commercial areas and offers internships for students in all of its departments and regions.

In 2015, NORMA Germany employed 40 trainees, three of whom pursued dual studies. NORMA Group gave all of these trainees who successfully completed their training or studies in 2015 permanent employment.

Due to the increasing complexity of Group structures and the need for qualified young people in the area of information technology, trainees were hired in cooperation with Microsoft in 2015 for the maintenance and development of the ERP system Microsoft Dynamics AX used at NORMA Group.

Broad continued education offerings for employees

NORMA Group's success is also dependent on how quickly and effectively the Company can react to its customers' changing technical requirement and external influencing factors. For this reason, NORMA Group must be able to ensure that its employees are always up-to-date in all relevant areas. The Company therefore supports comprehensive measures on the continued personal development of its employees and works closely with universities such as the Frankfurt School of Finance and Management as well as with the University of Darmstadt, Germany, for example. NORMA Group has been supporting three students of the Technical University of Darmstadt since 2015 as part of the German Scholarship programme and sponsors a junior professorship at the Frankfurt School of Finance and Management.

Each and every employee who works for NORMA Group was able to benefit from an average of 29 hours of additional occupational training in the reporting year 2015 (2014: 35 hours). 90% of its employees (2014: 92%) participated in at least one training activity. NORMA Group's goal is to increase the number of annual training hours per employee to an average of 30.

Targeted search for talent

The development of its technical and managerial personnel is of high priority to NORMA Group. All supervisors are required to hold an assessment and qualification conversation with each individual employee at least once a year in order to be able to evaluate their staff's performances, specialised knowledge and development potential. During these meetings, personal goals are set for the next year.

Furthermore, NORMA Group introduced so-called Assessment Centers in the reporting year that will help fill management positions and be used to identify further development activities in a targeted manner.

Exchanges of personnel:
More communication, better understanding

NORMA Group will continue to grow internationally in the future, both organically and through acquisitions. In order to be able to integrate new parts of the Group and for the individual sites to work together efficiently, communication that functions well is essential at all levels. To encourage this, NORMA Group offers several exchange programmes for its employees, from one to three-month so-called 'Bubble-Assignments' (2015: 38) to 'Long-Term-Assignments.' Expert personnel and managers who participate in this initiative bring special skills and experience to the new sites and, at the same time, benefit from the know-how that their new colleagues have. Through these projects, NORMA Group promotes the internal transfer of knowledge, intercultural awareness, the establishment of networks and the individual development of the participants.

Feedback culture – employees express their opinions

NORMA Group has been conducting employee surveys on a regular basis since 2008 that are used to systematically analyse its strengths and weaknesses from the perspective of its employees and now represent the most important feedback instrument at the organisational level. The survey makes it possible to identify challenges and respond by initiating important change processes. To be able to focus on implementing improvement measures between surveys more actively, NORMA Group has decided to conduct employee surveys at 3-year intervals in the future. Furthermore, supervisors were given the opportunity to experience 360° feedback during the reporting year. So-called day-to-day feedback was also introduced to strengthen the core values and thus the team spirit.

The fluctuation rate (voluntary departures) of 7.7% on a Group-wide basis in the reporting year suggests that employees are generally quite satisfied. In the medium term, NORMA Group hopes to achieve a fluctuation rate of 3% to 5% at all sites with the exception of China, India and Malaysia. Here, the goal will be to achieve fluctuation of under 20% due to the special conditions in these regions such as cultural peculiarities, high competition and low employer loyalty.

The absence rate[3] was 2.9% for the Group as a whole in 2015, compared to 2.5% in 2014.

[3] Without NDS

Healthy team – healthy company

A productive company like NORMA Group depends on having healthy and satisfied employees. For this reason, NORMA Group contributes to its employees' health by conducting various activities, such as skin screening, intraocular pressure and blood fat measurements, tests on lung function, cardiovascular disease prevention and flu vaccinations. Furthermore, each and every workplace is analysed with respect to all possible work-related healthcare risks by conducting tours of all facilities on a regular basis.

In addition, NORMA Group in Germany cooperates with an external healthcare consultancy, whose doctors, psychologists, social advisors and legal advisors are available to assist employees and their immediate family members around the clock and throughout the year to help them with any health-related, mental, social or family problems they might be having. NORMA Group has also launched an Employee Assistant Programme (EAP) for its employees in the US. Furthermore, additional voluntary health insurance is also offered in certain countries, including Poland and Russia, for example.

Occupational health and safety is of the highest priority

In order to prevent any potential hazards to its employees at work, NORMA Group invests heavily and systematically in the area of occupational health and safety. Thus the Company complies with all applicable laws and regulations that pertain to environmental health and occupational safety. In addition, NORMA Group also sees to it that all workplaces ensure maximum safety and avoid accidents where possible through complementary policies and programmes.

NORMA Group has been certifying the safety management systems at its sites in accordance with OHSAS 18001 (Occupational Health and Safety Assessment Series), and thus guarantees a high standard of safety within the Group. Currently 22 sites were already rated accordingly (2014: 20). Certification of the remaining sites is planned for 2015.

In 2015, NORMA Group extended the Value-Based Safety Programme which has already been introduced in the US-American sites in 2012 to 23 locations (2014: 20). In the context of this programme, the employees' activities at work are analysed and potentially dangerous behaviours are determined as part of weekly security checks. The deficits found are permanently corrected using standardized and team-oriented problem solving methods.

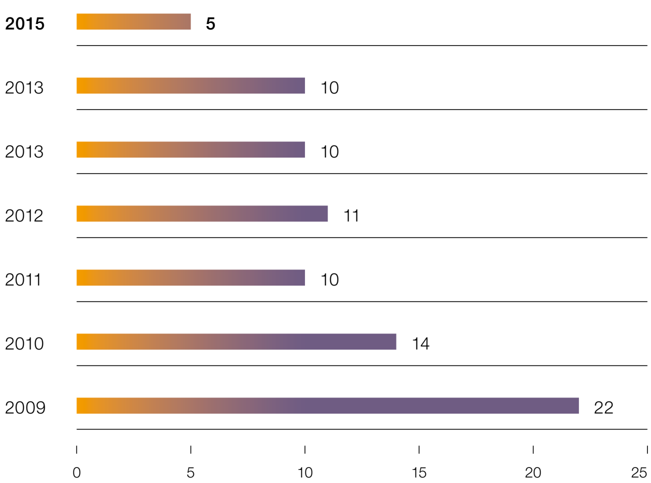
Incident rate on a sustainable low level

NORMA Group constantly monitors and analyses its incident rate. The number of occupational accidents is collected on a Group-wide basis each month and the trend is monitored using various key performance indicators (KPI). The incident rate, which reflects the number of accidents per 1,000 employees, represents the most important indicator in this regard. The figure was 5 for the 2015 reporting year, which means that it significantly improved compared to the previous year (2014: 10).

NORMA Group's goal with respect to the current initiatives is to have an accident-free working environment.

INCIDENT RATE G 023

Incidents / 1,000 employees



ENVIRONMENTAL PROTECTION AND ECOLOGICAL MANAGEMENT

As a manufacturing company, NORMA Group is well aware of its environmental, economic, and social responsibility. Environmentally compatible and sustainable economic activity is therefore a central element of its corporate strategy. For this reason, the Company considers it important to systematically include environmental aspects in its business decisions. NORMA Group's goal is to increase the efficiency of its production processes, lower its energy consumption over the long term, and reduce waste. The long-term cost savings associated with this contribute to the economic efficiency of the Group. The core elements of NORMA Group's environmental strategy and measures pertaining to their implementation were published in January in the 2018 CR Roadmap. @ http://www.normagroup.com/cr.

Group-wide environmental management system

In 2015, NORMA Group continued with the introduction of the Group-wide Environmental Management System that the Company had first introduced in 2013. At the end of the reporting period, 21 production sites had been certified according to ISO 14001. In financial year 2015, the site of NORMA Brazil was connected to the environmental management system. The remaining plant in Changzhou, China, and the new acquisition in the year 2014 (NDS) are scheduled to receive certification in 2016.

Reduction of CO_2 emissions

NORMA Group has been using a Group-wide reporting tool to record and track resource consumption, emissions and waste since 2013. As part of consistent implementation of its sustainability strategy, the Company succeeded in further reducing its CO_2 emissions in 2015. Measures that have made a significant contribution to this cause include continuous optimisation of transportation routes, the improvement of production processes

SPECIFIC ENVIRONMENTAL INDICATORS T 023

	2015	Change over previous year	2014	2013
CO_2 emissions from the consumption of electricity and gas (kg / EUR thousands of production activity)	**74.2**	–3.8%	77.1	79.7
Water consumption (t / EUR thousands of production activity)	**0.17**	–	0.17	0.18

and manufacturing procedures, automatic switch-off of compressed air when it is not in use and the optimisation of the heating control system.

These and other measures have helped to reduce CO_2 emissions from electricity and gas consumption in relation to production activity by 3.8% compared to the previous year. The water consumption related to the costs of manufacturing remained stable compared to 2014.

NORMA Group's objective in the years to come is to reduce CO_2 emissions by 9% and water consumption by 6% (respectively relative to the manufacturing costs) compared to 2015.

MARKETING

In order to further increase awareness of NORMA Group's products all over the world, boost product sales, strengthen its customer relationships and thus contribute to the Group's growth, the implementation of the long-term marketing strategy was the central focus of the Group's marketing activities in 2015. These were largely supported by on-line and digital instruments. NORMA Group's marketing strategy focuses on achieving the following long-term objectives:

- Building a strong NORMA Group image
- Decentralisation of marketing activities
- Optimisation of the brand portfolio
- Optimisation of marketing tools

In order to be able to focus on its end markets and customers as much as possible, NORMA Group aligns its marketing activities to address the local market conditions and consumer habits in the respective regions and markets. The regional marketing units are then responsible for executing the various activities and synchronising them with the operative objectives of NORMA Group.

Marketing focus in 2015

One key marketing focus in 2015 was to further roll-out the new brand strategy worldwide, bringing a clear brand positioning and image and a simpler product allocation with increased user friendliness. Therefore completely new information material has been created for each brand in order to convey its values in either a digital form or at the point of sales. This was supported by regional teams of strategic brand and product management.

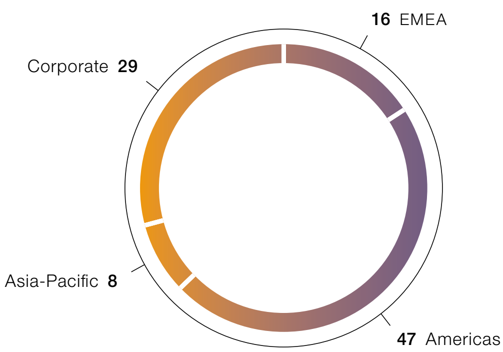
Beside this, the image of the EJT business unit has been developed further to emphasize NORMA Group's innovative product solutions and their added values for the customer, supported by a new application for mobile devices. Regional micro websites for EJT solutions are planned to be launched in the first quarter of 2016.

In 2015, NORMA Group focused on increasing awareness, demand and brand preference primarily for water management products and solutions for the US market. And, in fact, the user traffic driven to the NDS brand website and the resulting purchase orders saw increases.

Major efforts have been done to interlink the different marketing tools that are improving NORMA Group's sales and marketing processes and the way to the market. The integration of the Print-on-Demand system into the existing DAM system (Digital

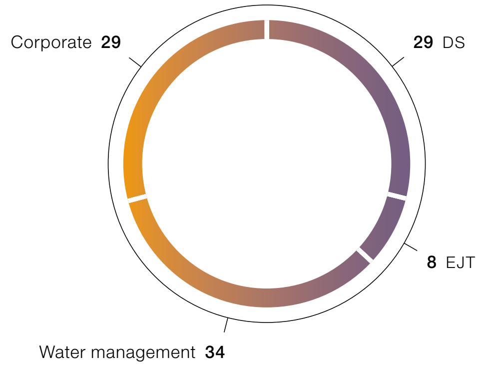
MARKETING EXPENDITURES 2015 BY SEGMENT G 024

in %



MARKETING EXPENDITURES 2015 BY ACTIVITY G 025

in %



Asset Management), the webshop, the websites and the mobile applications, provides a good base to further increase NORMA Group's digital presence.

NORMA Group also attended a number of exhibitions again last year. In total, the Company participated in 62 international industry trade fairs (2014: 63).

Marketing expenditures

Marketing expenditures amounted to EUR 4.7 million in total in 2015, compared to EUR 3.2 million in 2014, and were thus around 47% higher than in the previous year. The increase of EUR 1.5 million is mainly attributed to the new water management activities of NDS.

Supplementary Report

As of the date of publication of this report, no events were known that would have influenced the assets, financial and earnings position of NORMA Group.

Forecast Report

GENERAL ECONOMIC AND INDUSTRY-SPECIFIC CONDITIONS

Global economy gains momentum – upswing in the euro zone continues on

In January 2016, the International Monetary Fund (IMF) lowered its forecasts on economic growth once again in its latest report. The fund currently projects that the global economy will pick up gradually in 2016 and 2017; nevertheless, the recovery will lack momentum and remain fragile at rates of most likely 3.4% and 3.6% for the years covered by the forecast. The main negative factors are the slowing of growth in China and increases in interest rates in the US. Both developments could exert significant pressure on emerging and developing countries, in particular, in the event of a continued appreciation of the dollar, because these countries are mostly financed in US dollars. Furthermore, the decline in oil and commodity prices poses a problem for the producer countries. The IMF sees yet another risk for the world economy in higher financial market volatility. Uncertainties also arise from the conflicts in the Middle East and North Africa, as well as the refugee crisis.

China's economic output is expected to continue to decline. For 2016 and 2017, the IMF expects growth rates of 6.3% and 6.0% for this country. The ASEAN-5 countries are expected to experience only slightly stronger growth of 4.8% to start with before they grow at a higher rate of 5.1% in 2017. The region is expected to benefit from investments and the slight recovery in the industrialised nations. India's economy is expected to grow steadily at a rate of 7.5% per year in the IMF's forecast years and thus more strongly than in recent times thanks to infrastructure projects. Latin America is expected to shrink again in 2016 due to structural problems and the recession in Brazil. Slight growth is not expected here until 2017, and stagnation is forecast for Brazil. The economic output in Russia is projected to decline again by 1.0% in 2016 and post only a moderate increase in 2017. Overall, the IMF expects the emerging and developing nations to recover slightly at a rate of 4.3% (2016) and 4.7% (2017), but not to achieve the dynamic growth they had in the past.

The IMF expects the established industrial nations to continue to grow more strongly in 2016. According to their projections, growth is expected to accelerate from 1.9% the previous year to 2.1% in 2016. The following year, this rate is projected to remain stable at 2.1%. The fund estimates the prospects for the US to be robust with strong demand from the private sector. The US monetary policy will remain expansionary despite rate reversals. The appreciation of the dollar and low oil prices will continue to dampen industrial output and investments, however. The US economy is expected to grow stably by 2.6% in both years, according to the IMF, but without gaining momentum. Canada's economy is projected to gradually grow stronger. Japan is expected to show somewhat more dynamic growth of 1.0% in 2016 due to monetary and fiscal stimulus only to drop to 0.3% in 2017. Stable growth of 2.2% is projected for the UK due to currency and interest rates.

The euro zone is expected to continue its upswing. The IMF and the Kiel Institute for the World Economy (IfW) forecast a slight 1.7% acceleration of growth for 2016. While the IMF is projecting 1.7% growth again in 2017, the IfW forecasts 2.0% growth. Both institutes expect the pace of expansion to increase in France and Italy in 2016. Spain is expected to continue to grow strongly. Overall, the growth rates of the countries in the monetary union are looking quite similar. The ECB has indicated that it will stick to its expansionary monetary policy despite the US interest rate reversal and, if necessary, even loosen it further. The weaker euro and gradually revived global demand are stimulating exports and industrial activity. At the beginning of 2016, capacity utilisation in the euro zone was at 81.3% according to Eurostat (Q1 2015: 80.2%). The favourable financing conditions should therefore continue to boost investment activity in 2016. In this environment, the IfW expects an increase in gross fixed investment of 2.5%. For Germany, the Kiel Institute estimates that the economy will continue to gain momentum, grow dynamically by 2.2% in 2016 and 2.3% in 2017 and hence again be the growth engine in the euro zone. Consumption remains strong and higher investments in equipment and construction are supporting the upswing.

The overall economic prospects for 2016 provide the basis for NORMA Group's forecast and outlook.

FORECASTS FOR GDP GROWTH (REAL) T 024

in %	2015	2016e	2017e
World	+3.1	+3.4	+3.6
USA	+2.4	+2.6	+2.6
China	+6.9	+6.3	+6.0
Euro zone	+1.5	+1.7	+1.7
Germany [1]	+1.7	+2.2	+2.3

Sources: IMF, [1] Institute for the World Economy (IfW)

Conditions generally quite positive for important customer industries of NORMA Group

The expected moderate recovery of the international economy in 2016 and 2017 will also improve the overall climate and the prospects for important customer industries that NORMA Group serves.

Engineering industry

Due to the difficult international environment for engineering, the German industry association VDMA expects a somewhat weaker development in 2016. Worldwide machine sales are expected to rise by only 1% in real terms. The VDMA predicts only moderate growth for the two most dominant markets China (+1%) and the USA (+1%). Stagnant sales are expected for Russia and a further decline of 2% for Brazil. Sales in Asia, on the other hand, are expected to recover despite zero growth in Japan, with partly robust growth rates (7% each in India and South Korea). In the euro zone and Europe as a whole, sales are therefore likely to increase by 1% in 2016 in real terms. Although orders have picked up most recently in Germany (2015: +1% in real terms) and the low euro is likely to support exports outside Europe, the VDMA calculates only with zero growth in real production in 2016 due to the weak business climate. Industry sales are thus expected to increase by close to 1% in nominal terms to EUR 220 billion (+0% in real terms). The industry is hoping to see impulses from the lifting of sanctions against Iran and stronger investments in the 4th Industrial Revolution.

ENGINEERING: REAL CHANGE IN INDUSTRY SALES T 025

in %	2014	2015	2016e
China	9	2	1
USA	6	0	1
Euro zone	1	2	1
World	5	1	1

Source: VDMA

Automobile industry

In an environment marked by low oil prices and a slightly improved global economy, sustained growth can be expected for the automotive industry. LMC Automotive expects to see more dynamic growth than in the previous year. A global increase in production of 4.2% to 92.3 million vehicles is predicted for 2016 for the broad passenger vehicle market (passenger cars, light trucks). Sales are expected to rise by 3.7%. IHS Automotive expects to see sales increase by 2.7%. The German association VDA projects an increase of 2% to 78.1 million vehicles for the narrowly defined passenger car market. The three main markets, China, the USA and Western Europe, will thus continue to grow, but only moderately. An increase of 2% in passenger cars is projected for China, while the VDA expects growth of only 1% for the USA (light vehicles). The European association ACEA expects car sales to increase by around 2% in the EU, while the VDA expects to see an increase of 1% in total for Western Europe. Following some very strong growth rates, the pace is projected to slow down in the volume markets in the UK, Italy, France and Germany in 2016. For Germany, the VDA expects growth of 1% for exports and domestic manufacturing. Foreign manufacturing is projected to increase by 3% in 2016.

AUTOMOTIVE INDUSTRY: GLOBAL PRODUCTION AND DEVELOPMENT OF SALES (PASSENGER VEHICLES) T 026

in %	2014	2015	2016e	2017e
Production	2.9	**1.6**	4.2	2.1
Sales	3.5	**1.2**	3.9	2.8

Source: LMC Automotive

Construction industry

The forecast by the Ifo Institute and the industry network Euroconstruct presents a positive outlook for Europe's construction industry. The industry environment for new construction, modernisation and maintenance remains positive. Thus, experts predict that growth will accelerate with respect to European construction output to 3.0% in real terms (2015: 1.6%). Three quarters of the total growth will then be attributable to the main markets (Germany, the UK, France, Italy, Spain and Poland). Europe's construction output is also expected to expand strongly by 2.7% in real terms in 2017 and continue its growth in 2018 (+2.0% in real terms). Consistent growth in the areas of residential, commercial and underground construction are assumed through 2018. The IfW predicts high growth in construction investments in Germany in 2016 by 3.0% in real terms (previous year: +0.2%) and 3.3% in 2017. Residential construction, the largest segment, continues to drive the economy by achieving increases of 3.6% (2016) and 4.0% (2017). Furthermore, public construction is also projected to grow significantly. The German trade associations (ZDB, HDB) are optimistic for 2016 and calculate with an increase in construction-related sales of a nominal 3.0% to EUR 103.2 billion. Here, building construction and civil engineering are both projected to grow by 3.0%. Assuming stable sales in the area of commercial construction, the forecast projects significant growth in residential (+5.0%) and public construction (+4.0%).

CONSTRUCTION INDUSTRY: DEVELOPMENT OF EUROPEAN CONSTRUCTION OUTPUT T 027

in %	2014	2015	2016e	2017e
Western Europe	1.1	**1.3**	2.9	2.5
Eastern Europe	4.7	**6.0**	5.1	6.2
Europe	1.3	**1.6**	3.0	2.7

Sources: Euroconstruct / Ifo Institute (19 core markets in total)

FUTURE DEVELOPMENT OF NORMA GROUP

NORMA Group currently has no plans to make significant changes to either its goals or its strategy. The main focus will continue to be on diversifying the business with respect to end markets, regions and customers in the future as well. Further acquisitions cannot be explicitly ruled out. As in the past, the main focus of M&A activities will continue to be on companies that either contribute to market consolidation or enable the Company to enter new high-margin markets.

In addition, further internationalisation and expansion of activities in the Asia-Pacific region in particular continue to be key objectives. The Company thus hopes to be able to take advantage of the opportunities this important growth market offers and relocate value creation to the respective region and country.

The area of Research and Development will continue to play an important role for the long-term preservation of the Company's innovation capability. The focus of development activities will again be on innovative products that help solve industrial customers' problems.

Furthermore, with the adoption of the CR Roadmap 2018, NORMA Group laid the foundation for the Company to pursue sustainability to an even greater extent.

Sales growth in 2016

For 2016, the NORMA Group Management Board currently (March 2016) expects the global economy to grow moderately, slightly above last year's level, and essentially be driven by the industrial nations and emerging Asian countries. Geopolitical crises, the ongoing volatile growth in China, increases in interest rates in the US, declines in oil and raw material prices, as well as structural problems in Latin America pose potential risks.

Due to its broad diversification, the NORMA Group Management Board believes the Company to be well positioned and therefore able to continue to benefit from the growth trends in various end markets and regions.

NORMA Group expects to see the EMEA region develop slightly positively overall due to increased investments and consumption. Low oil prices and the lower euro exchange rate should result in additional positive impulses and economic growth. The end markets that NORMA Group is active in should also benefit from this development. The automobile industry in particular can be expected to increase its production volumes due to higher exports as a result of the lower euro exchange rate. NORMA Group also expects to see positive effects in the medium-term because of new country specific fleet-based measures for passenger vehicles that will require more advanced technology and higher engine efficiency in the future. All in all, NORMA Group expects the EMEA region to achieve solid organic growth in financial year 2016 compared to the previous year.

Growth in the Americas region and the US, in particular, was unchanged compared to the previous year. NORMA Group believes this growth will continue in 2016 as well and be reflected in end markets of relevance to the Group. NORMA Group therefore expects to see solid organic growth in the current financial year.

Despite the slightly weaker growth forecasts for China in 2016, the Asia-Pacific region's dynamics will continue and also be driven by stricter emission regulations for cars and trucks.

Due to increasing business activities in the region, the Company expects to achieve double-digit organic growth again in 2016.

The distribution of sales for the two sales channels EJT and DS shifted in 2015 due to the acquisition of NDS because the sales share of the DS area increased by the share of the water business of NDS. NORMA Group expects to see solid growth in 2016 for both DS and EJT.

In light of these assumptions and the current market volatilities, NORMA Group projects that it will achieve solid organic Group sales growth in financial year 2016 of around 2% to 5% compared to 2015. Currency effects can have either a positive or a negative effect on this growth, depending on the exchange rates to the euro.

Development of the main cost positions

NORMA Group assumes that the main relative cost positions (material and personnel expenses) will develop in a stable manner compared to the previous year.

The continuous increase in the degree of professionalism in purchasing, the conclusion of long-term contracts, and the achievement of economies of scale have led to a continuous improvement in the cost of materials ratio in recent years. NORMA Group believes it can maintain the current high level through 2016 as well and expects the cost of materials ratio to remain at approximately the same level as in previous years.

Thanks to the Group's ongoing growth and the fact that activities in the Asia-Pacific region have been intensified, NORMA Group expects personnel costs to rise constantly in relation to sales in 2016. This will result in a stable personnel cost ratio at the same level of recent years.

Investment in Research and Development

NORMA Group plans to invest 5% of its EJT sales in order to maintain its innovativeness and its ability to compete over the long term. The main focus of R&D activities will continue to be on developing innovative products that help meet its customers' industrial challenges.

Adjusted EBITA margin

Maintaining its high level of profitability represents an important focus for NORMA Group. All business activities are therefore strategically aligned toward achieving this objective. Maintaining a strong margin also plays a significant role in acquiring new companies. Due to the many internal measures and ongoing optimisation processes in all areas, NORMA Group firmly believes that the sustained high level of its margin can be maintained again in 2016. The goal is to have an adjusted EBITA margin at the same level as in previous years of more than 17.0%.

Financial result of up to EUR –15 million expected

In total, NORMA Group expects a financial result of up to EUR –15 million. This will include interest expenses on the Group's gross debt for which the average interest rate is approximately 2.5% to 3.0% as well as expenses for currency hedges and transaction costs.

Higher adjusted earnings per share

Adjusted earnings per share will show solid growth in financial year 2016. Sales growth, a sustainable margin and a slightly improved financial result will contribute to this.

Adjustments to earnings

NORMA Group expects adjustments for write-offs from purchase price allocations of approximately EUR 19 million on depreciable tangible and intangible assets from the acquisitions made in prior years.

Tax ratio of between 32% and 34%

The tax ratio will remain constant compared to the previous year at between 32% and 34%.

Investment rate of around 4.5% the goal

For financial year 2016, NORMA Group plans to invest around 4.5% of Group sales. By doing so, the Company will be financing both maintenance investments and investments on expanding its business. One main focus will be on expanding activities in the Asia-Pacific region in particular and expanding the new plants located in China and Serbia as planned.

Net operating cash flow

Due to higher sales and a sustainable margin, but also strict working capital management and a consistent investment rate, NORMA Group expects net operating cash flow to be slightly higher than last year's level.

Sustainable dividend policy

To the extent that the future economic situation allows, NORMA Group plans to pursue a long-term dividend policy that is orientated towards a pay-out ratio of approx. 30% to 35% of the adjusted Group net profit.

Market penetration and innovative capability

The extent of market penetration is reflected in the Group's organic growth in the medium term. → Sales forecast, p. 77. Ensuring that it remains innovative is essential to NORMA Group's competitiveness and future. In order to secure its innovations, these are protected by patents. Here, NORMA Group strives to maintain its new patent registrations at more than 80 per year.

Problem-solving behaviour of its employees

NORMA Group employs key performance indicators, such as defective parts per million (PPM) and number of quality-related customer complaints, to measure and control its problem-solving behaviour. Independent of the product group, the Company strives to achieve a value of approximately 20 for the indicator PPM. The goal for 2016 is to lower the number of customer complaints even further despite the low level that has already been achieved.

Sustainable company development (Corporate Responsibility)

NORMA Group published its CR Roadmap 2018 in January 2016. The objective is to continue to achieve the goals stated therein in a consistent manner and lay even more important milestones for managing the Company more sustainably in 2016.

GENERAL STATEMENT BY THE MANAGEMENT BOARD ON THE PROBABLE DEVELOPMENT

At the time that the management report 2015 was prepared, the Management Board expected NORMA Group to achieve solid growth again in 2016. The Company's management expects the economic situation to improve slightly in the EMEA region. Steady impulses for sales growth are expected to come from the US market in particular due to the current economic development. Due to its dynamic growth, the Asia-Pacific region will make an important contribution to the growth of the Group. Currency effects can have either a positive or a negative effect on growth, depending on the exchange rates to the euro. In total and on the basis of its current forecast, the Management Board expects solid organic growth in sales in 2016.

As a result of the ongoing optimisation of the processes in all areas of the Group, the Management Board expects its main cost positions to experience a stable development in relation to sales with yet another high adjusted EBITA margin of more than 17.0% in financial year 2016.

Constantly observing the market and strategically searching for new acquisition targets continues to be an important component of the Company strategy, therefore the Management Board does not explicitly rule out further acquisitions in financial year 2016.

2016 FORECAST T 028

Consolidated sales	solid organic growth of around 2% to 5%	
	EMEA:	solid organic growth
	Americas:	solid organic growth
	APAC:	over 10%, i.a. driven by stricter emission regulations
	DS:	solid growth
	EJT:	solid growth
Cost of materials ratio	roughly at the same level as in previous years	
Personnel cost ratio	roughly at the same level as in previous years	
Adjusted EBITA margin	sustainable at the same level as in previous years of more than 17.0%	
Net financial income	up to EUR –15 million	
Adjusted tax rate	around 32% to 34%	
Adjusted earnings per share	solid increase	
Investment rate (without acquisitions)	operationally around 4.5%	
Operating net cash flow	slightly higher than the level of the previous year (2015: EUR 134.7)	
Dividend	approximately 30% to 35% of adjusted annual Group earnings	

Risk and Opportunity Report

NORMA Group is exposed to a wide variety of risks and opportunities which can have a positive or negative short-term or long-term impact on its financial position and performance. For this reason, opportunity and risk management represents an integral component of corporate management for NORMA Group SE, at both the Group management level and at the level of the individual companies and individual functional areas. Due to the fact that all corporate activities are associated with risks and opportunities, NORMA Group considers identifying, assessing, and managing opportunities and risks to be a fundamental component of executing its strategy, securing the short and long-term success of the Company and sustainably increasing shareholder value. In order to achieve this over the long-term, NORMA Group encourages its employees in all areas of the Company to remain conscious of risks and opportunities.

RISK AND OPPORTUNITY MANAGEMENT SYSTEM

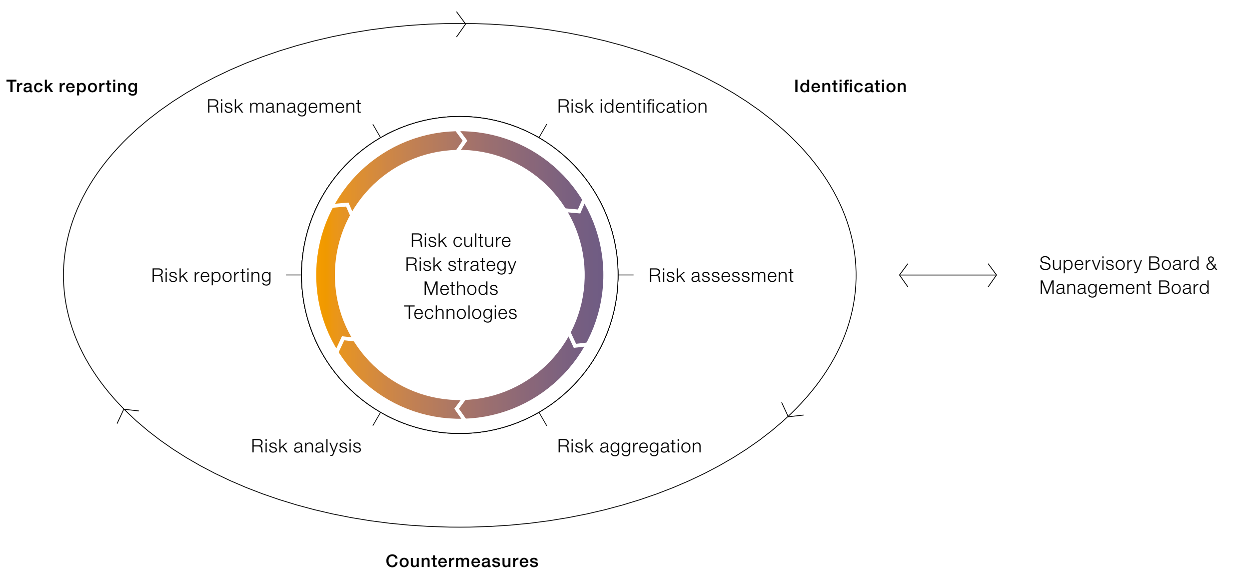
NORMA Group defines risks and opportunities as possible future developments, changes, or events that could have a positive or negative impact on the Group's ability to meet its targets and achieve its business objectives. Analogous to the medium-term planning, the management's focus with respect to possible deviations in specific risks and opportunities covers a period of five years. Opportunities and risks that affect the Company's success beyond this period of time are recorded and managed at the Group management level and taken into consideration in the Company's strategy. Analogous to the medium-term planning, the focus with respect to the measurement of specific risks and opportunities covers a period of five years.

The Management Board of NORMA Group SE is responsible for maintaining an effective Group risk and opportunity management system. The Supervisory Board is responsible for monitoring the effectiveness of the Group risk management system. Checking compliance with the Group's internal risk management rules in the individual companies and functional areas is also integrated in the Internal Revision department's periodic audits.

Risks are recorded on a Group-wide basis every quarter and categorised according to functional areas and individual companies and then reported to the individuals responsible for these functions and segment management, the Management Board and the Supervisory Board. Furthermore, risks that are identified during a quarter whose expected value will have a significant effect on the results of group divisions are reported to the Management Board on an ad hoc basis and, if necessary, even to the Supervisory Board. Operational opportunities are identified during monthly meetings held at the local and regional level, but also by the Management Board, and then documented and analysed. Measures aimed at capitalising on strategic and operational opportunities through local and regional projects are approved during these meetings. Regular forecasts are developed as part of periodic reporting to record how successfully potential opportunities are taken advantage of. Strategic opportunities are recorded and evaluated as part of annual planning. NORMA Group uses a systematic assessment procedure to evaluate the opportunities and risks that were identified, both in terms of their financial impact, i.e. gross and net impact on planned financial indicators, and their probability of occurrence.

In order to analyse NORMA Group's overall risk situation and initiate suitable countermeasures, individual risks of local business units and Group-wide risks are aggregated in a risk portfolio.

RISK MANAGEMENT SYSTEM OF NORMA GROUP G 026



Here, the scope of consolidation in the area of risk management equates to the group of companies covered by the consolidated financial statements. In addition, NORMA Group categorises risks according to type and the functional area they affect. This makes it possible to aggregate individual risk titles into risk groups in a structured manner. This aggregation enables NORMA Group to identify and control not only individual risks, but also trends and Company-specific types of risks and thus sustainably influence and reduce the risk factors with certain types of risks. Provided that not indicated differently, the risk assessment applies for all regional segments.

NORMA Group's risk management officers are responsible for checking on a regular basis whether all material risks have been identified, adjusting the risk identification procedure when required, analysing the risk portfolio and developing and implementing suitable countermeasures to mitigate risks. These comprise strategies to avoid, reduce or hedge against risk, i.e. measures that minimise the financial impact of risks as well as their probability of occurrence. Risks are managed in accordance with the principles of the risk management system as described in the Group risk management guidelines. The internal control system also safeguards the effectiveness of the risk management system. The work of those individuals who are responsible for risks, the risk portfolio and the evaluation of risks and activities is reviewed by holding quarterly risk steering sessions.

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM WITH REGARD TO THE GROUP ACCOUNTING PROCESS

NORMA Group's internal control and risk management system with regard to accounting and external financial reporting can be described using the following main characteristics: The purpose of this system is to identify, analyse, evaluate and manage risks as well as monitor these activities. The Management Board is responsible for ensuring that this system meets the Company's specific requirements. Based on the allocation of responsibilities within the Company, the CFO is responsible for the Finance and Accounting divisions, which are, in turn, responsible for accounting. These functional areas define and review the Group-wide accounting standards within the Group and compile the information used to produce the consolidated financial statements. Significant risks for the accounting process result from the need to provide accurate and complete information within predefined timeframes. Because of this, requirements must be clearly communicated and the affected units must be put in a position to meet these requirements.

Risks for the accounting process can for instance result from posting transactions inaccurately or in the wrong accounting period as well as from errors in applying accounting standards. In order to avoid errors, the accounting process consistently includes segregation of duties and plausibility checks. The preparation of the financial statements of those entities, which are to be included in the consolidated financial statements, as well as the consolidation entries are characterised by consistent observance of the 'four eyes-principle.' Comprehensive and detailed checklists must be completed before the respective financial statement deadlines. The accounting process is fully integrated into NORMA Group's risk management system. This ensures that accounting risks are identified early and the Company is able to implement risk provisioning and countermeasures without delay.

The internal control system ensures the accuracy of NORMA Group's financial reporting with respect to its accounting process. The Internal Revision department reviews the accounting processes on a regular basis to ensure that the internal control and risk management system is effective. External specialists also support these efforts. Furthermore, the auditor conducts audit procedures during the audit of the annual financial statements based on the risk-based audit approach, whereby material errors and violations are to be detected with reasonable assurance.

The applicable IFRS accounting principles are summarised in an accounting manual. All companies in the Group must base their accounting processes and policies on the standards described in the accounting manual. The accounting manual contains binding definitions of important measurement methods, such as those used in the measurement of inventories and receivables in accordance with IFRS. The Group also has system-supported reporting mechanisms to ensure that identical transactions are treated in a standardised way across the Group.

The consolidated financial statements and group management report are prepared according to a uniform time schedule for all companies. Each company in the Group prepares its separate financial statements in accordance with the applicable local accounting standards and IFRS. Intra-Group transactions are recorded in separately designated accounts by the Group companies. The net balances of Intra-Group offsetting accounts are reconciled on the basis of defined guidelines and schedules by means of balance confirmations. The companies in the Group use the COGNOS reporting system for financial reporting. In accordance with NORMA Group's regional segmentation, responsibility for the finance area is shared by both the financial officers in the Group companies as well as by the regional CFO for the respective segment. They are included in the quality assurance of the financial statements of the Group companies included in the consolidated financial statements. The comprehensive quality assurance of the financial statements of the Group companies included in the consolidated financial statements is carried out by Group Finance & Reporting, which is responsible for preparing the consolidated financial statements. In addition, the financial data and disclosures of the Group companies as well as the consolidation measures necessary for the preparation of the consolidated financial statements are verified through audit procedures conducted by external auditors under consideration of the associated risks.

The various IT systems that individual NORMA Group companies use to perform financial accounting are in the progress of being standardised. All systems have tiered access authorisation systems. The type and design of these access authorisations and authorisation policies are decided by local management in coordination with the Group's Head of IT.

RISK AND OPPORTUNITY PROFILE OF NORMA GROUP

As part of the preparation and monitoring of its risk and opportunities profile, NORMA Group assesses risks and opportunities based on their financial impact and their probability of occurrence. The financial impact of risks and opportunities are assessed based on their relation to EBITA. The following five categories were used here:

- Insignificant: up to 1% of current EBITA
- Minor: more than 1% and up to 5% of current EBITA
- Moderate: more than 5% and up to 10% of current EBITA
- Significant: more than 10% and up to 25% of current EBITA
- High: more than 25% of current EBITA

The interval of the risk's or the opportunity's impact relates to the EBITA of the Group or segment provided that an individual risk or opportunity solely relates to a specific segment. The assessment of opportunities and risks whose financial impact has an effect on line items in the statement of comprehensive income below EBITA is also performed in relation to EBITA. The presented impact always reflects the effects of initiated (counter)-measures.

The probability of occurrence of individual risks and opportunities is quantified based on the following five categories:

- Very unlikely: up to 3% probability of occurrence
- Unlikely: more than 3% and up to 10 % probability of occurrence
- Possible: more than 10% and up to 40% probability of occurrence
- Likely: more than 40% and up to 80% probability of occurrence
- Very likely: more than 80% probability of occurrence

Financial risks and opportunities

NORMA Group is exposed to several financial risks, including default, liquidity and market risks. The Group's financial risk management strategy concentrates on the identification, evaluation and mitigation of risks, focusing on minimising the potential negative impact on the Company's financial performance. To hedge particular risk items derivative financial instruments are used. The financial risk management strategy is implemented by Group Treasury. Group management defines the areas of responsibility and necessary controls related to the risk management strategy. Group Treasury is responsible for defining, evaluating and hedging financial risks in close consultation with the Group's operating units.

Capital risk management

NORMA Group's objective when it comes to managing its capital is primarily the long-term servicing of its debts and remaining financially stable. In connection with its financing agreements, the Company is obliged to maintain the financial covenant, total net debt cover (debt divided by adjusted consolidated EBITDA). This key figure and its maintenance, but also net debt and the maturity structure of financial debt, are continually monitored.

Default risks

Default risks are risks that contractual partners of NORMA Group do not meet their obligations arising from business and financial transactions. Due to the nature of the respective assets and business relationships, as well as the soundness of its current banking partners, default risks with respect to deposits and other transactions concluded with credit and financial institutions currently do not represent a major risk category for NORMA Group.

Relevant default risks can arise, however, with respect to business relationships with customers and relate to outstanding receivables and committed transactions. NORMA Group reviews the creditworthiness of new customers to minimise the risk of default on trade receivables. In addition, the Company only supplies to customers whose credit ratings are below Group standards or who show significant overdue receivables if they pay in advance. A diversified customer portfolio reduces the financial repercussions of default risks. Default risks are considered to be possible despite the measures referred to above. The potential financial effects of default risks have been reduced compared to the previous year considering the relevant factors, such as bad debt losses experienced in the past, and due to the countermeasures taken, and are no longer classified as minor, but rather as insignificant.

Liquidity risks and opportunities

Prudent liquidity risk management requires NORMA Group to hold sufficient cash funds and marketable securities, have sufficient financing from committed lines of credit and be able to settle open market positions. Due to the dynamic nature of the underlying business, Group Treasury aims to maintain flexibility in financing by keeping committed credit lines available. Therefore, NORMA Group's primary objective is to ensure the uninterrupted solvency of all Group companies. Group Treasury is responsible for liquidity management and therefore for minimising liquidity risks. As of 31 December 2015, NORMA Group's liquid assets (cash and cash equivalents) amounted to EUR 100.0 million (2014: EUR 84.3 million). Furthermore, NORMA Group has a high level of financial flexibility thanks to a total of EUR 50 million in committed revolving credit lines with national and international credit institutions. These lines were not drawn down at all as of 31 December 2015. In addition, NORMA Group has a so-called accordion facility in the amount of up to EUR 250 million that offers additional financial flexibility.

Financial opportunities are seen, among other things, in NORMA Group's high creditworthiness as well as its solid financial position, financial performance and cash flows, which enable the Company to gradually reduce its capital costs. The current bank loans were further optimised in 2015 and thus provide increased financial flexibility for NORMA Group. Besides extending the credit line by one year, the Company now works with two more banking partners. Furthermore, the possibility of being able to take out credit lines in US dollars if necessary, has been extended. Considering how important the US dollar is to NORMA Group, this has also helped to reduce NORMA Group's risk profile and offers opportunities to continue financing business activities in this currency region. The liquidity-related opportunities are therefore considered to be possible, especially due to the Company's good reputation on the capital market. In light of the refinancing measures carried out in the recent past, by which the cost of debt has already been reduced quite considerably, the potential financial effects of liquidity-related opportunities on NORMA Group's earnings are considered to be only minor rather than moderate compared to last year. → Financial position, p. 61.

The Group's financing agreements contain typical terms for credit lines (financial covenants). If NORMA Group does not adhere to these terms, the banks would be entitled to re-evaluate the agreements and demand early repayment. Failure to comply with these loan covenants would have high potential financial repercussions. For this reason, NORMA Group continuously monitors its compliance with the financial covenants in order to implement suitable measures in advance and prevent the terms from being violated. By increasing NORMA Group's financial flexibility compared to the previous year, the likelihood of liquidity risks negatively impacting the Company's operations have been further minimised. The risk of non-compliance with financial covenants is still considered to be very unlikely due to NORMA Group's high profitability and strong operating cash flow.

Foreign currency trends

As an internationally operating Company, NORMA Group is active in more than 100 countries and is thus exposed to foreign currency risks. The US dollar, British pound, Chinese renminbi, Indian rupee, Polish złoty, Swedish krona, Swiss franc, Serbian dinar and Singapore dollar are regarded to be the main risky currency positions.

Foreign currency risks that cannot be offset against each other are hedged using futures and options whenever necessary (including the US dollar, Swedish krona, Japanese yen, Swiss franc and British pound). The high volatility of many major currencies and the particular influence of the US dollar on the Group's financial position and performance represent a considerable risk that can be hedged only partially and only for a short-term period. In the medium term, NORMA Group will reduce foreign currency risks by localising production more and more. → Production and Logistics, p. 66.

Because the Group's subsidiaries operate in the most important countries with currencies other than the euro, it has sufficient cash-in and cash-out capabilities to absorb short-term exchange rate fluctuations by actively managing the timing of payments. The optimisation of the bank loans renegotiated in 2015, which now also offers the possibility of utilising credit lines in US dollars, results in more congruent payment profiles in US dollars. In addition, currency risk is monitored in the Group and transferred to the euro over time on a rolling basis by means of derivative hedging instruments if the risk exposure becomes too significant. Translation risks, i.e. the risk of fluctuations in the value of the net assets of Group companies as a consequence of changes in exchange rates, will be hedged using hedging instruments due to its increased importance to the Group following the acquisition of National Diversified Sales, Inc. The resulting liquidity risks are continuously monitored by Group Treasury. Here, the Company will make sure that sufficient liquidity and approved credit lines are always available to cover any possible cash outflows. Translation effects from items in the statement of financial position and income statement of subsidiaries in foreign currency areas on NORMA Group's consolidated financial statements prepared in euros are unavoidable.

The potential financial effects of opportunities and risks related to exchange rate changes are considered to be moderate based on the sensitivity analyses that have been performed. The probability of the incidence of these risks and opportunities is assessed to be possible in light of recent exchange rate fluctuations and the uncertainties with regard to the further development of relevant exchange rates. Last year, the probability of currency risks due to the then prevailing outlook for the exchange rate development was still considered likely.

Changes in interest rates

Changes in global market interest rates affect future interest payments for variable interest liabilities and can therefore have an adverse effect on the Group's financial position, financial performance and cash flows. NORMA Group's interest change risk arises in particular from long-term loans.

Many of the current loans have fixed interest rates and are therefore not subject to interest rate risk. Loans that initially had variable interest rates were synthetically converted into fixed interest rate positions with derivative instruments. NORMA Group currently has an interest rate risk with respect to the bank loan renegotiated in the reporting period in the amount of EUR 100 million and for the revolving credit facility (EUR 50 million) that has not yet been drawn on and with respect to the promissory note issued in 2014 (EUR 13 million). Nevertheless, this interest rate risk is to be limited in the short term by using derivative instruments. NORMA Group will seek to hedge approximately 80% of the interest change risk arising from future medium-term utilisation of the committed revolving credit facility.

Due to the fact that there are currently no signs of a more restrictive monetary policy in the euro region, NORMA Group regards the risk of interest rate hikes in the short term to be rather unlikely; however, the risk of higher interest rates is considered to be possible in the medium term. This would only have a minor financial impact due to NORMA Group's financing structure, however. Due to the currently low interest rate level, the potential for opportunities that can arise from a falling interest rate level is considered to be unlikely. In light of the measures already implemented on optimising financing, the financial effects associated with these opportunities are considered to be insignificant (previous year: minor).

Economic and cyclical opportunities and risks

The success of NORMA Group depends heavily on macroeconomic trends on its sales markets and its customers' sales markets. Therefore, indicators for economic development worldwide are taken into account both in planning as well as in risk and opportunities management. In order to gauge the macroeconomic trend, NORMA Group mainly uses the forecasts of widely regarded institutions such as the IMF, the Bundesbank and reputable economic research institutes. Accordingly, global growth of 3.4% can be expected in 2016. A positive development over and above this level is regarded to be an opportunity. As a result of its flexible production structures, NORMA Group can expand its capacities on short notice and thereby react to a general increase in demand. The Company considers it possible for the economic situation worldwide to improve considerably and thus have a moderately positive impact on earnings.

Nevertheless, NORMA Group sees risks that can offset these forecasts, which is reflected in the Group-wide risk management. These risks include mainly geopolitical crises, the economic development in China and Latin America and the potential impact of an increase in interest rates in the United States on the economic development in emerging countries. A negative deviation of the global economy from the planning assumptions is currently considered to be possible (previous year: unlikely) even if these risks are also taken into consideration. Nevertheless, should these factors have an adverse effect on global demand, the financial deviations from planning are still regarded to be moderate.

Industry-specific and technological opportunities and risks

Industry-specific opportunities and risks can arise for NORMA Group in particular due to technological and competitive changes. The increasing importance of new technologies, such as environmentally-friendly drivetrain technologies, could also lead to increased competitive pressure and greater price pressure. NORMA Group counters these risks with continuous initiatives to safeguard and expand its position as a technological and innovative leader as well as by focusing on customers and markets. → Research and Development, p. 54.

NORMA Group focuses its product development on innovative solutions to the challenges its industrial customers face, which result from global megatrends. NORMA Group considers the demand for 'green' technologies that results from increased environmental consciousness and ever stricter emissions requirements to be an opportunity. It can be assumed that further regulatory measures such as the EURO-6 standard on emissions and fleet-based programmes will also be established, which will lead to increased demand for environmentally-friendly technologies and products. Furthermore, with the acquisitions of the previous years in the area of water management, NORMA Group is systematically addressing business opportunities that result from the increasing scarcity of water that can be observed in many regions of the world and the necessity of making responsible use of this important resource.

NORMA Group's strong diversification in terms of customers in different industries is another element of the Company's risk and opportunity management. NORMA Group counters long-term, industry-specific risks and opportunities through consistent innovation policy and regular market analyses.

In light of the discussions concerning compliance with emission standards for diesel vehicles, NORMA Group sees slightly higher risks compared to the previous year with respect to demand for product solutions for these types of vehicles. The industry-specific and technological risks are therefore assessed to be possible with a moderate financial impact. Last year, these were still considered to be unlikely with only a minor financial impact.

In an industry-specific and technological field, opportunities may also arise for NORMA Group from a possible further tightening of emission standards for diesel vehicles. Due to the ongoing efforts to tighten environmental standards, NORMA Group considers the probability of future positive developments in this area, which extend beyond budget, to be possible. This would have a moderate impact on the Company's success.

Risks and opportunities associated with corporate strategy

In 2015, the Group's strategic orientation was advanced through investments in growth markets, the expansion of existing markets and the further integration of National Diversified Sales, Inc., which was acquired in the fourth quarter of 2014. By acquiring NDS, a leading US supplier of solutions for storm water management and landscape irrigation as well as joining components for infrastructure in the area of water, NORMA Group continued its expansion course in the area of water management.

The goal of these investments and acquisitions is to expand the Company's presence in existing markets and to develop new end markets with attractive growth potential. Furthermore, as a result of its global orientation, NORMA Group can set up production processes that entail a more labour-intensive assembly in countries with lower wage costs, thereby securing and further increasing its profitability. The Company will also continue to observe the markets and identify opportunities for strategic acquisitions or equity holdings to complement its organic growth. NORMA Group uses targeted acquisitions to continuously strengthen its position as a technology leader, exploit market opportunities, improve the services it offers its customers and expand its product range.

In addition, NORMA Group works together closely with its customers across all business processes. New products are created already in the product and application development phases in constant coordination with the customers. The two distribution channels, Engineered Joining Technology (EJT) and Distribution Services (DS), are oriented toward the customer's special needs. NORMA Group will continue to develop its markets in collaboration with its customers in the future.

NORMA Group invests around 5% of EJT sales in research and development every year. As a result of this focus on developing new technologies, products and solutions, as well as on improving existing ones, NORMA Group is able to consolidate its competitive position as a technology leader and increase its innovative capacity, and thereby realise cost advantages in the medium term.

This strategic orientation is considered to be the basis for creating long-term potential for opportunities. Therefore, NORMA Group estimates the intermediate impact of its strategy to be moderate and expects a potential positive deviation from the plan to be possible.

Nevertheless, misjudgement with respect to the Group's strategic orientation and its market potential or customer rejection of newly developed products cannot be ruled out and can have a negative effect on NORMA Group's competitive position and sales volume. In order to avoid strategic risks, NORMA Group observes its market environment and its competitors and conducts customer and supplier surveys for continual improvement. → Purchasing and Supplier Management, p. 68. Therefore, strategic risks are considered to be unlikely, whereas the potential financial effects are regarded as moderate.

The corporate strategy is adjusted in the individual segments to the individual market conditions; nevertheless, the general appraisal of strategic risks and opportunities in the regions is identical.

Performance-related opportunities and risks

Commodity prices

The materials that NORMA Group uses, in particular the raw materials steel and plastics, are subject to the risk of price fluctuations. The price trend is also influenced indirectly by the further development of the world economic situation as well as by institutional investors. NORMA Group limits the risk of rising purchase prices through systematic material and supplier management. Thanks to a powerful global Group purchasing structure, economies of scale are being used to purchase the most important product materials steel, metal components, polyamides and rubber as competitively as possible. This Group purchasing structure also enables NORMA Group to balance out the risks of individual segments with each other. NORMA Group also constantly strives to secure permanently competitive procurement prices by continuously optimising its selection of suppliers and applying the best-landed-cost-approach. The Company also tries to reduce dependency on individual materials through constant technological advances and tests of alternative materials. Protection against commodity price volatility is done by forming procurement contracts with a term of up to 12 months, whereby material supply risks are minimised and price fluctuations can be better calculated.

Although NORMA Group considers it possible for prices to rise based on the positive growth forecasts for the global economy, this would only have a minor financial effect as a result of the countermeasures initiated. Since the Company can transfer a portion of changes in material prices to the customers through the structure of its contractual documents, falling commodity prices are also not a significant performance factor. Therefore, NORMA Group estimates the opportunities arising from falling commodity prices to be minor, whereby a declining global commodity price trend is possible due to the increasingly deteriorating economic outlook in China.

Suppliers and dependencies on key suppliers

The loss of suppliers and dependencies on single suppliers can lead to material shortages and thus to negative impacts on the Group's activities. In order to minimise this risk, NORMA Group only works with reliable and innovative suppliers who meet its high quality requirements. The ten most important suppliers are responsible for approximately 29% of the purchasing volume. → Purchasing and Supplier Management, p. 68. These and other key suppliers are regularly observed and assessed as part of quality management. If the loss of a supplier appears imminent, NORMA Group evaluates alternatives immediately. As a result, the loss of suppliers is considered possible, but the potential financial impact is regarded as minor. However, NORMA Group also sees opportunities in this area as a result of its proactive approach both in terms of existing supplier relationships as well as identification of new suppliers and raw materials. But since an optimisation in the area of Purchasing is anticipated in the medium term, NORMA Group estimates the potential of the implemented measures for a positive deviation from planning to be possible with a minor impact.

Quality and processes

NORMA Group's products are often mission-critical with respect to the quality, performance and reliability of the final product. Quality defects can lead to legal disputes, liability for damages or the loss of a customer. Therefore, the reliable guarantee of product quality is a key factor to ensuring NORMA Group's long-term success, so that its products provide crucial added value for its customers. Maintaining the right balance between cost leadership and quality assurance is a constant challenge. To reduce this risk, far-reaching quality assurance measures and Group-wide quality standards are used. → Quality Management, p. 68. Furthermore NORMA Group focuses on innovative and value added joining solutions tailored to meet customer requirements. For this reason, the Company believes that it is possible for quality risks to occur, while the potential financial repercussions would be minor due to the existing insurance coverage.

NORMA Group takes every opportunity to realise cost advantages to improve its competitive position. Thus the Company develops and implements initiatives focused on cost discipline, the continuous improvement of processes in all functions and regions and optimisation of supply chain management and production processes. These initiatives are expected to have a positive impact on NORMA Group's business. → Production and Logistics, p. 66. Since NORMA Group pursues a continuous process of improvement, there are opportunities over and above planning for positive deviations in the area of these processes.

This applies for all regions in which NORMA Group is active. The Company estimates the likelihood of cost-savings to be possible. Since planning already allows for continuous optimisation of production processes and NORMA Group's processes are already extremely efficient, the short-term financial impact of a deviation from the plan as a result of improved production processes is minor.

Customers

Customer risks result from a company being dependent on important buyers for a significant proportion of its sales. They could take advantage of their bargaining power, which can lead to increased pressure on NORMA Group's margins. Decreases in demand from these customers or the loss of these customers can have a negative impact on the Company's earnings. For this reason, NORMA Group continuously monitors incoming orders and customer behaviour so as to identify customer risks early. Due to its diversified customer portfolio, financial repercussions of customer risks are reduced. Accordingly, no single customer generated more than 5% of sales in 2015. Therefore, it is possible that customer risks could have a negative impact on NORMA Group's business, but the financial effects would be minor due to the diversified customer structure.

However, based on NORMA Group's strategy and the goal of further expanding its markets, the Company managed to expand its customer portfolio compared to the previous year. As a result of its innovative solutions, new customers in all regions could be convinced of its products. Therefore, NORMA Group estimates the opportunities for positive deviations from planning to be possible with a minor impact on earnings based on a growing number of customers.

Opportunities and risks of personnel management

NORMA Group's success is largely dependent on its employees' enthusiasm, commitment to innovation, expertise and integrity. The Group's personnel management serves to retain and expand this core expertise. The exit of employees with crucial skills as well as a shortage of suitable workers can have a negative impact on operations. The competition for the most talented employees as a result of demographic developments and the shortage of skilled labour in Western industrial nations is becoming more and more intense.

NORMA Group counters these risks with far-reaching basic and advanced training as well as employee development programmes. NORMA Group also encourages its employees to focus on the Company's success through variable remuneration systems. In return, the employees contribute to the continuous further development of the Company in connection with employee surveys and improvement initiatives. Comprehensive representation rules and a division of responsibilities that promote mutual exchange secure the Group from risks that can arise due to the departure of employees. When identifying potential new employees that can make a crucial contribution to performance, NORMA Group seeks the advice of external human relations advisors.

RISK AND OPPORTUNITY PORTFOLIO OF NORMA GROUP*

Financial risks and opportunities	
Default risk	
Liquidity	Risks
	Opportunities
Currency	Risks
	Opportunities
Change in interest rates	Risks
	Opportunities
Economic and cyclical risks and opportunities	
Risks	
Opportunities	
Industry-specific and technological risks and opportunities	
Risks	
Opportunities	
Risks and opportunities associated with corporate strategy	
Risks	
Opportunities	
Operative risks and opportunities	
Commodity pricing	Risks
	Opportunities
Suppliers	Risks
	Opportunities
Quality and processes	Risks
	Opportunities
Customers	Risks
	Opportunities
Risks and opportunities of personnel management	
Risks	
Opportunities	
IT-related risks and opportunities	
Risks	
Opportunities	
Legal risks and opportunities	
Disregard to standards	Risks
Social and environmental standards	Risks
	Opportunities
Property rights	Risks
	Opportunities

* Provided that not indicated differently, the risk assessment applies for all regional segments.

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	Probability						Impact					
	very unlikely	unlikely	possible	likely	very likely	Change in 2015	insignificant	minor	moderate	significant	high	Change in 2015
			•			→	•					↘
	•					→					•	→
			•			→		•				↘
			•			↘			•			→
			•			→			•			→
			•			→		•				→
		•				→	•					↘
			•			↗			•			→
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			•			→		•				→
			•			→		•				→

→ unchanged ↗ higher ↘ lower

Since NORMA Group's personnel policy is practiced worldwide, the risks and opportunities are consistent across the regions. Thus, the Company regards the probability of personnel risks occurring as possible, whereas the potential financial impact is insignificant due to the sustainable personnel policy.

In addition, there are opportunities from the consistent further development of the employees. NORMA Group fosters its employees and offers them incentives to further develop their personal expertise through numerous educational and training opportunities as well as the targeted search for talent within the Group. Furthermore, NORMA Group offers its employees flexible and family-friendly working time models. These measures as a whole contribute to high employee satisfaction – as measured by a regularly conducted employee survey – and a turnover rate of only 7.7% across the Group. → Employees, p. 70.

Through the above-mentioned measures, NORMA Group actively supports the preservation and collection of knowledge within the Company, which will thus offer opportunities for the future development of NORMA Group. Due to the fact that these opportunities are increasingly being included in the Company's planning, however, the occurrence of these opportunities is no longer considered very likely, but rather likely, compared to last year. The financial contribution of these opportunities is considered to be minor.

IT-related opportunities and risks

Maintaining and exchanging complete, timely and appropriate information as well as being able to utilise functional and powerful IT systems are of central importance for an innovative and global company such as NORMA Group. An extensive computer system failure could disrupt the Company's operations or expose sensitive corporate information. Therefore, NORMA Group has implemented appropriate measures to avoid and reduce this type of risk. These measures are collectively embedded in the IT risk management process and are adjusted in this context to changing conditions. NORMA Group controls identifiable IT risks, for example, by mirroring the database, maintaining decentralised data and outsourcing data archiving to a certified external provider. The Group's data processing centre in Frankfurt is also used by other Group companies for their ERP systems. Another data centre is located in the USA, with smaller backup systems in Asia. The access of employees to sensitive information is ensured by means of authorisation systems customised for the respective positions, taking into account the principle of separation of functions. IT systems used in the area of production are being doubled in order to reduce risks. Potential risks are also taken into account through early planning as well as by creating suitable transition solutions.

Based on global standards, NORMA Group estimates the probabilities of IT-related risks occurring in all regions to be possible and the potential financial impact to be minor. Opportunities in the area of IT arise in particular from the potential of process standardisation and optimisation across all companies of NORMA Group. For example, the gradual transition from old ERP systems to new and uniform systems for the entire Group continued in 2015. The opportunities that arise from this streamlining measure are increasingly being taken into account in the Company's planning and are thus no longer considered to be very likely as in the previous year, but rather only likely. The related financial effects are expected to be minor.

Legal opportunities and risks

Risks related to violations of standards and contracts

Future changes to legislation and requirements, especially commercial law, liability law, environmental law, tax law, customs law and labour law, as well as changes in related standards, could have a negative impact on NORMA Group's development. Violations of laws and regulations, but also of contractual agreements, can lead to penalties, regulatory requirements or claims from injured parties. Conversely, NORMA Group can be adversely affected by contractual breaches by third parties. Furthermore, defective products can lead to legal disputes and claims for damages.

NORMA Group uses the existing compliance and risk management systems to ensure that it complies with constantly changing laws and regulations and meets its contractual obligations. NORMA Group counters the risk of product defects through its Group-wide quality assurance programme. Consequently, NORMA Group considers risks related to violations of intellectual property rights as unlikely to occur and the potential financial impact to be moderate.

Any legal risks that NORMA Group is aware of are taken into account through provisions recognised in the consolidated financial statements.

Social and environmental standards

Violating social and environmental standards could damage the reputation of NORMA Group and result in restrictions, claims for damages or disposal obligations. NORMA Group has therefore implemented Corporate Responsibility as an integral part of the Group strategy. In this context, a systematic environmental management system was introduced at NORMA Group so that corporate decisions can always be evaluated also considering the goal of avoiding emissions and conserving resources. The Company also invests in the area of occupational health and safety for its continuous improvement. → Employees, p. 70. Consequently, NORMA Group believes that the probabilities of occurrence of negative developments remain unlikely as a result of social and environmental risks and that the potential financial effects would be moderate.

However, the investments in the area of Corporate Responsibility serve not only to ward off risks. The measures and initiatives are also seen as having the potential to positively impact both the business environment as well as NORMA Group and its stakeholders. Therefore, NORMA Group estimates the opportunities in this area to be possible and assumes that the measures and initiatives will have a minor impact on its planning.

Intellectual property

NORMA Group's position as a technology and innovation leader means that violations of its intellectual property rights could lead to lost sales and reputation. For this reason, the Company ensures that its technologies and innovations are legally protected. NORMA Group also minimises the potential impact by developing customer-specific solutions and through its speed of innovation. At the same time, it is also possible for NORMA Group to violate the intellectual property of third parties. For this reason, developments for potential patent violations are reviewed at an early stage. Therefore, it is considered possible for the intellectual property to be violated. Due to the countermeasures that NORMA Group has implemented, the potential impact of an intellectual property violation is regarded to be minor. In addition, NORMA Group also sees opportunities as possible that can lead to a minor deviation from the medium term plan as a result of the consistent defence of the intellectual property and the expansion of legal unique selling points.

ASSESSMENT OF THE OVERALL PROFILE OF RISKS AND OPPORTUNITIES BY THE MANAGEMENT BOARD

The Group's overall situation results from the aggregation of individual risks and opportunities from all categories of the business units and functions. After assessing the likelihood of risks occurring and their potential financial impact as well as in light of the current business outlook, NORMA Group's Management Board does not believe that there is any individual risk or group of risks with the potential to jeopardise the continued existence of the Group or individual Group companies as a going concern. Taking the aggregated opportunities into account, NORMA Group is in an excellent position with respect to both the medium and long terms to further expand its market position and grow globally. This assessment is reinforced by the good opportunities to cover the financing requirements. Therefore, NORMA Group has not made any effort to obtain a rating from a leading rating agency.

General economic risks remain for NORMA Group in all areas, which is why setbacks on the way towards long-term realisation of the growth and profitability targets cannot be ruled out. In contrast, there are clear opportunities that NORMA Group is taking advantage of through its strategy and consistent opportunity management, so that it is possible to even exceed the profitability targets.

The changes in the individual opportunities and risks shown in the overview have no significant impact on NORMA Group's overall risk profile. NORMA Group has therefore concluded that the Group's overall profile has not changed significantly compared to the previous year.

Remuneration Report for the Management and Supervisory Boards

REMUNERATION OF THE MANAGEMENT BOARD

Outline of the remuneration system for the Management Board

The purpose of NORMA Group's remuneration system is to provide the members of the Management Board with adequate remuneration for their activities and areas of responsibility as well as their personal performance in accordance with applicable legislation and to provide them with a long-term incentive to commit themselves to the success of the Company. In addition to the criteria of the Company's performance and future prospects, the decision as to what level of remuneration is appropriate is also based on the general levels of remuneration paid by comparable companies and NORMA Group's remuneration structure.

In accordance with the recommendations of the German Corporate Governance Code in the version dated 5 May 2015, the remuneration comprises a fixed element and variable elements.

The basic remuneration is a fixed cash payment for the entire year based on the respective Management Board member's area of responsibility. This basic remuneration is paid in the form of a monthly salary.

The variable compensation is designed differently depending on the time when a Board member took office. With the Board members who took office before 2015, it consists of the following components:

1. The annual bonus is a variable cash payment calculated on the basis of the quantifiable performance of the Company in the previous financial year. The parameters taken into consideration are whether or not the Company reaches its target for an earnings component (adjusted EBITA) and a liquidity component (operating free cash flow before external use). Each of the two indicators is calculated for a financial year based on figures taken from the Company's consolidated financial statements and compared to the target set in advance by the Supervisory Board. The annual salary of the Management Board member is multiplied by a percentage between 0% and 200%, depending on the extent to which the targets for the components were met. The range limits the annual bonus to 50% of the member's annual salary. It can be reduced to EUR 0 if the Company performs poorly.

2. The Company's Long-Term Incentive (LTI) plan is a component of a variable remuneration element designed to maximise the Company's long-term performance. The LTI plan also comprises an EBITA component and an operating free cash flow before external use (FCF) component, each of which are observed over a period of three years (performance period). A new three-year performance period begins every year. Both components are calculated by multiplying the average annual (adjusted) EBITA and FCF values actually achieved in the performance period by the (adjusted) EBITA and FCF bonus percentages specified in the employment contract. In a second step, the actual value of a component is compared to the medium-term plan approved by the Supervisory Board to evaluate the Company's performance and adjustments are made to the LTI plan. The LTI plan is limited to two and a half times the amount that would be arrived at on the basis of the figures in the Company's medium-term plan. If the actual value is lower than the planned value, the LTI plan is reduced on a straight-line basis down to a minimum of EUR 0 if the three-year targets are missed by a significant amount.

3. The Matching Stock Programme (MSP) provides a share price-based long-term incentive to commit to the success of the Company. The MSP is a stock option programme.

   To this end, the Supervisory Board specifies a number of stock options to be allotted each financial year with the proviso that the Management Board member makes a corresponding personal investment in the Company.

   The MSP is split into tranches. The first tranche was allotted on the day of the initial public offering (8 April 2011). The other tranches will be allotted on 31 March each following year. The stock options relate to those shares allotted or acquired and qualified under the MSP as specified in the Management Board contract. The number of stock options is calculated by multiplying the qualified shares (for 2012, 2013 and 2014: 108,452 shares per year, for 2015: 85,952 shares) held at the allotment date by the option factor specified by the Supervisory Board. The option factor is re-determined for each tranche and amounts to 1.5 for each of the tranches in 2012, 2013, 2014 and 2015. Therefore, 162,679 share options are to be considered in financial years 2012 to 2014 and 128.927 in financial year 2015. Every tranche will be recalculated taking changes in the influencing factors into consideration and balanced pro rata temporis over the vesting period.

   The vesting period is four years and ends on 31 March in 2016, 2017, 2018 and 2019 respectively for the 2012, 2013, 2014 and 2015 tranches. The options in a tranche can only be exercised within a period of two years after the vesting period expires. As a precondition for exercising the options, the share price must exceed the exercise threshold when the options are exercised (basis: weighted average of the last ten exchange trading days before exercising the option). The exercise threshold is set by the Supervisory Board when the respective tranche is allocated and equals at least 120% of the strike price. The exercise threshold was set at 120% of the strike price for the 2012, 2013, 2014 and 2015 tranches. In determining the exercise price of the tranches starting in 2012, the weighted average of the closing prices of the

Company's share on the last 60 trading days that immediately preceded allocation of each tranche is to be applied. Dividend payments by the Company during the vesting period are to be deducted from the exercise price of each tranche.

The value of the stock options is calculated based on generally accepted business valuation models.

The Company is free to decide at the time of exercise whether compensation for the option is to be offered in the form of shares or a cash settlement. NORMA Group has opted for a settlement in equity instruments in previous years. In April 2015, the MSP was changed to a cash settlement by resolution of the Supervisory Board for the 2011 tranche. Due to this decision and the history it forms, the remaining tranches were changed in terms of their classification from a settlement in equity instruments to compensation in the form of a cash payment. Due to the change in classification of the stock options, the proportional fair values of the options were recalculated at the time that the estimate was changed. Please refer to the notes for more information. → Notes, p. 151.

OVERVIEW OF THE MATCHING STOCK PROGRAMME (MSP) AS OF THE ALLOTMENT DATE T 030

Tranches	Option factor	Number of options	Exercise price in EUR	End of the vesting period
2015	1.5	128,928	44.09	2019
2014	1.5	162,679	40.16	2018
2013	1.5	162,679	23.71	2017
2012	1.5	162,679	17.87	2016

When entering service in the reporting year, the variable compensation of the Management Board consists of the following components:

1. The annual bonus is a variable compensation component, which refers to the average (adjusted) Group EBT (earnings before income taxes) of the last three financial years. The Management Board receives a percentage of the amount of the three-year average. The annual bonus is capped at twice the fixed annual salary. The annual bonus for the previous financial year is to be paid after approval of the consolidated financial statements by the Supervisory Board the following year. If the Management Board member has not worked for the Company for a full twelve months in a financial year, the annual bonus will be reduced accordingly.

2. The Long-Term Incentive Programme is designed to be a so-called NORMA Value Added Bonus and represents a part of the variable remuneration of the Management Board aligned toward sustained positive business development. This LTI provides a long-term incentive for the Management Board to work hard to make the Company successful. The LTI is an appreciation bonus that is based on the Group's performance. The Board member receives a percentage of the calculated increase in value. The NORMA Value Added Bonus corresponds to the percentage of the average increase in value from the current and the two previous financial years. The annual increase in value is calculated using the following formula:

   NORMA Value Added = (EBIT × (1 – s)) – (WACC × capital invested).

   The calculation of the first component is based on the (adjusted) consolidated earnings before interest and taxes (Group EBIT) for the financial year and the average corporate tax rate. The second component is calculated from the Group's weighted average cost of capital (WACC) multiplied by the capital invested. The NORMA Value Added Bonus is limited to a fixed annual salary. 75% of the amount attributable to the LTI is paid to each Management Board member the following year. The Company then uses the remaining 25% attributable to the LTI to purchase shares of NORMA Group SE in the name and on behalf of the individual Board members. Alternatively, the Company may pay out this balance to the Board member. In this case, the Management Board obligates itself to purchase shares of NORMA Group SE with the balance of this amount within 120 days after the annual financial statements are approved at the Supervisory Board meeting. The Management Board member may not dispose of the shares for four years. Dividends and subscription rights are to be made freely available to the Management Board member. If a Board member takes office in the current financial year or does not work for the Company for a full twelve months in a financial year, the LTI is to be reduced proportionally (pro rata). Upon termination of the employment contract, a Management Board member may dispose of his shares only after 12 months of leaving the Company. Upon termination of his appointment to a body at the request of the Management Board or for another important reason, no future rights to variable components of the LTI shall be granted.

Furthermore, when taking office in the reporting year, a Management Board member is entitled to a pension, which is measured as a percentage of the pensionable income. The pension entitlement arises when the contract has expired, but not before reaching the age of 65, or if that individual is unable to work. The percentage depends on the number of years of service as a Management Board member. The percentage amounts to 4% of the last annual fixed salary prior to leaving for each completed year of service. The percentage can increase to a maximum of 55%. Furthermore, a survivor's pension is to be provided as well.

In case of early termination of the employment contract without good cause, the payments to the Management Board to be agreed to should not exceed two years' pay and a maximum of the value of the compensation for the remaining term of the employment contract (see Section 4.2.3. of the German Corporate Governance Code). If a special right of termination is to be made use of in the event of a change of control, the Management

Board shall receive severance pay in the amount of three years' remuneration, but no more than the amount of compensation for the remaining term of the employment contract (see Section 4.2.3. of the German Corporate Governance Code). The annual compensation includes the current fixed annual salary and short and long-term variable components of the financial year just ended.

The members of the Management Board are additionally compensated with a company car which they can also use for personal purposes. Furthermore, Management Board members are reimbursed for any expenses and travel costs incurred while performing their duties for the Company in accordance with the Company's respectively applicable guidelines. Inventor's bonuses are also granted. The members of the Management Board arrange private insurance or are personally responsible for the statutory deductible of 10% of the loss for the D&O insurance policy carried for the Managing Directors of NORMA Group.

Remuneration of the Management Board in the 2015 financial year

The remuneration for the Management Board totalled EUR 4.6 million in fiscal year 2015 (2014: EUR 3.2 million) according to § 315a in connection with § 315 para. 2 no. 4 and § 314 para. 1 no. 6 German Commercial Code (HGB). This figure comprises fixed elements in the amount of EUR 1.3 million (2014: EUR 1.4 million) and variable elements in the amount of EUR 3.2 million (2014: EUR 1.8 million) and, for the first time, pension expenses in the amount of EUR 0.1 million (2014: EUR 0.0 million).

In addition to the remuneration mentioned above, EUR 6.3 million were recognised as expenses in accordance with the German Commercial Code (HGB) as part of converting the Matching Stock Programme (MSP) for the Management Board of NORMA Group SE.

The variable elements comprise the short-term performance-based annual bonus and the two long-term performance-based LTI respectively NORMA Value Added Bonus and MSP schemes.

A provision was recognised for the variable compensation elements. The stock options as part of the MSP have been continually assessed since the reporting year and recognised as an expense in other provisions. They were recognised in the capital reserve over the vesting period before they were converted into cash compensation.

The Annual General Meeting held on 6 April 2011 resolved not to disclose the remuneration for individual Management Board members between 2011 and 2015 in accordance with sentences 5 to 9 of section 314 (1) no. 6 letter a) of the German Commercial Code (HGB).

In accordance with the German Corporate Governance Code in its version dated 5 May 2015, which draws a distinction between remuneration that is being granted for the year under review and inflow in or for the year under review, the remuneration of the Management Board is as follows:

REMUNERATION GRANTED TO THE MANAGEMENT BOARD T 031

	Entire Management Board			
in EUR thousands	2014	**2015**	2015 (min)	2015 (max)
Fixed remuneration	1,300	**1,248**	1,248	1,248
Benefits	68	**52**	52	52
Sum	**1,368**	**1,299**	**1,299**	**1,299**
One-year variable remuneration	325	**461**	0	849
Multi-year variable remuneration				
LTI tranche 2015–2017	0	**960**	0	2,754
LTI tranche 2014–2016	933	**0**	0	0
Other multi-year remuneration	0	**150**	0	150
MSP 2015–2019	0	**906**	0	3,014
MSP 2014–2018	669	**0**	0	0
Sum	**1,927**	**2,478**	**0**	**6,766**
Pension expenses	0	**137**	137	137
Total remuneration	**3,295**	**3,914**	**1,436**	**8,203**

INFLOW FROM MANAGEMENT BOARD MEMBER REMUNERATION T 032

	Entire Management Board	
in EUR thousands	2014	**2015**
Fixed remuneration	1,300	**1,248**
Benefits	68	**52**
Sum	**1,368**	**1,299**
One-year variable remuneration	438	**461**
Multi-year variable remuneration		
LTI tranche 2012–2014	0	**682**
LTI tranche 2011–2013	1,698	**0**
MSP 2011–2015	0	**2,265**
Sum	**2,136**	**3,409**
Pension expenses	0	**137**
Total remuneration	**3,504**	**4,845**

REMUNERATION OF THE SUPERVISORY BOARD

The remuneration for the Chairman and the Deputy Chairman of the Supervisory Board was calculated separately in accordance with the recommendations of the German Corporate Governance Code in the version dated 5 May 2015. The Chairman is paid double the remuneration of the other members of the Supervisory Board, and the Deputy Chairman is paid one and a half times this amount. In addition, the Chairman and members of the Supervisory Board's committees are remunerated separately.

The Supervisory Board members will be remunerated for their activities on the day after the 2016 Annual General Meeting as follows:

REMUNERATION OF THE SUPERVISORY BOARD T 033

Supervisory Board member	Membership / Chairmanship of a committee	Remuneration
Dr. Stefan Wolf	Chairman of the Supervisory Board	110,000
	Chairman of the General and Nomination Committees	
Lars M. Berg	Deputy Chairman of the Supervisory Board	95,000
	Member of the Audit Committee	
	Member of the General and Nomination Committees	
Günter Hauptmann	Not a member of a committee	50,000
Knut J. Michelberger	Member of the Audit Committee	60,000
Dr. Christoph Schug	Chairman of the Audit Committee	95,000
	Member of the General and Nomination Committees	
Erika Schulte	Not a member of a committee	50,000
Gesamt		**460,000**

No remuneration was paid to Supervisory Board members in financial year 2015 for services personally rendered (in particular advisory and brokerage services).

Furthermore, the Supervisory Board members are reimbursed for any expenses and travel costs incurred while performing their duties for the Company in accordance with the Company's respectively applicable guidelines. The members of the Supervisory Board will either bear or privately insure the statutory deductible of 10% of the damage sum of the D&O insurance that NORMA Group took out for both the Management and the Supervisory Board.

Other Legally Required Disclosures

An overview of the information required under section 315 (4) of the German Commercial Code (Handelsgesetzbuch, HGB) is presented below:

Section 315 (4) no. 1 HGB
NORMA Group SE's share capital totalled EUR 31,862,400.00 on 31 December 2015. This is divided into 31,862,400 registered shares with no par value. Each share entitles the bearer to one vote. There are no other classes of shares. NORMA Group SE holds no treasury shares.

Section 315 (4) no. 2 HGB
The Management Board of NORMA Group SE is not aware of any restrictions affecting voting rights or the transfer of shares or any agreements between shareholders which could result in such restrictions.

Section 315 (4) no. 3 HGB
There are no direct or indirect capital holdings exceeding one tenth of the voting rights other than those voting rights listed in the notes to the consolidated financial statements.

Section 315 (4) no. 4 HGB
There are no shares in NORMA Group SE that confer special control rights to the holder.

Section 315 (4) no. 5 HGB
There are no employee share schemes through which employees can acquire shares of NORMA Group SE. Employees with shareholdings in NORMA Group SE exercise control rights in the same way as other shareholders in accordance with applicable legislation and the Articles of Association.

Section 315 (4) no. 6 HGB
Management Board members are appointed and dismissed in accordance with section 84 et seq. of the German Stock Corporation Act (Aktiengesetz, AktG). The Articles of Association of NORMA Group SE do not contain any provisions related to this issue that contradict the applicable legislation. The Supervisory Board is responsible for determining the actual number of members on the Management Board. It can nominate a Chairman and Deputy Chairman of the Management Board or a Management Board spokesperson and a deputy spokesperson.

Changes to the Articles of Association are made by the Annual General Meeting in accordance with section 179 (1) AktG. In accordance with section 179 (1) sentence 2 AktG, the Annual General Meeting can authorise the Supervisory Board to make changes which affect only the wording of the Articles of Association. The Annual General Meeting of NORMA Group SE has chosen to do so: According to article 14 (2) of the Articles of Association, the Supervisory Board is authorised to make changes to the Articles of Association which only affect their wording. In accordance with article 20 sentence 3 of the Articles of Association, a simple majority of votes submitted is sufficient for a resolution on changing the Articles of Association if at least half of the share capital is represented when the resolution is adopted and a different majority is not required under the law.

The Supervisory Board is authorised to amend the wording of article 6 of the Articles of Association to reflect the issue of the new shares from the Conditional Capital 2015. The same will apply insofar as the authorisation to issue convertible bonds, bonds with warrants, and / or participation rights with or without conversion or option rights or conversion or option obligations in accordance with the Annual General Meeting's resolution of 20 May 2015 is not exercised during the term of the authorisation or the corresponding option or conversion rights or option or conversion obligations have lapsed because the exercise periods have expired or for another reason.

The Supervisory Board is authorised to amend the wording of article 5 of the Articles of Association in accordance with the issuance of new shares from the Authorised Capital 2015 and, provided that the Authorised Capital 2015 has not been utilised or not been fully utilised by 19 May 2020, adjust the authorisation after that deadline has expired.

The Management Board may determine that the share capital is to remain unchanged in the event that shares are to be withdrawn and, instead, be increased by withdrawing a percentage of the remaining shares in the share capital pursuant to section 8 (3) German Stock Corporation Act. In this case, the Management Board is authorised to adjust the number of shares in the Articles of Association.

Section 315 (4) no. 7 HGB

Authorised Capital 2015
In accordance with the resolution passed at the Annual General Meeting on 20 May 2015, the Management Board is authorised, with the Supervisory Board's consent, to increase the Company's share capital once or repeatedly by up to a total of EUR 12,744,960 on or before 19 May 2020 by issuing up to 12,744,960 new registered shares against cash and / or non-cash contributions (Authorised Capital 2015).

The Authorised Capital 2011 / II which was resolved by the Annual General Meeting on 6 April 2011 has thus been cancelled by resolution of the Annual General Meeting on 20 May 2015. Article 5 of the Articles of Association of NORMA Group SE has been changed accordingly.

The Management Board is authorised, with the Supervisory Board's consent, to exclude the shareholders' subscription rights wholly or in part, once or repeatedly, in accordance with the following provisions:

- to exclude the shareholders' subscription rights for fractional amounts;

- if and to the extent that it is necessary to grant the bearers or creditors of conversion or option rights and / or the bearers or creditors of financing instruments carrying conversion or option obligations which were or are issued by the NORMA Group SE, or by a domestic or foreign company in which NORMA Group SE holds directly or indirectly the majority of the votes and capital;
- in the case of a capital increase against cash contributions pursuant or according to section 186 (3), sentence 4 German Stock Corporation Act if the par value of the new shares is not substantially lower than the stock exchange price of the already listed shares in the Company and if the new shares which were issued under exclusion of the subscription right do not exceed a proportional amount of 10% of the share capital in total;
- in case of capital increases against non-cash contributions, in particular for the purpose of acquiring enterprises, parts of enterprises or interests in enterprises.

Conditional Capital 2015

The Management Board is authorised to issue, with the Supervisory Board's consent, once or repeatedly on or before 19 May 2020, bearer or registered convertible bonds and / or bonds with warrants and / or participation rights carrying a conversion or option right and / or conversion or option obligation (or a combination of these instruments) in a total nominal amount of up to EUR 200,000,000 with or without a limited maturity term (hereinafter referred to collectively as 'Bonds') and to grant the creditors of Bonds conversion / option rights and / or lay down for the creditors of Bonds conversion / option obligations to subscribe to a total of up to 3,186,240 new registered shares of the Company with a pro rata amount of the share capital of a total of up to EUR 3,186,240 in accordance with the terms and conditions of the Bonds.

The share capital of the Company is conditionally increased by up to EUR 3,186,240 through an issuance of up to 3,186,240 new registered shares (Conditional Capital 2015).

The authorisation of the Management Board to issue warrants and convertible bonds and participation rights with warrants and convertible rights and the Conditional Capital 2011 resolved by the Annual General Meeting on 6 April 2011 were cancelled by shareholder resolution on 20 May 2015. Article 6 of the Articles of Association of NORMA Group SE has been amended accordingly.

The purpose of the Conditional Capital 2015 is to issue shares to the creditors of convertible bonds and / or bonds with warrants and / or participation rights carrying an option / conversion right and / or a conversion / option obligation (or a combination of such instruments), which will be issued based on the authorisations granted by the Annual General Meeting of NORMA Group SE on 20 May 2015 or domestic or foreign companies in which NORMA Group SE directly or indirectly holds the majority of the votes and the capital.

New shares are issued at the conversion or option price to be determined in each case in accordance with the respective authorisation. The conditional increase in capital will be performed only insofar as the bearers of conversion or option rights based on the aforementioned Bonds or participation rights exercise their conversion or option rights or conversion or option obligations that are based on such Bonds are fulfilled, and insofar as the conversion or option rights and / or conversion or option obligations are not satisfied through own shares, shares from authorised capital or other consideration.

The new shares will participate in the profit as of the beginning of the financial year in which they are issued; notwithstanding the above, the Management Board may, if permitted by law, resolve with the consent of the Supervisory Board that the new shares be able to participate in the profit as of the beginning of an earlier financial year for which, at the time of their issue, the Annual General Meeting has not yet resolved on the appropriation of the net retained profit.

Authorisation to acquire own shares

Pursuant to the resolution of the Annual General Meeting on 20 May 2015, NORMA Group SE is authorised to acquire up to a total of 10% of its own share capital at the time at which the resolution was adopted or – in the event that this value is lower – at the time that the authorisation is exercised via the stock exchange or via a public purchase offer on or before 19 May 2020 for any permissible purpose. This authorisation may be exercised by NORMA Group SE in whole or in partial amounts, once or repeatedly, in pursuit of one or more purposes, but also be carried out by companies that are dependent on NORMA Group SE or in which NORMA Group SE holds a majority of the shares, or on its or their account. If the shares are acquired on the stock exchange, the equivalent value per share that is paid (without ancillary acquisition costs) may not exceed the price of the share in NORMA Group SE in the Xetra trading system (or a comparable successor system), as determined on the trading day in Frankfurt / Main by the opening auction, by more than 10% and not fall below it by more than 20%. If the acquisition is effected by way of a public purchase offer, the purchase price offered or the threshold values of the purchase price margin (without ancillary acquisition costs) may not exceed the closing price of the NORMA Group SE share in the Xetra trading system (or a comparable successor system) on the third trading day in Frankfurt / Main prior to the day of the public announcement of the offer by more than 10% and not fall below it by more than 20%. Should the relevant price vary by a not inconsiderable extent following the publication of the public purchase offer, the offer may be adjusted. In this case, the closing price on the third trading day in Frankfurt / Main prior to the public announcement will be based on any adjustment that has been made.

The Management Board is authorised to use shares of the Company for any legal purpose, once or repeatedly, in whole or in part, and also through dependent or majority-owned NORMA Group SE related companies or through third parties acting on their behalf or on behalf of NORMA Group SE. In particular, the shares acquired may be redeemed without such redemption or its implementation requiring a shareholder resolution. The cancellation leads in principle to a capital reduction. The Management Board may alternatively determine that the share capital is to remain unchanged upon redemption. In addition, the Management Board is expressly authorised to use the shares acquired under this authorisation on one or more occasions, in whole or in part, individually or jointly, and also by dependent or majority-owned NORMA Group SE related companies or, on their account or third parties acting on the account of NORMA Group SE as follows:

- for sale against cash, provided that the price is not significantly below the stock market price of shares of the Company at the time of sale (simplified exclusion of subscription rights in accordance with §§ 186 para. 3 sentence 4, 71 para. 1 no. 8 sentence 5 half-sentence 2, German Stock Corporation Act, is limited to a maximum of 10% of the share capital),
- for sale against payment in kind, particularly for the acquisition of companies, parts of companies or participations in companies,
- to meet obligations under conversion or option rights or obligations to act or option,
- to issue in connection with share-based payments and employee share participation programmes. The purchase right of shareholders to these own shares is excluded in the event of an appropriate use.

NORMA Group SE is authorised to acquire its own shares within the framework of the aforementioned, related to the share capital limits, and by using derivatives such as put options, call options, forward purchases or a combination of these instruments and to take out derivative transactions. The acquisition of shares by using derivatives is limited to a number of shares that does not exceed a proportionate amount of 5% of the existing share capital at the time.

Section 315 (4) no. 8 HGB

NORMA Group's financing agreements including the contracts for the promissory notes include the typical Change of Control Clause. In the event of a takeover by a third party, the possibility that NORMA Group wouldn't be able to finance itself at similarly favourable terms and conditions cannot be ruled out.

Section 315 (4) no. 9 HGB

In the event of a change of control, NORMA Group SE has reached compensation agreements with the Management Board, but not with its workforce. Please see the → Remuneration Report, p. 90 for further details.

Report on Transactions with Related Parties

Apart from the reported, there were no significant transactions with related parties in financial year 2015.

Maintal, 10 March 2016

NORMA Group SE

The Management Board

Werner Deggim	Dr. Michael Schneider
Bernd Kleinhens	John Stephenson

BRAZIL

The South American country with the highest population is one of the world's emerging economies. NORMA Group has been present here with a sales and development centre in Santo André since 2011. NORMA Brazil was then founded in 2013 and opened its own production site in 2014.


EURO
5

V-BAND CLAMP WITH STC CLOSURE

V-profile clamps are reliable and time-saving connection elements for use in industrial and automotive applications. These products are manufactured to meet customer requirements and can be supplied with various profiles and band widths, as well as a cost-effective STC closure. The V-band clamp is manufactured for the Brazilian market, among others.

NORMA Brazil is the main starting point for NORMA Group's sales activities in the entire South American region. The connectors, fluid systems and profile and exhaust pipe clamps that are produced here are sold to customers in the automotive and commercial vehicle industries.

EURO 5

EMMISSION GAS STANDARD

Binding in Brazil since 2013. NORMA Group helps to meet the requirements of the automotive industry to build lighter cars, prevent leakages and reduce CO_2 with its joining elements such as the V-band clamp.

C

CONSOLIDATED FINANCIAL STATEMENTS

ANNUAL REPORT 2015

Consolidated Statement of Financial Position

ASSETS T 034

in EUR thousands	Note	31 Dec 2015	31 Dec 2014
Non-current assets			
Goodwill	(19)	**343,829**	324,496
Other intangible assets	(19)	**271,009**	262,460
Property, plant and equipment	(20)	**169,939**	154,490
Other non-financial assets	(25)	**234**	782
Income tax assets	(17)	**458**	933
Deferred income tax assets	(18)	**8,105**	11,137
		793,574	**754,298**
Current assets			
Inventories	(24)	**129,902**	114,877
Other non-financial assets	(25)	**13,711**	10,545
Other financial assets	(26)	**3,856**	2,198
Derivative financial assets	(22)	**248**	3
Income tax assets	(17)	**3,772**	4,505
Trade and other receivables	(23)	**122,865**	107,717
Cash and cash equivalents	(36)	**99,951**	84,271
		374,305	**324,116**
Total assets		**1,167,879**	**1,078,414**

EQUITY AND LIABILITIES

T 034

in EUR thousands	Note	31 Dec 2015	31 Dec 2014
Equity attributable to equity holders of the parent			
Subscribed capital		**31,862**	31,862
Capital reserves	(27)	**210,323**	216,468
Other reserves	(27)	**21,128**	2,496
Retained earnings	(27)	**165,600**	116,218
Equity attributable to shareholders		**428,913**	**367,044**
Non-controlling interests		**898**	969
Total equity		**429,811**	**368,013**
Liabilities			
Non-current liabilities			
Retirement benefit obligations	(29)	**11,951**	12,271
Provisions	(30)	**10,842**	6,207
Borrowings	(31)	**443,711**	408,225
Other non-financial liabilities	(32)	**1,368**	1,790
Other financial liabilities	(33)	**681**	3,763
Derivative financial liabilities	(22)	**2,510**	18,177
Deferred income tax liabilities	(18)	**104,380**	104,647
		575,443	**555,080**
Current liabilities			
Provisions	(30)	**9,972**	8,142
Borrowings	(31)	**7,056**	22,721
Other non-financial liabilities	(32)	**28,653**	26,015
Other financial liabilities	(33)	**6,019**	2,445
Derivative financial liabilities	(22)	**876**	2,043
Income tax liabilities	(17)	**9,172**	13,126
Trade and other payables	(34)	**100,877**	80,829
		162,625	**155,321**
Total liabilities		**738,068**	**710,401**
Total equity and liabilities		**1,167,879**	**1,078,414**

Consolidated Statement of Comprehensive Income

T 035

in EUR thousands	Note	Q4 2015	Q4 2014	2015	2014
Revenue	(8)	217,025	176,204	889,613	694,744
Changes in inventories of finished goods and work in progress		781	–4,333	3,622	–2,907
Other own work capitalised		914	2,195	2,748	3,647
Raw materials and consumables used	(9)	–88,354	–72,259	–365,373	–292,073
Gross profit		130,366	**101,807**	530,610	**403,411**
Other operating income	(10)	2,488	4,106	11,408	9,355
Other operating expenses	(11)	–34,864	–27,544	–133,514	–92,739
Employee benefits expense	(12)	–57,543	–50,033	–234,616	–188,508
Depreciation and amortisation	(19, 20)	–12,909	–9,777	–49,094	–33,675
Operating profit		27,538	**18,559**	124,794	**97,844**
Financial income		280	95	500	407
Financial costs		–3,830	474	–17,709	–14,876
Financial costs – net	**(13)**	–3,550	**569**	–17,209	**–14,469**
Profit before income tax		23,988	**19,128**	107,585	**83,375**
Income taxes	(16)	–5,503	–7,556	–33,738	–28,500
PROFIT FOR THE PERIOD		18,485	**11,572**	73,847	**54,875**
Other comprehensive income for the period, net of tax					
Other comprehensive income that can be reclassified to profit or loss, net of tax		7,169	**2,696**	18,599	**16,208**
Exchange differences on translation of foreign operations	(27)	6,607	2,751	18,017	14,181
Cash flow hedges	(22, 27)	562	–55	582	2,027
Other comprehensive income that cannot be reclassified to profit or loss, net of tax		–401	**–1,166**	–401	**–1,166**
Remeasurements of post employment benefit obligations, net of tax	(27, 29)	–401	–1,166	–401	–1,166
Other comprehensive income for the period, net of tax		6,768	**1,530**	18,198	**15,042**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		25,253	**13,102**	92,045	**69,917**
Profit attributable to					
Shareholders of the parent		18,510	11,553	73,680	54,722
Non-controlling interests		–25	19	167	153
		18,485	**11,572**	73,847	**54,875**
Total comprehensive income attributable to					
Shareholders of the parent		25,327	13,103	91,911	69,909
Non-controlling interests		–74	–1	134	8
		25,253	**13,102**	92,045	**69,917**
Undiluted earnings per share (in EUR)	**(15)**	0.58	**0.36**	2.31	**1.72**
Diluted earnings per share (in EUR)	**(15)**	0.58	**0.36**	2.31	**1.70**

Consolidated Statement of Cash Flows

T 036

in EUR thousands	Note	Q4 2015	Q4 2014	2015	2014
Operating activities					
Profit for the period		**18,485**	**11,572**	**73,847**	**54,875**
Depreciation and amortisation	(19, 20)	**12,909**	9,777	**49,094**	33,675
Gain (–)/loss (+) on disposal of property, plant and equipment		**150**	1	**72**	33
Change in provisions	(30)	**2,000**	345	**1,374**	174
Change in deferred taxes	(18)	**–6,237**	–923	**–7,158**	–1,911
Change in inventories, trade account receivables and other receivables, which are not attributable to investing or financing activities	(23, 24, 25, 26)	**12,338**	24,880	**–19,474**	–5,437
Change in trade and other payables, which are not attributable to investing or financing activities	(32, 33, 34)	**–6,953**	–2,861	**10,559**	–6,033
Change in reverse factoring liabilities		**–3,946**	–2,997	**5,690**	7,721
Payments for share based payments		**0**	0	**–2,265**	0
Interest expenses of the period		**2,740**	2,902	**13,599**	9,958
Expenses due to measurement of derivatives within a hedge		**2,732**	0	**12,610**	4,683
Other non-cash expenses (+)/income (–)	(36)	**–1,993**	–3,429	**–9,789**	–1,377
Net cash provided by operating activities		**32,225**	**39,267**	**128,159**	**96,361**
thereof interest received		**27**	56	**84**	275
thereof income taxes		**–21,788**	–10,446	**–44,228**	–37,360
Investing activities					
Payments for acquisitions of subsidiaries, net	(36, 40)	**0**	–226,404	**–52**	–232,190
Investments in property, plant and equipment and intangible assets	(19, 20)	**–15,975**	–9,346	**–44,793**	–33,175
Proceeds from sale of property, plant and equipment		**–75**	41	**378**	305
Net cash used in investing activities		**–16,050**	**–235,709**	**–44,467**	**–265,060**
Financing activities					
Payments for shares in a subsidiary		**0**	0	**0**	–907
Interest paid		**–4,536**	–865	**–13,926**	–9,492
Dividends paid to shareholders	(27)	**0**	0	**–23,897**	–22,304
Dividends paid to non-controlling interests		**–55**	–15	**–205**	–43
Proceeds from borrowings	(31)	**99,247**	229,553	**99,703**	229,870
Repayment of borrowings	(31)	**–83,658**	–7,258	**–94,076**	–129,257
Repayment of hedging derivatives		**–22,619**	–3,011	**–37,751**	–9,901
Repayment of lease liabilities		**–72**	–77	**–294**	–287
Net cash used in/provided by financing activities	**(36)**	**–11,693**	**218,327**	**–70,446**	**57,679**
Net change in cash and cash equivalents		**4,482**	**21,885**	**13,246**	**–111,020**
Cash and cash equivalents at beginning of the year		**94,965**	62,482	**84,271**	194,188
Effect of foreign exchange rates on cash and cash equivalents		**504**	–96	**2,434**	1,103
Cash and cash equivalents at end of the period		**99,951**	**84,271**	**99,951**	**84,271**

Consolidated Statement of Changes in Equity

in EUR thousands	Note	Attributable to equity holders of the parent Subscribed capital	Capital reserve
Balance as of 31 December 2013		**31,862**	**215,927**
Changes in equity for the period			
Result for the period			
Exchange differences on translation of foreign operations			
Cash flow hedges, net of tax	(22)		
Remeasurements of post employment benefit obligations, net of tax	(27, 29)		
Total comprehensive income for the period		**0**	**0**
Stock options	(28)		541
Dividends paid	(27)		
Dividends paid to non-controlling interests			
Total transactions with owners for the period		**0**	**541**
Balance as of 31 December 2014		**31,862**	**216,468**
Changes in equity for the period			
Result for the period			
Exchange differences on translation of foreign operations			
Cash flow hedges, net of tax	(22)		
Remeasurements of post employment benefit obligations, net of tax	(27, 29)		
Total comprehensive income for the period		**0**	**0**
Stock options	(28)		–6,145
Dividends paid	(27)		
Dividends paid to non-controlling interests			
Total transactions with owners for the period		**0**	**–6,145**
Balance as of 31 December 2015		**31,862**	**210,323**

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Attributable to equity holders of the parent				
Other reserves	Retained earnings	**Total**	Non-controlling interests	**Total equity**
–13,857	**84,966**	**318,898**	**1,004**	**319,902**
	54,722	**54,722**	153	**54,875**
14,326		**14,326**	–145	**14,181**
2,027		**2,027**		**2,027**
	–1,166	**–1,166**		**–1,166**
16,353	**53,556**	**69,909**	**8**	**69,917**
		541		**541**
	–22,304	**–22,304**		**–22,304**
		0	–43	**–43**
0	**–22,304**	**–21,763**	**–43**	**–21,806**
2,496	**116,218**	**367,044**	**969**	**368,013**
	73,680	**73,680**	167	**73,847**
18,050		**18,050**	–33	**18,017**
582		**582**		**582**
	–401	**–401**		**–401**
18,632	**73,279**	**91,911**	**134**	**92,045**
		–6,145		**–6,145**
	–23,897	**–23,897**		**–23,897**
		0	–205	**–205**
0	**–23,897**	**–30,042**	**–205**	**–30,247**
21,128	**165,600**	**428,913**	**898**	**429,811**

Segment Reporting

in EUR thousands	EMEA 2015	EMEA 2014	Americas 2015	Americas 2014	Asia-Pacific 2015	Asia-Pacific 2014
Total revenue	445,188	420,571	403,418	244,625	81,047	64,595
thereof inter-segment revenue	29,171	26,116	8,071	6,868	2,798	2,063
Revenue from external customers	**416,017**	**394,455**	**395,347**	**237,757**	**78,249**	**62,532**
Contribution to consolidated group sales	47 %	57 %	44 %	34 %	9 %	9 %
Gross profit[1]	261,322	246,872	237,376	131,113	36,762	29,414
Adjusted EBITDA[2]	**88,025**	**84,643**	**87,571**	**49,266**	**10,133**	**7,678**
Depreciation without PPA depreciation[3]	–9,964	–9,603	–7,872	–4,544	–2,463	–1,992
Adjusted EBITA[2]	**78,061**	**75,040**	**79,699**	**44,722**	**7,670**	**5,686**
Assets[4]	489,161	496,433	636,294	574,897	84,422	71,893
Liabilities[5]	136,903	145,082	358,563	346,317	30,805	23,116
CAPEX	14,425	13,057	17,752	16,215	5,597	5,757
Number of employees[6]	2,756	2,636	1,399	1,270	767	653

[1] Adjusted in 2015 and 2014 (→ Note 7).
[2] For details regarding the adjustments, refer to → Note 7.
[3] Depreciation from purchase price allocations.
[4] Including allocated goodwill; taxes are shown within the column “consolidation.”
[5] Taxes are shown within the column “consolidation.”
[6] Number of employees (average headcount). The change in employees of the central functions compared to prior year relates to employees, who are allocated to the region EMEA from 2015 on. In 2014, this affected 124 employees, who were then already working for the region EMEA.

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	Total segments		Central functions		Consolidation		Consolidated Group	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	929,653	729,791	**31,620**	27,591	**–71,660**	–62,638	**889,613**	694,744
	40,040	35,047	**31,620**	27,591	**–71,660**	–62,638	**0**	0
	889,613	**694,744**	**0**	**0**	**0**	**0**	**889,613**	**694,744**
	100 %	100 %						
	535,460	407,399	**n/a**	n/a	**–2,378**	–1,778	**533,082**	405,621
	185,729	**141,587**	**–8,017**	**–1,682**	**–233**	**–1,462**	**177,479**	**138,443**
	–20,299	–16,139	**–884**	–805	**0**	0	**–21,183**	–16,944
	165,430	**125,448**	**–8,901**	**–2,487**	**–233**	**–1,462**	**156,296**	**121,499**
	1,209,877	1,143,223	**404,821**	316,412	**–446,819**	–381,221	**1,167,879**	1,078,414
	526,271	514,515	**556,760**	476,205	**–344,963**	–280,319	**738,068**	710,401
	37,774	35,029	**4,392**	4,559	**n/a**	n/a	**42,166**	39,588
	4,922	4,559	**84**	188	**n/a**	n/a	**5,006**	4,747

Notes to the Consolidated Financial Statements

1. GENERAL INFORMATION

NORMA Group SE is the ultimate parent Company of NORMA Group. Its headquarters are located at 63477 Maintal, Edisonstrasse 4 in the vicinity of Frankfurt, Germany, and the Company is registered in the commercial register of Hanau under the number HRB 94473. NORMA Group SE and its affiliated Group subsidiaries operate in the market as 'NORMA Group.'

NORMA Group has been listed in the Prime Standard of Frankfurt Stock Exchange's Regulated Market since 8 April 2011. For a detailed overview of NORMA Group's shareholdings, please refer to the → appendix to the notes: 'Voting Rights.'

NORMA Group SE was established in 2006 as a result of the merger of Rasmussen GmbH and the ABA Group. Rasmussen was founded in 1949 as Rasmussen GmbH in Germany. It manufactured connecting and retaining elements as well as fluid conveying conduits such as monolayer and multilayer tubes and corrugated tubes. All products were marketed globally under the NORMA brand. ABA Group was founded in 1896 in Sweden. The Group has since developed into a leading multi-national Company specialising in the design and production of hose and pipe clamps, as well as connectors for many world-wide applications.

In 2007, NORMA Group acquired Breeze Industrial Products Corporation (USA) to strengthen its foothold in the Americas. Breeze had expanded its product offering to include a wide range of worm-drive, T-bolt and V-clamps for the commercial and passenger vehicle, heavy-duty vehicle, aircraft and further industrial markets. In 2010, NORMA Group acquired two further companies in America, R.G.RAY Corporation and Craig Assembly Inc., to become one of the country's leading suppliers of fastening and fixing products. In the financial years 2012 and 2013, more acquisitions were made in accordance with our acquisition strategy. In 2012, acquisitions were made in the regions of EMEA and Asia-Pacific. In 2013, NORMA Group focused on the regions EMEA, Americas and Asia-Pacific. On 31 October of financial year 2014, NORMA Group acquired National Diversified Sales, Inc. (NDS). By acquiring NDS, one of the leading US suppliers of storm water management, landscape irrigation and connecting flow management components for water infrastructure, NORMA Group is continuing its expansion course in the area of water management.

In past decades, NORMA Group has, driven by its successful acquisitions and continuous technological innovation with products and operations, developed into a group of companies of global importance. Today, NORMA Group markets its products to its customers via two different market channels: Engineered Joining Technologies (EJT) and Distribution Services (DS).

For Engineered Joining Technology (EJT) customers, NORMA Group offers tailor-made solutions and special engineered joining systems. To effectively fulfil special requirements, NORMA Group builds on extensive industry and application knowledge, a successful track record of innovation and long-standing relationships with all its key customers. As a result, many joining systems and fluid conveying conduits have been developed in close cooperation with global OEMs and NORMA Group.

For Distribution Services (DS) customers, NORMA Group offers a wide range of standard fastening and fixing products. Furthermore, NORMA Group offers a broad technological and innovative product portfolio which includes brands like ABA®, Breeze®, Clamp-All®, Connectors®, FISH®, Five Star®, Gemi®, NDS®, NORMA®, R.G.RAY®, Serflex®, TERRY® and TORCA®.

2. BASIS OF PREPARATION

The principal accounting policies applied in the preparation of these Consolidated Financial Statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The Consolidated Financial Statements of NORMA Group have been prepared in accordance with International Financial Reporting Standards and the relevant interpretations as adopted by the EU (IFRS) as well as with the regulations under commercial law as set forth in Section 315a of the German Commercial Code (HGB) for the year ended 31 December 2015.

The Consolidated Statement of Comprehensive Income has been prepared in accordance with the total cost method.

The Consolidated Financial Statements of NORMA Group SE were prepared by the Management Board on 10 March 2016 and released for publication after they were approved by the Supervisory Board on 21 March 2016.

The Consolidated Financial Statements of NORMA Group are being filed with and published in the German Federal Gazette (Bundesanzeiger).

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the Consolidated Financial Statements are disclosed in → Note 6 'Critical Accounting Estimates and Judgements.'

New and amended standards adopted by the Group for the first time in 2015

The following new standards or amendments to standards which are applied for the first time for the financial year beginning 1 January 2015 did not have a material impact on NORMA Group's financial positions, cash flows and financial performance.

NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP FOR THE FIRST TIME — T 039

New or revised standards	Amendments
IFRIC Interpretation 21: Levies	The new standard is applicable to all levies other than outflows that are within the scope of other standards (e.g., IAS 12 Income Taxes) and fines or other penalties for breaches of legislation. The interpretation clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability is recognised before the specified minimum threshold is reached.
Annual Improvements to IFRSs: 2011–2013 Cycle	The IASB published, as part of its annual improvements project, Annual Improvements to IFRSs: 2011–2013 Cycle, which include different amendments to several International Financial Reporting Standards (IFRSs). The amendments are intended to clarify the requirements and not to change the accounting practice.

Standards, amendments and interpretations of existing standards that are not yet effective and have not been adopted early by the Group

The following standards and amendments to existing standards have been published and application is mandatory for all accounting periods beginning on or after 1 January 2016. The Group has decided against an early adoption.

1) **Standards, amendments and interpretations to existing standards that have already been endorsed by the EU (with reference to each respective EU effective date):**

STANDARDS, AMENDMENTS AND INTERPRETATIONS TO EXISTING STANDARDS THAT HAVE ALREADY BEEN ENDORSED BY THE EU — T 040

New or revised standards	EU endorsement date	Amendments
Amendments to IAS 19: Defined Benefit Plans: Employee Contributions	17 Dec 14	IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. The amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. The amendments are effective for annual periods beginning on or after 1 February 2015. The Group does not expect a material impact on its Consolidated Financial Statements from these amendments.
Amendments to IFRS 11: Accounting for Acquisition of Interests in Joint Operations	24 Nov 15	This amendment provides new guidance on how to account for the acquisition of an interest in a joint venture operation that constitutes a business. The amendments require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a 'business.' The amendments are applicable to both the acquisition of the initial interest in a joint operation and the acquisition of additional interest in the same joint operation. However, a previously held interest is not re-measured when the acquisition of an additional interest in the same joint operation results in retaining joint control. The amendments apply prospectively for annual periods beginning on or after 1 January 2016. The Group does not expect a material impact on its Consolidated Financial Statements from these amendments.
Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	2 Dec 15	This amendment clarifies that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. This has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The presumption may only be rebutted in certain limited circumstances. These are where the intangible asset is expressed as a measure of revenue; or where it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated. The amendments apply prospectively for annual periods beginning on or after 1 January 2016. The Group does not expect a material impact on its Consolidated Financial Statements from these amendments.
Amendments to IAS 1: Presentation of financial statements	18 Dec 2015	On 18 December 2014, the IASB issued Amendments to IAS 1: Presentation of financial statements. The amendments emphasise the concept of materiality to avoid several application issues. The amendments clarify that an entity must not reduce the understandability of its financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions. The aim of these clarifications is to relieve IFRS financial statements of non-essential information while promoting the exchange of relevant information. Furthermore, the understandability of financial statement information shall not be limited by summarising relevant and irrelevant information or by aggregating main items with different characteristics or functions. The amendments result in the deletion of a model structure of the notes towards consideration of company-specific relevance, whereby it is explicitly clarified that companies should take the impact on the readability and comparability of their IFRS financial statements into account in determining the structure of their notes. Furthermore, companies are expected to take the nature of their business and the methods by which the addressees most likely expect to receive information into consideration in determining the accounting policies to be listed. The amended standard also contains explanations on aggregation and disaggregation of items in the balance sheet and the income statement, and clarification as to how shares of other comprehensive income of companies to be accounted for using the equity method are to be presented in the statement of comprehensive income. The amendments are effective in reporting periods beginning on or after 1 January 2016. Earlier application is permitted. The Company is currently assessing the impact of application of the amendments to its financial statements.

In December 2014, as part of its annual improvements project, the International Accounting Standards Board (IASB) issued Annual Improvements to IFRSs: 2010–2012 Cycle, which propose amendments to several International Financial Reporting Standards (IFRSs). The Annual Improvements to IFRSs: 2010–2012 Cycle was endorsed on 17 December 2014 and are effective for annual periods beginning on or after 1 February 2015. The amendments are intended to clarify the requirements and not to change the accounting practice.

In September 2014, as part of its annual improvements project, the International Accounting Standards Board (IASB) issued Annual Improvements to IFRSs: 2012–2014 Cycle, which contain five amendments to four standards, excluding consequential amendments. The Annual Improvements to IFRSs: 2012–2014 Cycle was endorsed on 15 December 2015 and are effective for annual periods beginning on or after 1 January 2016. The amendments are intended to clarify the requirements and not to change the accounting practice. The Group therefore does not expect a material impact on its Consolidated Financial Statements from these amendments

2) Standards, amendments and interpretations to existing standards that have not been endorsed by the EU:

STANDARDS, AMENDMENTS AND INTERPRETATIONS TO EXISTING STANDARDS THAT HAVE NOT BEEN ENDORSED BY THE EU

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New or revised standards	Amendments
IFRS 9: Financial Instruments	In July 2014, the IASB finalised the reform of financial instruments accounting and issued IFRS 9, which will supersede IAS 39 Financial Instruments: Recognition and Measurement. The completed IFRS 9 contains the requirements for the classification and measurement of financial assets and liabilities, the impairment methodology, and the general hedge accounting. **Classification and measurement of financial assets and financial liabilities** IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. **Impairment methodology** The impairment model under IFRS 9 reflects expected credit losses, as opposed to incurred credit losses under IAS 39. Under the impairment approach in IFRS 9, it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. **Hedge accounting** IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually uses for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The new standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is currently assessing the impact of adopting IFRS 9 on the Group's Consolidated Financial Statements.
IFRS 15: Revenue from Contracts with Customers	In May 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance. The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition: 1. Identify the contract(s) with a customer; 2. Identify the performance obligations in the contract; 3. Determine the transaction price; 4. Allocate the transaction price to the performance obligations in the contract; 5. Recognise revenue when (or as) the entity satisfies a performance obligation. Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when control of the goods or services underlying the particular performance obligation is transferred to the customer. Key changes to current practice are: • Any bundled goods or services that are distinct must be recognised separately, and any discounts or rebates on the contract price must generally be allocated to the separate elements. • Revenue may be recognised earlier than under current standards if the consideration varies for any reasons (such as for incentives, rebates, performance fees, royalties, success of an outcome etc). • The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa. • There are new specific rules e.g. on licenses, warranties, non-refundable upfront fees and consignment arrangements. Furthermore, extensive disclosures are required by IFRS 15. In September 2015, the IASB issued amendments to this standard, which move the effective date to accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is currently assessing the impact of adopting IFRS 15 on the Group's Consolidated Financial Statements.

New or revised standards	Amendments
Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception	On 18 December 2014, the IASB issued Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception, which address several application issues regarding the consolidation exception for investment entities. Furthermore, the ISAB amends IFRS 12 to clarify that an investment entity that prepares financial statements in which all of its subsidiaries are measured at fair value through profit or loss have to present the disclosures required by IFRS 12 for investment entities. The amendments apply retrospectively for annual periods beginning on or after 1 January 2016. The Group does not expect a material impact on its Consolidated Financial Statements from these amendments.
IFRS: 16 Leases	The IASB issued the new leasing standard IFRS 16, Leases on 13 January 2016, which replaces the previous leases standard IAS 17 and related interpretations. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). The new standard affects particularly lessees, as almost all leases will be recognised on the lessee's balance sheet. The lessor accounting requirements in IAS 17 will be substantially carried forward by IFRS 16. IFRS 16 eliminates, with only few exceptions, the distinction between finance and operating leases for lessees. Instead, the standard adopts a single lessee accounting model. Applying that model, a lessee is required to recognise a right-of-use asset and a lease liability and depreciation of lease assets separately from interest on lease liabilities in the income statement. The lease liability includes the present value of the outstanding future lease payments plus residual value guarantees. Exceptions exist for leases with a term of less than 12 months and leases with an underlying asset of low value (primarily "small IT equipment"). Those leases are recognised according to the existing operating leases. A lessor continues to classify its leases as operating or finance leases, and to account for those two types of leases differently. The new standard is effective for accounting periods beginning on or after 1 January 2019. Early adoption is permitted. The Group is currently assessing the impact of adopting IFRS 16 on the Group's Consolidated Financial Statements.

The IASB issued various other pronouncements. These recently adopted pronouncements as well as pronouncements not yet adopted will not have a material impact on NORMA Group's Consolidated Financial Statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

1. Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of an investee begins from the date the Group obtains control of the investee and ceases when the Group loses control of the investee.

The Group uses the acquisition method of accounting to account for business combinations. The initial value for the acquisition of a subsidiary is recognised at fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The initial value recognised includes the fair value of any asset or liability resulting from a contingent consideration arrangement. On the acquisition date, the fair value of contingent consideration is recognised as part of the consideration transferred in exchange for the acquiree. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the acquisition date. According to IFRS 3 (revised), for each business combination the acquirer shall measure any non-controlling interest in the acquiree either at fair value (full goodwill method) or at the non-controlling interest's proportionate share of the acquiree's net assets. The Group measures the non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired, is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised immediately in the statement of comprehensive income.

In a business combination achieved in stages, the Group remeasures its previously held equity interest in the acquiree at its acquisition date fair value and recognises the resulting gain or loss, if any, in profit or loss.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Non-controlling interests

Non-controlling interests have a share in the earnings of the reporting period. Their interests in the shareholders' equity of subsidiaries are reported separately from the equity of the Group.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the subsidiary is remeasured at its fair value, with the change in the carrying amount recognised in profit or loss. The initial carrying amount is the fair value for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2. Valuation methods

The following table shows the most important valuation methods:

VALUATION METHODS T 042

Position	Valuation method
Assets	
Goodwill	Impairment-only approach
Other intangible assets (except goodwill) – finite useful lives	Amortised costs
Other intangible assets (except goodwill) – indefinite useful lives	Impairment-only approach
Property, plant and equipment	Amortised costs
Derivative financial assets:	
Classified as cash flow hedge	At fair value in other comprehensive income
Classified as fair value hedge	At fair value through profit or loss
Without hedge accounting	At fair value through profit or loss
Inventories	Lower of cost or net realisable value
Other non-financial assets	Amortised costs
Other financial assets	Amortised costs
Trade and other receivables	Amortised costs
Cash and cash equivalents	Nominal amount
Liabilities	
Pensions	Projected unit credit method
Other provisions	Present value of future settlement amount
Borrowings	Amortised costs
Other non-financial liabilities	Amortised costs
Other financial liabilities (categories IAS 39):	
Financial liabilities at cost (FLAC)	Amortised costs
Derivative financial liabilities:	
Classified as cash flow hedge	At fair value in other comprehensive income
Classified as fair value hedge	At fair value through profit or loss
Without hedge accounting	At fair value through profit or loss
Contingent consideration	At fair value through profit or loss
Trade and other payables	Amortised costs

3. Fair value estimation

The amendment to IFRS 7 for financial instruments that are measured in the statement of financial position at fair value in accordance with IFRS 13 requires disclosure of fair value measurements by level using the following fair value measurement hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities,

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is as prices) or indirectly (that is derived from prices) and

Level 3: Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in total is determined on the basis of the lowest level input that is significant to the fair value measurement in total. The different hierarchy levels demand different amounts of disclosure.

On 31 December 2015 and 2014, the Group's derivative financial instruments carried in the statement of financial position at fair value (i.e. trading derivatives and derivatives used for hedging) are categorised in total within level 2 of the fair value hierarchy. The fair value of interest rate swaps and cross-currency-swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using a present value model based on forward exchange rates.

Contingent considerations, recognised in the balance sheet as of 31 December 2015 and 2014, measured at fair value, are within level 3 of the fair value hierarchy (→ Note 21 'Financial Instruments').

4. Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Consolidated Financial Statements are prepared in 'euros' (EUR), which is NORMA Group SE's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the actual exchange rates on the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'financial income / costs.' All other foreign exchange gains and losses are presented in profit or loss within 'other operating income / expenses.'

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each Consolidated Statement of Financial Position presented are translated at the closing rate on the date of that Consolidated Statement of Financial Position;
- income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the actual rate on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

Goodwill and fair value adjustments arising through the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

The exchange rates of the currencies affecting foreign currency translation are as follows:

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	Spot rate		Average rate	
per EUR	**31 Dec 2015**	31 Dec 2014	**2015**	2014
Australian dollar	**1.4897**	1.4829	**1.4773**	1.4726
Brazilian real	**4.3117**	3.2207	**3.6935**	3.1233
Chinese renminbi yuan	**7.0608**	7.5358	**6.9747**	8.1872
Swiss franc	**1.0835**	1.2024	**1.0679**	1.2145
Czech koruna	**27.0230**	27.7350	**27.2832**	27.5355
British pound sterling	**0.7340**	0.7789	**0.7262**	0.8063
Indian rupee	**72.0215**	76.7190	**71.1975**	81.0565
Japanese yen	**131.0700**	145.2300	**134.3315**	140.3813
South Korean won	**1,280.7800**	1,324.8000	**1,256.0469**	1,398.6418
Malaysian ringgit	**4.6959**	4.2473	**4.3318**	4.3459
Mexican peso	**18.9145**	17.8679	**17.6063**	17.6665
Polish złoty	**4.2639**	4.2732	**4.1827**	4.1857
Serbian dinar	**121.5970**	121.0000	**120.6521**	117.2599
Russian ruble	**80.6736**	72.3370	**67.9736**	50.9998
Swedish krona	**9.1895**	9.3930	**9.3539**	9.1011
Singapore dollar	**1.5417**	1.6058	**1.5251**	1.6826
Thai baht	**39.2480**	39.9100	**38.0130**	43.1518
Turkish lira	**3.1765**	2.8320	**3.0231**	2.9068
US dollar	**1.0887**	1.2141	**1.1100**	1.3286

5. Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary on the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets.' Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

(b) Development costs

Costs of research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding are expensed as incurred. Costs for development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, are capitalised if

- development costs can be measured reliably,
- the product or process is technically and commercially feasible,
- future economic benefits are probable.

Furthermore, NORMA Group intends, and has sufficient resources, to complete development and use or sell the asset. The costs capitalised include the cost of materials, direct labour and other directly attributable expenditure that serves to prepare the asset for use. Such capitalised costs are included in profit or loss in line 'own work capitalised.' Capitalised development costs are stated at cost less accumulated amortisation and impairment losses with an amortisation period of generally three to five years. Development costs which did not meet the requirements are expensed as incurred.

(c) Other intangible assets

Separately acquired other intangible assets are shown at historical cost less accumulated amortisation. Intangible assets acquired in a business combination are recognised at fair value on the acquisition date. Other intangible assets which have a finite useful life will be amortised over their estimated useful life. Amortisation is calculated using the straight-line method to allocate their cost. Other intangible assets which are determined to have indefinite useful lives as well as intangible assets not yet available for use are not amortised, but instead tested for impairment at least annually. Furthermore, other intangible assets which are determined to have indefinite useful life and therefore are not amortised, will be reviewed each period to determine whether events and circumstances continue to support an indefinite useful life assessment for these assets.

In general, the Group's other intangibles are not qualifying assets in accordance with IAS 23 and borrowing costs eligible for capitalisation therefore do not exist.

The useful lives of other intangible assets acquired in a business combination are estimates based on the economics of each specific asset which were determined in the process of the purchase price allocation. The major part of these assets are brand names and customer lists.

The estimated useful lives for other intangible assets are as follows:

- Patents: 5 to 10 years
- Customer lists: 4 to 20 years
- Technology: 10 to 20 years
- Licences, rights: 3 to 5 years
- Trademarks: indefinite or 20 years
- Software: 3 to 5 years
- Development costs: 3 to 5 years

Other intangible assets with indefinite useful lives are essentially brand names, for which the end of usability is not foreseeable and therefore indeterminable. These brand names result from acquisitions. For these brand names an indefinite useful life is assumed. Based on a market perspective there are no clear indications for a definite useful life of these brand names as they have been well-established in the market for many years.

6. Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation and impairment loss, if substantial. Historical cost includes expenditure that is directly attributable to the acquisition of the items and, if any, the present value of estimated costs for dismantling and removing the assets, restoring the site on which it is allocated. Borrowing costs eligible for capitalisation in the sense of IAS 23 were not available.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is foreseeable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance expenses are charged to profit or loss during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, on each balance sheet date.

An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income / expenses.'

The estimated useful lives for property, plant and equipment are as follows:

- Buildings: 8 to 33 years
- Machinery and technical equipment: 3 to 18 years
- Tools: 3 to 10 years
- Other equipment: 2 to 20 years
- Land is not depreciated

7. Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment, as well as whenever there are indications that the carrying amount of the cash-generating unit (CGU) is impaired. If the impairment loss recognised for the CGU exceeds the carrying amount of the allocated goodwill, the additional amount of the impairment loss is recognised through a pro-rata reduction of the carrying amount of the assets allocated to the CGU. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment on each reporting date.

8. Inventories

Inventories are stated at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated variable selling costs. Cost is determined using the weighted-average-method. The cost of finished goods and work in progress comprises of design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Inventories of the Group are not qualifying assets in accordance with IAS 23, so that the acquisition or production costs do not include being capitalised borrowing costs.

9. Financial instruments

Financial assets

Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available-for-sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

In the current and in the previous financial year, all financial assets, except for derivative financial instruments, are classified to the category loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables' (→ paragraph 12) and 'cash and cash equivalents' (→ paragraph 13) in the statement of financial position.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are carried at amortised cost using the effective interest method.

Impairment of financial assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has (have) an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine if there is objective evidence of an impairment loss include:

- Financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
    i. Adverse changes in the payment status of borrowers in the portfolio; and
    ii. National or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognised in profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

Impairment testing of trade receivables is described in → paragraph 12.

Financial liabilities

Financial liabilities primarily include trade payables, liabilities to banks, derivative financial liabilities (→ paragraph 11) and other liabilities.

a) Financial liabilities that are measured at amortised cost
After initial recognition, financial liabilities are carried at amortised cost using the effective interest method. In this category, in particular, trade payables, liabilities to banks and other financial liabilities are classified.

b) Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include derivative financial instruments unless they are designated as hedges and contingent purchase price liabilities. Gains or losses on financial liabilities that are measured at fair value through profit or loss are included in profit or loss.

10. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the Consolidated Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. At NORMA Group, arrangements exist which do not meet the criteria for netting in the Consolidated Statement of Financial Position according to IAS 32.42, as they allow netting only in the case of future events such as default or insolvency on the part of the Group or the counterparty.

The following table presents the recognised financial instruments that are offset, or subject to enforceable master netting arrangements and other similar agreements but not offset, as of 31 December 2015.

OFFSETTING OF FINANCIAL INSTRUMENTS T 044

31 December 2015 in EUR thousands	Gross amounts of financial assets/ financial liabilities	Gross amounts of financial assets/ financial liabilities offset in the statement of financial positions	**Net amounts recognised in the statement of financial positions**	Amounts that are not offset in the statement of financial positions: Financial instruments	**Net amount**
Financial assets					
Derivative financial instruments (b)	248	0	**248**	248	**0**
Trade and other receivables (a)	123,195	330	**122,865**	0	**122,865**
Other financial assets	3,856	0	**3,856**	0	**3,856**
Cash and cash equivalents	99,951	0	**99,951**	0	**99,951**
Total	**227,250**	**330**	**226,920**	**248**	**226,672**
Financial liabilities					
Borrowings	450,767	0	**450,767**	0	**450,767**
Derivative financial instruments (b)	3,386	0	**3,386**	248	**3,138**
Trade and other payables (a)	101,207	330	**100,877**	0	**100,877**
Other financial liabilities	6,700	0	**6,700**	0	**6,700**
Total	**562,060**	**330**	**561,730**	**248**	**561,730**

As of 31 December 2014, no financial instruments were netted in the balance sheet or subject to an enforceable master netting arrangement.

(a) Offsetting arrangements
NORMA Group gives volume-based rebates to selected customers. Under the terms of the supply agreements, the amounts payable by NORMA Group are offset against receivables from the customers and only the net amounts are settled. The relevant amounts have therefore been presented net in the balance sheet.

(b) Master netting arrangements – not currently enforceable
Agreements with derivative counterparties are based on an ISDA Master Agreement and other corresponding national master agreements, such as the corresponding German Framework Agreement. These arrangements do not meet the offsetting criteria, because they allow netting only in the case of future events such as default or insolvency on the part of the Group or the counterparty. The table above shows the impact on the Group's balance sheet if all set-off rights were exercised.

11. Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

(a) Derivative financial instruments not designated as hedges
Gains and losses from derivatives that are not designated as hedges (trading derivatives) are recognised in profit or loss. Trading derivatives are classified as non-current assets or liabilities in accordance with IAS 1.68 and 1.71 if they are due after more than one year; otherwise they are classified as current.

(b) Derivative financial instruments designated as hedges
Derivatives included in hedge accounting are generally designated as either:

- Hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedge);
- Hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge); or
- Hedges of a net investment in a foreign operation (net investment hedge).

The entities of NORMA Group use derivative financial instruments for the hedging of future cash flows and for intragroup monetary items, which are between two Group entities that have different functional currencies. Derivatives such as swaps and forwards are used as hedging instruments. The accounting treatment of a change in the fair value of hedging instruments depends on the nature of the hedging relationship. In the case of hedges of future cash flows (cash flow hedges), the hedging instruments are measured at fair value. Gains and losses from remeasurement of the effective portion of the derivatives are initially recognised in the other reserves within equity, and are only recognised in the income statement when the hedged item is recognised in profit or loss; the ineffective portion of a cash flow hedge is recognised immediately in profit or loss. Amounts accumulated in other comprehensive income are reclassified to profit or loss in the periods when the hedged item affects profit or loss.

In the case of a hedge against foreign exchange rate gains and losses on intragroup monetary items, which are not fully eliminated on consolidation (fair value hedges), gains and losses from the remeasurement of the hedging instruments as well as foreign exchange rate gains and losses of the hedged item are recognised in profit or loss.

At the inception of the transaction, the relationship between the hedging instrument and hedged item is documented, as well as the risk management objectives and strategy for undertaking the hedging transaction. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in the cash flows of hedged items.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

The fair values of derivative financial instruments used for hedging purposes and of those held for trading are disclosed in → Note 22 'Derivative Financial Instruments.' Movements on the hedging reserve in equity are shown in → Note 22 and 27 'Equity.'

12. Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected within one year or less, they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are classified as loans and receivables in accordance with IAS 39 and recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. An allowance for doubtful accounts of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. In addition to the required individual bad debt allowances, the Group will determine a portfolio-based bad debt allowance considering the aging structure for trade receivables to cover general credit risk if this is applicable.

13. Cash and cash equivalents

Cash and cash equivalents are measured at their nominal value and include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less and which are subject only to insignificant risk of change in value. Bank overdrafts are shown within borrowings in current liabilities on the Consolidated Statement of Financial Position.

14. Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

The Group participates in a reverse factoring programme as well as in an ABS programme. The payments to the factor and from the ABS programme are included in trade and other payables, as this represents the economic substance of the transactions.

15. Borrowings

Borrowings are recognised initially at fair value, net of directly attributable transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

16. Current and deferred income tax

The tax expenses for the period are comprised of current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted on the balance sheet date in the countries where the Group's subsidiaries operate. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Statements and on tax losses carried forward and not yet used tax credits. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

A surplus of deferred income tax assets is recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

For taxable temporary differences arising on investments in subsidiaries and associates, deferred tax liabilities are recognised, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

17. Employee benefits

(a) Pension obligations

Group companies operate different pension schemes. NORMA Group has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions to a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. The major defined benefit plan is the German benefit plan which defines the amount of pension benefit that an employee will receive on retirement to depend on years of service and compensation.

The liability recognised in the Consolidated Statement of Financial Position with respect to defined benefit pension plans is the present value of the defined benefit obligation on the balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions, as well as returns on plan assets, which are not included within the net interest on the defined benefit liability, are recognised within retained earnings in the other comprehensive income (OCI).

Past service costs are recognised fully in the period of the related plan amendment.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefits expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits as a liability and expense on the earlier date of: (a) when the entity can no longer withdraw the offer of those benefits; or (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. Benefits falling due more than 12 months after the balance sheet date are discounted to their present value.

(c) Short-term employee benefits

Employee benefits with short-term payment dates include wages and salaries, social security contributions, vacation pay and sickness benefits and are recognised as liabilities at the repayment amount as soon as the associated job has been performed.

(d) Provisions for other long-term employee benefits

Provisions for obligations similar to pensions (such as anniversary allowances and death benefits) are comprised of the present value of future payment obligations to the employee less any associated assets measured at fair value. The amount of provisions is determined on the basis of actuarial opinions in line with IAS 19. Gains and losses from the remeasurement are recognised in profit or loss in the period in which they are incurred.

18. Share-based payment

Share-based payment plans issued in NORMA Group are accounted for in accordance with IFRS 2 "Share-based payment." In accordance with IFRS 2, NORMA Group in principle distinguishes between equity-settled and cash-settled plans. The financial interest from equity-settled plans granted on grant date is generally allocated over the expected vesting period against equity until the exit event occurs. Expenses from cash-settled plans are generally also allocated over the expected vesting period until the exit event occurs, but against accruals. A description of the plans existing within the NORMA Group can be found in → Note 28 'Share-based Payments.'

19. Provisions

Provisions are recognised when the Group has a present legal or constructive obligation to third parties as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation taking into account all identifiable risks. Provisions are discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

In addition to the expected amount of cash outflows, uncertainties also exist regarding the time of outflows. If it is expected that the outflows will take place within one year, the relevant amounts are reported in the short-term provisions.

When the Group expects a refund for a provision, this refund is recognised in accordance with IAS 37.53 as a separate asset. If the refund is in a close economic relationship with the recognised provision, the expenses from the provision are netted with the income from the corresponding refund in profit or loss.

Income from the release of non-utilised provisions from prior years are recorded within other operating income.

20. Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

Sale of goods

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when the significant risks and rewards, associated with ownership of the goods sold, have been transferred to the buyer. The above criteria are regularly fulfilled if the beneficial ownership has been transferred to the customer in accordance with the agreed Incoterms. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customers, the type of transaction and the specifics of each arrangement.

Development contracts

Revenues from customer-specific fixed price development contracts are recognised with the percentage of completion method

(PoC method) in accordance with IAS 11 if the outcome can be reliably measured. The stage of completion is calculated on the basis of the proportional of contract costs incurred to the estimated total contract costs. An expected loss on a construction contract is expensed immediately.

The percentage of completion method places considerable importance on accurate estimates of the extent of progress towards completion and may involve estimates on the scope of deliveries and services required for fulfilling the contractually defined obligations. These estimates include total contract costs, total contract revenues, contract risks, including technical risks and other judgments. Under the percentage of completion method, changes in estimates may lead to an increase or decrease in revenue. The creditworthiness of our customers is taken into account in estimating the probability that economic benefits associated with a contract will flow to the Company.

21. Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Leases where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lesser of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant periodic rate of interest on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other financial liabilities. The interest element of the finance cost is charged to profit or loss over the lease period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

The Group's leases include both, operating leases and finance leases, which relate mainly to property and equipment.

22. Government grants

Government grants are not recognised until there is reasonable assurance that the conditions attached to them are complied with and that the grants will be received.

Government grants for the compensation of expenses incurred are recognised in profit or loss as part of the other operating income on a systematic basis over the periods in which the related costs are expensed that the grants are intended to compensate for.

Grants related to non-depreciable assets are recognised in profit or loss as part of the other operating income over the periods that bear the cost of meeting the obligations.

Grants related to depreciable assets are recognised in profit or loss over the periods that bear the expense related to the depreciation of the underlying assets and are recognised as deferred income in the statement of financial positions. The deferred income is recognised in profit or loss on a straight-line basis over the expected useful life of the underlying asset and reported as part of other operating income.

4. SCOPE OF CONSOLIDATION

With NORMA Group SE, the Consolidated Financial Statements contain all domestic and foreign companies which NORMA Group SE controls directly or indirectly.

The Consolidated Financial Statements of 2015 include seven domestic (31 December 2014: seven) and 38 foreign (31 December 2014: 39) companies.

The composition of the Group changed as follows:

CHANGE IN SCOPE OF CONSOLIDATION

T 045

	2015			2014		
	Total	Domestic	Foreign	Total	Domestic	Foreign
As of 1 January	46	7	39	45	7	38
Additions	0	0	0	2	0	2
of which newly founded	0	0	0	1	0	1
of which acquired	0	0	0	1	0	1
Disposals	1	0	1	1	0	1
of which no longer consolidated	1	0	1	1	0	1
As of 31 December	45	7	38	46	7	39

In 2015, Nordic Metalblok S.r.l. was liquidated and thus deconsolidated.

For a detailed overview of NORMA Group's shareholdings, please refer to the following chart:

LIST OF GROUP COMPANIES OF NORMA GROUP AS OF 31. DECEMBER 2015 T 046

No.	Company	Registered address	held by	Share in % direct parent company	Share in % of NORMA Group SE	Currency	Equity [1]	Result [1]
Central Functions								
01	**NORMA Group SE**	**Maintal, Germany**						
02	NORMA Group APAC Holding GmbH	Maintal, Germany	01	100.00	100.00	kEUR	39	–2
03	NORMA Group Holding GmbH	Maintal, Germany	01	100.00	100.00	kEUR	106,814	0 [2]
Segment EMEA								
04	NORMA Distribution Center GmbH	Marsberg, Germany	03	94.80	100.00	kEUR	2,175	0 [2]
05	DNL GmbH & Co KG	Maintal, Germany	03	100.00	100.00	kEUR	6,543	1
06	NORMA Germany GmbH	Maintal, Germany	03	94.90	100.00	kEUR	56,306	0 [2]
07	NORMA Türkei Verwaltungs GmbH	Maintal, Germany	03	100.00	100.00	kEUR	20	–2
08	DNL France S.A.S	Briey, France	03	100.00	100.00	kEUR	31,462	629
09	NORMA Distribution France S.A.S.	La Queue En Brie, France	08	100.00	100.00	kEUR	4,332	679
10	NORMA France S.A.S.	Briey, France	08	100.00	100.00	kEUR	3,147	–1,746
11	DNL UK Ltd.	Newbury, Great Britain	03	100.00	100.00	kGBP	3,384	–406
12	NORMA UK Ltd.	Newbury, Great Britain	11	100.00	100.00	kGBP	31,793	6,264
13	NORMA Italia SpA	Gavardo, Italy	03	100.00	100.00	kEUR	5,852	1,609
14	Groen Bevestigingsmaterialen B.V.	Purmerend, Netherlands	03	60.00	90.00	kEUR	1,406	1,229
15	NORMA Netherlands B.V.	Delft, Netherlands	19	100.00	100.00	kEUR	4,644	462
16	NORMA Polska Sp. z o.o.	Slawniów, Poland	03	100.00	100.00	kPLN	116,525	33,302
17	NORMA Group Distribution Polska Sp. z.o.o.	Krakow, Poland	16	100.00	100.00	kPLN	5,100	513
18	NORMA Group CIS LLC	Togliatti, Russian Federation	03	99.96	100.00	kRUR	110,504	14,218
19	DNL Sweden AB	Stockholm, Sweden	03	100.00	100.00	kSEK	78,062	1,653
20	NORMA Sweden AB	Stockholm, Sweden	19	100.00	100.00	kSEK	172,847	39,655
21	Connectors Verbindungstechnik AG	Tagelswangen, Switzerland	03	100.00	100.00	kCHF	9,231	1,892
22	NORMA Grupa Jugoistocna Evropa d.o.o.	Subotica, Serbia	03	100.00	100.00	kRSD	2,335,283	–18,068
23	Fijaciones NORMA S.A.	Barcelona, Spain	03	100.00	100.00	kEUR	4,550	894
24	NORMA Czech, s.r.o.	Hustopece, Czech Republic	03	100.00	100.00	kCZK	343,596	56,206
25	NORMA Turkey Baglanti ve Birlestirme Teknolojileri Sanayi ve Ticaret Limited Sirketi	Besiktas, Istanbul, Turkey	07	100.00	100.00	kTRL	2,734	801
Segment Americas								
26	Craig Assembly Inc.	St. Clair, USA	29	100.00	100.00	kUSD	34,360	7,407
27	NORMA Michigan Inc.	Auburn Hills, USA	29	100.00	100.00	kUSD	71,723	3,189
28	NORMA US Holding LLC	Saltsburg, USA	29	100.00	100.00	kUSD	24,138	–1,350
29	NORMA Pennsylvania Inc.	Saltsburg, USA	01	100.00	100.00	kUSD	116,275	1,903
30	R.G.RAY Corporation	Auburn Hills, USA	29	100.00	100.00	kUSD	91,433	9,161
31	National Diversified Sales, Inc.	Woodland Hills, USA	29	100.00	100.00	kUSD	199,033	22,131
32	NORMA do Brasil Sistemas De Conexão Ltda.	São Paulo, Brazil	29	97.80	100.00	kBRL	30,109	–9,733
33	NORMA Group México S. de R.L. de C.V.	Monterrey, Mexico	27	99.40	100.00	kUSD	6,366	3,094
34	NORMA Distribution and Services S. de R.L. de C.V.	Juarez, Mexico	27	99.00	100.00	kMXN	819	692
Segment Asia-Pacific								
35	NORMA Pacific Pty. Ltd.	Melbourne, Australia	43	100.00	100.00	kAUD	14,001	–2,020
36	Guyco Pty Limited	Adelaide, Australia	35	100.00	100.00	kAUD	6,550	1,479
37	NORMA China Co., Ltd.	Qingdao, China	03	100.00	100.00	kCNY	131,629	30,088
38	NORMA EJT (Changzhou) Co., Ltd.	Changzhou, China	43	100.00	100.00	kCNY	26,974	–8,818
39	NORMA Group Products India Pvt. Ltd.	Pune, India	43	99.99	100.00	kINR	339,025	–3,304
40	NORMA Japan Inc.	Osaka, Japan	43	60.00	60.00	kJPY	145,662	23,067
41	NORMA Products Malaysia Sdn. Bhd. (vormals Chien Jin Plastic Sdn. Bhd.)	Ipoh, Malysia	43	100.00	100.00	kMYR	27,363	5,011
42	NORMA Korea Inc.	Seoul, Republic of Korea	43	100.00	100.00	kKRW	494,287	339,599
43	NORMA Group Asia Pacific Holding Pte. Ltd	Singapore, Singapore	01	100.00	100.00	kSGD	60,066	67
44	NORMA Pacific Asia Pte. Ltd.	Singapore, Singapore	43	100.00	100.00	kSGD	–73	–428
45	NORMA Pacific (Thailand) Ltd.	Chonburi, Thailand	43	100.00	100.00	kTHB	95,603	22,918

[1] Reported values according to IFRS as of 31 December 2015; except for NORMA Group Holding GmbH, NORMA Germany GmbH, NORMA Distribution Center GmbH and DNL GmbH & Co. KG; these values are prepared according to German GAAP as of 31 December 2015 but not yet finally audited. The values are translated with the exchange rates according to → Note 3.4.

[2] A profit-pooling-contract exists.

5. FINANCIAL RISK MANAGEMENT

1. Financial risk factors

The Group's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. The Group's financial risk management focuses on the unpredictability of financial markets and seeks to minimise its potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Financial risk management is carried out by a central treasury department (Group Treasury). The necessary responsibilities and controls associated with risk management are determined by Group management. Group Treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units.

Market risk

(i) Foreign exchange risk

NORMA Group operates internationally in around 100 different countries and is exposed to foreign exchange risk arising from the exposure to various currencies – primarily with respect to the US dollar, the British pound sterling, the Chinese renminbi yuan, the Indian rupee, the Polish złoty, the Swedish krona, the Swiss franc, the Serbian dinar and the Singapore dollar.

The effects of changes in foreign exchange rates are analysed below for financial assets and liabilities denominated in foreign currencies.

FOREIGN EXCHANGE RISK T 047

	31 Dec 2015		31 Dec 2014	
in EUR thousands	+10%	–10%	+10%	–10%
Currency relation				
EUR/USD – Profit before tax	**–1,293**	**1,580**	–1,346	1,646
EUR/GBP – Profit before tax	**1,101**	**–1,346**	653	–799
EUR/CNY – Profit before tax	**–406**	**497**	–342	418
EUR/INR – Profit before tax	**–95**	**116**	–137	168
EUR/PLN – Profit before tax	**545**	**–667**	2,071	–2,532
EUR/SEK – Profit before tax	**279**	**–341**	–615	752
EUR/CHF – Profit before tax	**70**	**–86**	89	–108
EUR/RSD – Profit before tax	**–161**	**197**	403	–492
EUR/SGD – Profit before tax	**–132**	**161**	–229	280

The Group Treasury's risk management policy is to hedge about 50%–90% or more of anticipated operational cash of the significant foreign currency exposures.

NORMA Group has certain investments in foreign operations whose net assets are exposed to foreign currency translation risks. This translation risk is primarily managed through borrowings in the relevant foreign currency.

(ii) Interest rate risk

NORMA Group's interest rate risk arises from long-term borrowings with variable interest rates. Borrowings issued at variable interest rates expose the Group to cash flow interest rate risk which is partially offset by hedges (interest rate swaps). The Group's policy is to maintain approximately 75% of its medium-term borrowings in fixed rate instruments. NORMA Group uses the flexibility of floating instruments for extraordinary repayments without any additional cost.

Below, the effects of changes in interest rates are analysed for bank borrowings, which bear variable interest rates, and for interest rate swaps included in hedwge accounting. Borrowings that bear fixed interest rates are excluded from this analysis.

Due to the current low level of interest rates in those markets that are relevant for NORMA Group's funding, the likelihood of rising interest rates is higher than that of declining interest rates – this has been addressed in the sensitivity analysis.

In financial year 2015, if interest rates on euro-denominated borrowings had been 100 basis points (BPS) (2014: 100 BPS) higher with all other variables held constant, profit before tax for the year would have been EUR 133 thousand lower (2014: EUR 9 thousand lower) and other comprehensive income would have been EUR 2,074 thousand higher (2014: EUR 4,115 thousand higher with 100 BPS shift).

In financial year 2015, if interest rates on euro-denominated borrowings had been 50 basis points (2014: 100 BPS) lower with all other variables held constant, profit before tax for the year would have been EUR 518 thousand lower (2014: EUR 0 thousand higher). This effect of higher interest payments with lower rates can be explained as the behaviour of hedges and hedged items is not fully identical with interests below zero. Other comprehensive income would have been EUR 4,016 thousand lower (2014: EUR 4,158 thousand lower with 100 BPS shift).

(iii) Other price risks

As NORMA Group is not exposed to any other material economic price risks, such as stock exchange prices or commodity prices, an increase or decrease in the relevant market prices within reasonable margins would not have an impact on the Group's profit or equity. Hence, the Group's exposure to other price risks is regarded as not material.

Credit risk

The credit risk incurred by the Group is the risk that counterparties fail to meet their obligations arising from operating activities and from financial transactions. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

Credit risk is monitored on a Group basis. To minimise credit risk from operating activities and financial transactions, each counterparty is assigned a credit limit, the use of which is monitored regularly. Default risks are continuously monitored in the operating business.

The aggregate carrying amounts of financial assets represent the maximum default risk. For an overview of past-due receivables, please refer to → Note 23 ‘Trade and Other Receivables.’ Given the Group’s heterogeneous customer structure, there is no risk concentration.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group Treasury maintains flexibility in funding by maintaining availability under committed credit lines.

With NORMA Group’s IPO in April 2011, all bank borrowings were refinanced with syndicated bank facilities in the amount of EUR 250 million, of which EUR 178 million had been repaid before 31 December 2014. In September 2014, the existing syndicated bank facilities were renegotiated with the result of an updated loan amount of EUR 100 million. In December 2015, another renegotiation of the syndicated bank facilities led to a further improved interest profile and now better reflects the currency of NORMA Group’s cash flows after the NDS acquisition (mainly USD and EUR). The facility now consists of a EUR 20.0 million and USD 87.9 million. (31 December 2015: EUR 80.8 million) term loan including an option of an additional Accordion Facility in the amount of EUR 250 million and a maturity of up to seven years. In addition, a borrowing facility in the amount of EUR 50 million is available for future operating activities and to settle capital commitments, which was not yet drawn on 31 December 2015.

Furthermore, in July 2013, NORMA Group issued a promissory note valued at EUR 125 million with 5, 7 and 10 year terms. In the fourth quarter of 2014, an additional promissory note was issued with euro tranches in the amount of EUR 106 million with 3, 5, 7 and 10 year terms and USD tranches in the amount of USD 128.5 million with 3, 5 and 7 year terms.

Liquidity is monitored on an ongoing basis with regard to the Group’s business performance, planned investment and redemption of capital.

The amounts disclosed in the table below are the contractual, undiscounted cash flows. Financial liabilities denominated in foreign currencies are translated at the closing rate on the balance sheet date. Interest payments on financial instruments with variable interest rates are calculated on the basis of the interest rates applicable as of the reporting date.

MATURITY STRUCTURE OF NON-DERIVATIVE FINANCIAL LIABILITIES T 048

31 December 2015

in EUR thousands	up to 1 year	> 1 year up to 2 years	> 2 years up to 5 years	> 5 years
Borrowings	15,656	48,957	327,888	108,878
Trade and other payables	100,877			
Finance lease liabilities	147	138	13	
Other financial liabilities	5,880	511	20	
	122,560	**49,606**	**327,921**	**108,878**

31 December 2014

in EUR thousands	up to 1 year	> 1 year up to 2 years	> 2 years up to 5 years	> 5 years
Borrowings	30,533	82,096	208,739	161,462
Trade and other payables	80,829			
Finance lease liabilities	211	207	50	
Other financial liabilities	1,274	3,460		55
	112,847	**85,763**	**208,789**	**161,517**

The maturity structure of the derivative financial instruments based on cash flows is as follows:

MATURITY STRUCTURE OF DERIVATIVE FINANCIAL INSTRUMENTS T 049

As of 31 December 2015

in EUR thousands	up to 1 year	> 1 year up to 2 years	> 2 years up to 5 years	> 5 years
Derivative receivables – gross settlement				
Cash outflows	–41,919			
Cash inflows	42,167			
Derivative liabilities – gross settlement				
Cash outflows	–104,582			
Cash inflows	103,706			
Derivative liabilities – net settlement				
Cash outflows	–626	–932	–992	40
	–1,254	**–932**	**–992**	**40**

As of 31 December 2014

in EUR thousands	up to 1 year	> 1 year up to 2 years	> 2 years up to 5 years	> 5 years
Derivative receivables – gross settlement				
Cash outflows	–2,500			
Cash inflows	2,503			
Derivative liabilities – gross settlement				
Cash outflows	–102,811			
Cash inflows	100,768			
Derivative liabilities – net settlement				
Cash outflows	–677	–16,265	–1,160	–75
	–2,717	**–16,265**	**–1,160**	**–75**

2. Capital risk management

The Group's objectives when managing capital are to ensure that it will continue to be able to repay its debt and remain financially sound.

The Group is subject to the financial covenant total net debt cover, which is monitored on an on-going basis. This financial covenant is based on the Group's Consolidated Financial Statements as well as on special definitions of the bank facility agreements. There were no covenant breaches in 2015 and 2014.

In the case of a covenant breach, the facility agreement includes several ways to remedy a potential breach by rules of exemption or shareholder actions. If a covenant breach occurs and is not remedied, the syndicated loans may be, but are not required to be, withdrawn.

6. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated and are based on historical experience, and expectations regarding future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the respective actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Estimated impairment of goodwill

NORMA Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in → Note 3.5. The recoverable amounts of cash-generating units have been determined based on fair-value-less-costs-to-sell calculations. These calculations are based on discounted cash flow models, which require the use of estimates (→ Note 19 'Goodwill and Other Intangible Assets').

In 2015 and 2014, no impairment of goodwill, which amounted to EUR 343,829 thousand on 31 December 2015 (31 December 2014: EUR 324,496 thousand), was necessary. Even if the discount rate would increase by +2% and the terminal value growth rate would be 0%, the change of these key assumptions would not cause the carrying amount to exceed its recoverable amount in any CGU.

Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgements are required in determining the worldwide provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters differs from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made. On 31 December 2015, income tax liabilities were EUR 9,172 thousand (31 December 2014: EUR 13,126 thousand) and deferred tax liabilities were EUR 104,380 thousand (31 December 2014: EUR 104,647 thousand).

Pension benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The present value of the defined benefit obligation is calculated by discounting the estimated future cash outflows using the interest rates of high-quality corporate bonds.

The Group determines the appropriate discount rate on the balance sheet date. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in → Note 3.17.

Pension liabilities amounted to EUR 11,951 thousand on 31 December 2015 (31 December 2014: EUR 12,271 thousand).

Useful lives of property, plant and equipment and intangible assets

The Group's management determines the estimated useful lives and related depreciation / amortisation charges for its property, plant and equipment and intangible assets. This estimate is based on projected lifecycles. These could change as a result of technical innovations or competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

7. ADJUSTMENTS

Certain expenses are adjusted for operational management purposes. Hence, the following results which are adjusted by these expenses, reflect the management perspective.

In the financial year 2015, expenses amounting to EUR 3,591 thousand (2014: EUR 6,924 thousand) were adjusted within EBITDA (Earnings before interest, taxes, depreciation and amortisation).

These adjustments within the EBITDA are related in the amount of EUR 2,472 thousand to expenses for raw materials and consumables used, which are a result of the remeasurement of acquired inventories within the purchase price allocation for the acquisition of National Diversified Sales, Inc. (NDS). Furthermore, expenses associated with the integration of the acquired entity in the amount of EUR 578 thousand were adjusted within other operating expenses and in the amount of EUR 541 thousand within employee benefits expense.

Besides the adjustments described, depreciation in the amount of EUR 2,237 thousand (2014: EUR 1,289 thousand) and amortisation in the amount of EUR 17,257 thousand (2014: EUR 10,132 thousand) from purchase price allocations were adjusted as in previous years.

In the financial year 2014, acquisition related expenses amounting to EUR 4,513 thousand, particularly associated with the acquisition of NDS, were adjusted within other operating expenses and in the amount of EUR 201 thousand within the employee benefits expenses. Furthermore, in 2014, an adjustment related to the repayment of the syndicated bank facilities in January 2014 in the amount of EUR 5,406 thousand was made within the financial result. In 2015, no adjustments were made within the financial result.

The theoretical taxes resulting from the adjustments are calculated using the respective tax rate of each Group entity and are considered within the adjusted earnings after taxes.

The following table shows profit or loss net of these expenses:

PROFIT AND LOSS NET OF ADJUSTMENTS

T 050

in EUR thousands	Note	2015 unadjusted		Integration costs	Step-up effects from purchase price allocations	Total adjustments	2015 adjusted
Revenue	(8)	889,613				0	889,613
Changes in inventories of finished goods and work in progress		3,622				0	3,622
Other own work capitalised		2,748				0	2,748
Raw materials and consumables used	(9)	–365,373			2,472	2,472	–362,901
Gross profit		530,610		0	2,472	2,472	533,082
Other operating income and expenses	(10, 11)	–122,106		578		578	–121,528
Employee benefits expense	(12)	–234,616		541		541	–234,075
EBITDA		173,888		1,119	2,472	3,591	177,479
Depreciation		–23,420			2,237	2,237	–21,183
EBITA		150,468		1,119	4,709	5,828	156,296
Amortisation		–25,674			17,257	17,257	–8,417
Operating profit (EBIT)		124,794		1,119	21,966	23,085	147,879
Financial costs – net	(13)	–17,209				0	–17,209
Profit before income tax		107,585		1,119	21,966	23,085	130,670
Income taxes		–33,738		–397	–7,813	–8,210	–41,948
Profit for the period		73,847		722	14,153	14,875	88,722
Non-controlling interests		167				0	167
Profit attributable to shareholders of the parent		73,680		722	14,153	14,875	88,555
Earnings per share (in EUR)		2.31					2.78

in EUR thousands	Notes	2014 unadjusted	Finance renegotiation	M&A related costs	Step-up effects from purchase price allocations	Total adjustments	2014 adjusted
Revenue	(8)	694,744				0	694,744
Changes in inventories of finished goods and work in progress		–2,907				0	–2,907
Other own work capitalised		3,647				0	3,647
Raw materials and consumables used	(9)	–292,073			2,210	2,210	–289,863
Gross profit		403,411	0	0	2,210	2,210	405,621
Other operating income and expenses	(10, 11)	–83,384		4,513		4,513	–78,871
Employee benefits expense	(12)	–188,508		201		201	–188,307
EBITDA		131,519	0	4,714	2,210	6,924	138,443
Depreciation		–18,233			1,289	1,289	–16,944
EBITA		113,286	0	4,714	3,499	8,213	121,499
Amortisation		–15,442			10,132	10,132	–5,310
Operating profit (EBIT)		97,844	0	4,714	13,631	18,345	116,189
Financial costs – net	(13)	–14,469	5,406			5,406	–9,063
Profit before income tax		83,375	5,406	4,714	13,631	23,751	107,126
Income taxes		–28,500	–1,632	–1,422	–4,113	–7,167	–35,667
Profit for the period		54,875	3,774	3,292	9,518	16,584	71,459
Non-controlling interests		153				0	153
Profit attributable to shareholders of the parent		54,722	3,774	3,292	9,518	16,584	71,306
Earnings per share (in EUR)		1.72					2.24

Notes to the Consolidated Statement of Comprehensive Income

8. REVENUE

Revenue recognised during the period related to the following:

REVENUE BY CATEGORY T 051

in EUR thousands	2015	2014
Engineered Joining Technology (EJT)	540,336	481,010
Distribution Services (DS)	344,108	211,489
Other revenue	5,169	2,245
	889,613	**694,744**

Revenue for 2015 (EUR 889,613 thousand) was 28.0% above revenue for 2014 (EUR 694,744 thousand).

The increase in revenue results from the inclusion of NDS, from positive currency effects and from organic growth. Revenues from NDS are fully allocated to Distribution Services.

NDS, which was acquired in the fourth quarter of 2014, contributed EUR 137,976 thousand to revenue (2014: 13,918 thousand).

In 2015, EUR 1,298 thousand in revenues from construction contracts are included (2014: EUR 162 thousand).

For the analysis of sales by region, please refer to → Note 37 ‘Segment Reporting.’

9. RAW MATERIALS AND CONSUMABLES USED

Raw materials and consumables used comprised the following:

RAW MATERIALS AND CONSUMABLES USED T 052

in EUR thousands	2015	2014
Cost of raw materials, consumables and supplies	–333,548	–264,387
Cost of purchased services	–31,825	–27,686
	–365,373	**–292,073**

The raw materials and consumables used increased disproportionately lower in relation to revenues leading to a ratio of 41.1% (2014: 42.0%). Also in relation to the total value, raw materials and consumables used are, with a ratio of 40.8%, below last year’s level (2014: 42.0%). The change in the relation in comparison to the prior year period is due to the contribution of NDS, which was acquired in the fourth quarter of 2014.

10. OTHER OPERATING INCOME

Other operating income comprised the following:

OTHER OPERATING INCOME T 053

in EUR thousands	2015	2014
Currency gains operational	6,741	3,814
Reversal of provisions	1,169	1,996
Grants related to employee benefits expense	177	252
Reimbursement of vehicle costs	624	612
Other income from disposal of fixed assets	50	173
Foreign exchange derivatives	99	0
Government grants	449	514
Others	2,099	1,994
	11,408	**9,355**

The position “others” includes income from the reversal of accruals for outstanding invoices and variable components of remuneration for employees.

11. OTHER OPERATING EXPENSES

Other operating expenses comprised the following:

OTHER OPERATING EXPENSES T 054

in EUR thousands	2015	2014
Consulting and marketing	–16,232	–14,996
Expenses for temporary workforce and other personnel-related costs	–24,602	–13,657
Freights	–22,431	–12,940
IT and telecommunication	–11,499	–9,200
Rentals and other building costs	–10,159	–7,480
Travel and entertainment	–9,566	–7,043
Currency losses operational	–6,955	–3,328
Research & development	–2,567	–2,691
Vehicle costs	–3,875	–2,912
Maintenance	–3,928	–2,675
Commission payable	–6,307	–3,355
Non-income-related taxes	–2,382	–1,818
Insurances	–2,527	–2,006
Other administrative expenses	–4,896	–4,545
Others	–5,588	–4,093
	–133,514	**–92,739**

Other operating expenses for 2015 (EUR 133,514 thousand) were 44.0% higher than other operating expenses for 2014 (EUR 92,739 thousand). The increase in comparison to the prior year is due to the integration of NDS acquired in the fourth quarter of 2014 and currency effects. In relation to the total value, other operating expenses increased disproportionately higher with a ratio of 14.9% (2014: 13.3%). The change in the relation in comparison to the prior year period is due to the contribution of NDS, which was acquired in the fourth quarter of 2014.

12. EMPLOYEE BENEFITS EXPENSE

Employee benefits expense comprised the following:

EMPLOYEE BENEFITS EXPENSE T 055

in EUR thousands	2015	2014
Wages and salaries and other termination benefits	**–193,174**	–154,289
Social security costs	**–29,456**	–23,402
Pension costs – defined contribution plans	**–11,645**	–10,381
Pension costs – defined benefit plans	**–341**	–436
	–234,616	**–188,508**

In 2015, employee benefits expense amounted to EUR 234,616 thousand compared to EUR 188,508 thousand in 2014. The increase of 24.5% is mainly due to an acquisition-related increase in the average headcount in 2015 compared to 2014. Furthermore, currency effects contributed to the increase in employee benefits expense. In relation to the total value, employee benefits expense increased disproportionately lower with a ratio of 26.2% (2014: 27.1%). The change in the relation in comparison to the prior year period is due to the contribution of NDS, which was acquired in the fourth quarter of 2014.

Average headcount was 5,006 in 2015 (2014: 4,747).

13. FINANCIAL INCOME AND COSTS

Financial income and costs comprised the following:

FINANCIAL INCOME AND COSTS T 056

in EUR thousands	2015	2014
Financial costs		
Interest expenses		
Bank borrowings incl. hedging instruments	**–15,144**	–12,418
Finance lease	**–25**	–38
Expenses for interest accrued on provisions	**–22**	–201
Expenses for interest accrued on pensions	**–165**	–266
Foreign exchange result on financing activities	**11,683**	5,314
Losses on evalution of derivatives	**–12,998**	–6,368
Other financial cost	**–1,038**	–899
	–17,709	**–14,876**
Finanzerträge		
Interest income on short-term bank deposits	**84**	276
Gains on evaluation of derivatives	**389**	0
Other financial income	**27**	131
	500	**407**
Net financial cost	**–17,209**	**–14,469**

The interest expenses from bank borrowings, including hedging instruments, include in 2015 EUR 11,944 thousand from borrowings (2014: EUR 9,964 thousand), EUR 3,200 thousand are related to interest expenses from hedging derivatives (2014: EUR 2,454 thousand). Adjusted for the one-off expenditures from the early repayment of the syndicated bank facilities in the first quarter of 2014, net interest expenses in financial year 2014 amounted to EUR 11,180 thousand. Hence, net interest expenses in financial year 2015 increased by EUR 3,964 thousand compared to the adjusted previous year amount, mainly due to the loans used to finance the acquisition of NDS.

Due to positive foreign exchange rate change effects, the foreign exchange result on financing activities shows in financial year 2015 income in the amount of EUR 11,683 thousand in comparison to EUR 5,314 thousand in financial year 2014.

Losses from the evaluation of derivatives amount to EUR 12,998 thousand and increased by EUR 6,630 thousand compared to financial year 2014 (EUR 6,368 thousand). In financial year 2014, one-time losses in the amount of EUR 4,169 thousand relating to the early repayment of the syndicated loans are included. Adjusted by these effects, losses from the evaluation of derivatives amount to EUR 2,199 thousand in financial year 2014.

The increase in losses on evaluation of derivatives as well as in foreign exchange result on financing activities results from the hedging of the USD financial liabilities relating to the financing of the acquisition of NDS. The hedging relationship is classified as a fair value hedge, hence the evaluation effects of the derivatives and of the financial liabilities are both reflected in the financial result. The net effect is disclosed in → Note 14 'Net Foreign Exchange Gains / Losses.'

Transaction costs in connection with financing are netted with the bank borrowings in accordance with IAS 39.43. They are amortised over the financing period of the respective debt using the effective interest method. The value of transaction costs recognised in the balance sheet and amortised over the maturities of the bank borrowings amounted to EUR 1,293 thousand (2014: EUR 2,565 thousand).

14. NET FOREIGN EXCHANGE GAINS / LOSSES

The exchange differences recognised in profit or loss are as follows:

NET FOREIGN EXCHANGE GAINS / LOSSES T 057

in EUR thousands	Note	2015	2014
Currency gains operational	(10)	**6,741**	3,814
Currency losses operational	(11)	**–6,955**	–3,328
Foreign exchange result on financing activities	(13)	**11,683**	5,314
Result from foreign exchange rate derivatives	(13, 22)	**–13,008**	–1,937
		–1,539	**3,863**

In the prior year notes, the result from foreign exchange rate derivatives was shown within the foreign exchange result on financing activities.

15. EARNINGS PER SHARE

Earnings per share are calculated by dividing net income for the period attributable to NORMA Group's shareholders by the weighted average number of shares issued during the period under review. NORMA Group has only issued common shares. In 2015, as in the previous year, the average weighted number of shares was 31,862,400.

Options issued out of the Matching Stock Programme (MSP) for the Board of NORMA Group had dilutive effects on earnings per share in financial year 2014. A detailed description of the MSP can be found in → Note 28 'Share-based Payments.' The dilutive effect on earnings per share is calculated using the treasury stock method.

The MSP tranche from 2011 was settled in cash in June 2015. Due to this payment, the classification of the outstanding tranches changes from equity settlement to cash settlement. For this reason, no dilutive stock options resulted from the remaining MSP tranches as of 31 December 2015 and therefore also no dilutive effects on earnings per share.

Earnings per share in 2015 and 2014 were as follows:

EARNINGS PER SHARE T 058

	Q4 2015	Q4 2014	2015	2014
Profit attributable to shareholders of the parent (in EUR thousands)	**18,510**	11,553	**73,680**	54,722
Number of weighted shares	**31,862,400**	31,862,400	**31,862,400**	31,862,400
Effect of dilutive share-based payment	**0**	244,104	**0**	244,104
Number of weighted shares (diluted)	**31,862,400**	32,106,504	**31,862,400**	32,106,504
Earnings per share undiluted (in EUR)	**0.58**	**0.36**	**2.31**	**1.72**
Earnings per share diluted (in EUR)	**0.58**	**0.36**	**2.31**	**1.70**

16. INCOME TAXES

The breakdown of income taxes is as follows:

INCOME TAXES T 059

in EUR thousands	2015	2014
Current tax expenses	–41,482	–29,836
Deferred tax income	7,744	1,336
Total income taxes	**–33,738**	**–28,500**

The combined income tax rate for the German companies for 2015 amounted to 30.1% (2014: 30.2%), comprising corporate income tax at a rate of 15%, the solidarity surcharge of 5.5% on corporate income tax, and trade income tax at an average rate of 14.3%. Due to the involvement of NORMA Group SE into the German Tax Group in 2015, the combined tax rate decreased by 0.1%.

The income tax expense of the Group actually reported differs from the theoretical income tax expense based on the German combined income tax rate of 30.1% for 2015 as follows:

TAX RECONCILIATION T 060

in EUR thousands	2015	2014
Profit before tax	**107,585**	**83,375**
Group tax rate	30.1%	30.2%
Expected income taxes	**–32,383**	**–25,179**
Tax effects of:		
Tax losses and tax credits from actual year for which no deferred income tax is recognised	–1,333	–2,666
Effects from deviation of Group tax rate resulting mainly from different foreign tax rates	–516	67
Non-deductible expenses for tax purposes	–830	–1,680
Tax expenses recognised in equity	1,336	0
Utilisation of tax losses and tax credits from prior year for which no deferred income tax asset was recognised	1,164	173
Other tax-free income	276	157
Tax effect of changes in tax rates	–268	–494
Income taxes related to prior years	–676	1,488
Impairment of tax assets	0	–82
Other	–508	–284
Income taxes	**–33,738**	**–28,500**

The item 'Tax expenses recognised in equity' relates to the switch over of the MSP for the Management Board of NORMA Group and the corresponding recognition of the pro rata fair value of the options in equity → Note 28 'Share-based Payments.'

The item 'Income taxes related to prior years' consists regarding 2014 in particular of the release of not-utilised tax provisions and regarding 2015 of the capitalisation of provisions for tax risk related to prior years.

The item 'Other' consists in 2015 and 2014 mainly of other income-based taxes (e.g., withholding tax).

The income tax charged / credited directly to other comprehensive income during the year is as follows:

INCOME TAX CHARGED / CREDITED TO OTHER COMPREHENSIVE INCOME T 061

	2015			2014		
in EUR thousands	Before tax amount	Tax charge / credit	Net-of-tax amount	Before tax amount	Tax charge / credit	Net-of-tax amount
Cash flow hedges gains / losses	895	–313	582	2,989	–962	2,027
Remeasurements of post employment benefit obligations	–491	90	–401	–1,619	453	–1,166
Other comprehensive income	**404**	**–223**	**181**	**1,370**	**–509**	**861**

Notes to the Consolidated Statement of Financial Position

17. INCOME TAX ASSETS AND LIABILITIES

Due to changes in German corporate tax laws ("SE-Steuergesetz" or "SEStEG," which came into effect on 31 December 2006) an imputation credit asset ("Körperschaftsteuerguthaben gem. § 37 KStG") has been set up. As a result, an unconditional claim for payment of the credit in ten annual instalments from 2008 through 2017 has been established. The resulting receivable arising from corporation and trade taxes is included in income tax assets and amounted to EUR 901 thousand on 31 December 2015 (31 December 2014: EUR 1,327 thousand). In 2015, EUR 391 thousand are classified as non-current (31 December 2014: EUR 850 thousand).

18. DEFERRED INCOME TAX

The analysis of deferred tax assets and deferred tax liabilities due to maturity is as follows:

DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES — T 062

in EUR thousands	31 Dec 2015	31 Dec 2014
Deferred tax assets		
Deferred tax assets to be recovered after more than 12 months	1,383	1,061
Deferred tax assets to be recovered within 12 months	6,722	10,076
Deferred tax assets	8,105	11,137
Deferred tax liabilities		
Deferred tax liabilities to be recovered after more than 12 months	104,276	102,090
Deferred tax liabilities to be recovered within 12 months	104	2,557
Deferred tax liabilities	104,380	104,647
Deferred tax liabilities (net)	96,275	93,510

The movement in deferred income tax assets and liabilities during the year is as follows:

MOVEMENT IN DEFERRED TAX ASSETS AND LIABILITIES — T 063

in EUR thousands	2015	2014
Deferred tax liabilities (net) – as of 1 January	93,510	25,455
Deferred tax income	–7,744	–1,336
Tax charged to other comprehensive income	223	509
Foreign exchange rate differences	10,286	5,198
Acquisition of subsidiaries	0	63,684
Deferred tax liabilities (net) – as of 31 December	96,275	93,510

The analysis of deferred income tax assets and deferred income tax liabilities, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

DEFERRED INCOME TAX ASSETS — T 064

in EUR thousands	31 Dec 2015	31 Dec 2014
Intangible assets	4,168	3,501
Property, plant and equipment	430	240
Other assets	1,810	768
Inventories	2,733	1,607
Trade receivables	941	472
Retirement benefit obligations / pension liabilities	1,694	1,630
Provisions	1,326	952
Borrowings	3,551	6,202
Other liabilities, incl. derivatives	3,729	4,304
Trade and other payables	329	396
Tax loss carry forward and tax credits	3,514	3,648
Deferred tax assets (before valuation allowances)	24,225	23,720
Valuation allowance	–2,017	–2,458
Deferred tax assets (before offsetting)	22,208	21,262
Offsetting effects	–14,103	–10,125
Deferred tax assets	8,105	11,137

DEFERRED INCOME TAX LIABILITIES T 065

in EUR thousands	31 Dec 2015	31 Dec 2014
Intangible assets	95,855	90,410
Property, plant and equipment	15,800	13,048
Other assets	4,070	3,013
Inventories	177	1,038
Trade receivables	532	65
Borrowings	577	5,486
Provisions	161	0
Other liabilities, incl. derivatives	111	853
Untaxed reserves	1,200	859
Deferred tax liabilities (before offsetting)	**118,483**	**114,772**
Offsetting effects	–14,103	–10,125
Deferred tax liabilities	**104,380**	**104,647**
Deferred tax liabilities (net)	**96,275**	**93,510**

Deferred income tax assets are recognised for all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the deductible temporary difference can be utilised. As of 31 December 2015 and also in the previous year, deferred tax assets were recognised for all deductible temporary differences, because sufficient taxable income will most likely be available to utilise these deductible temporary differences.

In 2015 and prior years, the Group had tax losses at several subsidiaries in several countries.

Deferred income tax assets are recognised for tax loss carry forwards as far as it is expected that the deferred tax assets would be utilised in the foreseeable future.

The Group did recognise the following tax losses:

EXPIRY OF RECOGNISED TAX LOSSES T 066

in EUR thousands	31 Dec 2015	31 Dec 2014
Expiry within 1 year	0	0
Expiry in 2–5 years	326	297
Expiry later than 5 years	3,157	3,336
Unlimited carry forward	2,813	1,692
Total	**6,296**	**5,325**

The Group did not recognise deferred income tax assets in respect of loss carry forwards amounting to EUR 11,031 thousand on 31 December 2015 (31 December 2014: EUR 13,241 thousand).

The expiration of loss carry forwards not recognised for tax purposes is as follows:

EXPIRY OF NOT RECOGNISED TAX LOSSES T 067

in EUR thousands	31 Dec 2015	31 Dec 2014
Expiry within 1 year	270	0
Expiry in 2–5 years	932	875
Expiry later than 5 years	3,781	2,746
Unlimited carry forward	6,048	9,620
Total	**11,031**	**13,241**

Regarding taxable temporary differences amounting to EUR 218,660 thousand on 31 December 2015 (31 December 2014: EUR 175,920 thousand) associated with investments in subsidiaries, no deferred tax liabilities are recognised since the respective parent is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

19. GOODWILL AND OTHER INTANGIBLE ASSETS

The acquisition costs as well as accumulated amortisation and impairment of intangible assets consist of the following:

DEVELOPMENT GOODWILL AND OTHER INTANGIBLE ASSETS T 068

in EUR thousands	As of 1 Jan 2015	Additions	Deductions	Transfers	Changes in consolidation	Currency effects	As of 31 Dec 2015
Acquisition costs							
Goodwill	357,441	0	0	0	–256	22,391	**379,576**
Customer lists	206,967	3	0	0	0	21,951	**228,921**
Licenses, rights	2,059	1	–39	38	0	32	**2,091**
Software	23,496	2,611	–20	129	0	519	**26,735**
Trademarks	49,249	0	0	0	0	5,588	**54,837**
Patents & technology	36,322	716	0	0	0	3,366	**40,404**
Internally generated intangible assets	8,017	2,213	0	105	0	–410	**9,925**
Intangible assets, other	12,482	2,858	–61	–272	0	288	**15,295**
Total	**696,033**	**8,402**	**–120**	**0**	**–256**	**53,725**	**757,784**
Amortisation and Impairment							
Goodwill	32,945	0	0	0	0	2,802	**35,747**
Customer lists	22,749	13,398	0	0	0	2,025	**38,172**
Licenses, rights	1,072	371	–39	–35	0	5	**1,374**
Software	11,859	4,279	–20	0	0	233	**16,351**
Trademarks	7,221	1,229	0	0	0	801	**9,251**
Patents & technology	21,519	3,466	–1	0	0	2,217	**27,201**
Internally generated intangible assets	1,827	1,747	0	35	0	57	**3,666**
Intangible assets, other	9,885	1,184	–52	0	0	167	**11,184**
Total	**109,077**	**25,674**	**–112**	**0**	**0**	**8,307**	**142,946**

in EUR thousands	As of 1 Jan 2014	Additions	Deductions	Transfers	Changes in consolidation	Currency effects	As of 31 Dec 2014
Acquisition costs							
Goodwill	263,309	0	0	0	77,949	16,183	**357,441**
Customer lists	60,918	7	0	0	135,404	10,638	**206,967**
Licenses, rights	1,884	254	–44	–45	0	10	**2,059**
Software	15,103	3,124	–10	4,539	242	498	**23,496**
Trademarks	20,138	0	0	0	25,562	3,549	**49,249**
Patents & technology	30,791	692	0	0	1,270	3,569	**36,322**
Internally generated intangible assets	5,127	2,823	0	45	0	22	**8,017**
Intangible assets, other	15,180	1,859	–13	–4,295	0	–249	**12,482**
Total	**412,450**	**8,759**	**–67**	**244**	**240,427**	**34,220**	**696,033**
Amortisation and Impairment							
Goodwill	30,070	0	0	0	0	2,875	**32,945**
Customer lists	15,242	6,010	0	0	0	1,497	**22,749**
Licenses, rights	732	381	–44	0	0	3	**1,072**
Software	8,497	3,187	–10	0	0	185	**11,859**
Trademarks	5,150	1,318	0	0	0	753	**7,221**
Patents & technology	16,487	2,844	0	0	0	2,188	**21,519**
Internally generated intangible assets	965	808	0	0	0	54	**1,827**
Intangible assets, other	9,158	894	–13	0	0	–154	**9,885**
Total	**86,301**	**15,442**	**–67**	**0**	**0**	**7,401**	**109,077**

GOODWILL AND OTHER INTANGIBLE ASSETS – CARRYING AMOUNTS T 069

in EUR thousands	Carrying amounts 31 Dec 2015	Carrying amounts 31 Dec 2014
Goodwill	**343,829**	324,496
Customer lists	**190,749**	184,218
Licenses, rights	**717**	987
Software	**10,384**	11,637
Trademarks	**45,586**	42,028
Patents & technology	**13,203**	14,803
Internally generated intangible assets	**6,259**	6,190
Intangible assets, other	**4,111**	2,597
Total	**614,838**	**586,956**

The item 'Patents & technology' on 31 December 2015 consists of patents worth EUR 1,903 thousand (31 December 2014: EUR 3,331 thousand) and technology worth EUR 11,300 thousand (31 December 2014: EUR 11,472 thousand).

The item 'Intangible assets, other' consists mainly of prepayments.

Internally generated intangible assets mainly include technologies.

The change in goodwill from EUR 324,496 thousand to EUR 343,829 thousand results from positive foreign exchange differences, mainly from the US dollar area and from the change of the initial purchase price allocation of NDS. → Note 40 'Business Combinations.'

The change in goodwill is summarised as follows:

CHANGE IN GOODWILL T 070

in EUR thousands	
Balance as of 31 December 2014	**324,496**
Change in purchase price of NDS	–256
Currency effect	19,589
Balance as of 31 December 2015	**343,829**

In 2015 and 2014, no material impairments for intangible assets or write ups were recognised.

Besides the goodwill, there are intangible assets within trademarks with an indefinite useful life in the amount of EUR 29,301 thousand (2014: EUR 26,275 thousand) resulting from the acquisition of NDS in 2014. From a market perspective, NORMA Group assumed an indefinite useful life for these acquired trademarks, which mainly include the corporate brand NDS®, because these brands have been established in the market for a number of years and there is no foreseeable end to their useful life, therefore useful lives are indefinite. Trade marks with indefinite useful lives are fully allocated to the cash-generating unit (CGU) Americas.

On 31 December 2015 and 2014, the intangible assets are unsecured.

Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to geographical areas. A summary of the goodwill allocation is presented below.

GOODWILL ALLOCATION PER SEGMENT T 071

in EUR thousands	31 Dec 2015	31 Dec 2014
CGU EMEA	**155,035**	154,273
CGU Americas	**183,294**	164,606
CGU Asia-Pacific	**5,500**	5,617
	343,829	**324,496**

Goodwill for the CGUs EMEA, Americas and Asia-Pacific particulary changed in 2015 due to currency effects. Within the CGU Americas the goodwill changed additionally in the amount of EUR 256 thousand due to the adjustment of the initial purchase price allocation in the second quarter of 2015.

The recoverable amount of a CGU is determined based on fair-value-less-costs-to-sell, which is calculated by discounting projected cash flows. Based on the inputs used for this valuation technique, fair values are classified as level 3 fair values (→ Note 3.3 'Fair Value Estimation'). These calculations use cash flow projections based on financial budgets approved by the management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed our expectations for the long-term average growth rate for the geographical area of the respective CGU.

The discount rates used are after-tax-rates and reflect the specific risk of each CGU. The respective before-tax-rates are 10.38% (2014: 11.54%) for the CGU EMEA, 10.79% (2014: 12.26%) for the CGU Americas and 10.49% (2014: 11.22%) for the CGU Asia-Pacific.

The key assumptions used for fair-value-less-costs-to-sell calculations are as follows:

GOODWILL PER SEGMENT – KEY ASSUMPTIONS T 072

31 December 2015	CGU EMEA	CGU Americas	CGU Asia-Pacific
Terminal value growth rate	1.50%	1.50%	1.50%
Discount rate	8.11%	7.25%	8.32%
Costs to sell	1.00%	1.00%	1.00%

31 December 2014	CGU EMEA	CGU Americas	CGU Asia-Pacific
Terminal value growth rate	1.50%	1.50%	1.50%
Discount rate	8.88%	8.17%	8.80%
Costs to sell	1.00%	1.00%	1.00%

The assumptions are based on management's expectations regarding future developments.

Even if the discount rate would increase by +2% and the terminal value growth rate would be 0%, the change of these key assumptions would not cause the carrying amount to exceed its recoverable amount in any CGU.

20. PROPERTY, PLANT AND EQUIPMENT

The acquisition and manufacturing costs as well as accumulated depreciation of property, plant and equipment consist of the following:

DEVELOPMENT PROPERTY, PLANT AND EQUIPMENT T 073

in EUR thousands	As of 1 Jan 2015	Additions	Deductions	Transfers	Changes in consolidation	Currency effects	**As of 31 Dec 2015**
Acquisition costs							
Land and buildings	100,925	1,663	–163	889	0	1,819	**105,133**
Machinery & tools	224,425	13,993	–5,998	6,136	0	6,741	**245,297**
Other equipment	52,875	3,665	–2,773	610	0	523	**54,900**
Assets under construction	14,816	14,443	–101	–7,635	0	534	**22,057**
Total	**393,041**	**33,764**	**–9,035**	**0**	**0**	**9,617**	**427,387**
Depreciation and Impairment							
Land and buildings	43,016	2,843	–271	–98	0	385	**45,875**
Machinery & tools	155,801	16,481	–5,779	215	0	3,261	**169,979**
Other equipment	39,535	4,082	–2,534	98	0	399	**41,580**
Assets under construction	199	14	0	–215	0	16	**14**
Total	**238,551**	**23,420**	**–8,584**	**0**	**0**	**4,061**	**257,448**

in EUR thousands	As of 1 Jan 2014	Additions	Deductions	Transfers	Changes in consolidation	Currency effects	**As of 31 Dec 2014**
Acquisition costs							
Land and buildings	87,008	7,209	–21	4,512	1,083	1,134	**100,925**
Machinery & tools	195,465	6,443	–8,356	6,426	19,229	5,218	**224,425**
Other equipment	49,019	3,828	–1,650	898	386	394	**52,875**
Assets under construction	11,367	13,408	–123	–12,080	1,320	924	**14,816**
Total	**342,859**	**30,888**	**–10,150**	**–244**	**22,018**	**7,670**	**393,041**
Depreciation and Impairment							
Land and buildings	40,559	2,491	–25	1	0	–10	**43,016**
Machinery & tools	149,704	11,911	–8,276	0	0	2,462	**155,801**
Other equipment	37,049	3,831	–1,526	–1	0	182	**39,535**
Assets under construction	180	0	0	0	0	19	**199**
Total	**227,492**	**18,233**	**–9,827**	**0**	**0**	**2,653**	**238,551**

PROPERTY, PLANT AND EQUIPMENT – CARRYING AMOUNTS T 074

	Carrying amounts	
in EUR thousands	31 Dec 2015	31 Dec 2014
Land and buildings	59,258	57,909
Machinery & tools	75,318	68,624
Other equipment	13,320	13,340
Assets under construction	22,043	14,617
Total	**169.939**	**154.490**

On 31 December 2015, the item 'Machinery & tools' includes tools valued at EUR 17,820 thousand (31 December 2014: EUR 18,196 thousand).

No material impairment and no material write ups were recognised on property, plant and equipment in 2015 and 2014.

On 31 December 2015 and 2014, property, plant and equipment, except for finance lease assets, are unsecured.

Land and buildings includes the following amounts where the Group is a lessee under a finance lease:

FINANCE LEASES – LAND AND BUILDINGS T 075

in EUR thousands	31 Dec 2015	31 Dec 2014
Cost – capitalised finance leases	630	591
Accumulated depreciation	–25	–12
Net carrying amount	**605**	**579**

Machinery includes the following amounts where the Group is a lessee under a finance lease:

FINANCE LEASES – MACHINERY T 076

in EUR thousands	31 Dec 2015	31 Dec 2014
Cost – capitalised finance leases	265	321
Accumulated depreciation	–179	–143
Net carrying amount	**86**	**178**

Other equipment includes the following amounts where the Group is a lessee under a finance lease:

FINANCE LEASES – OTHER EQUIPMENT T 077

in EUR thousands	31 Dec 2015	31 Dec 2014
Cost – capitalised finance leases	70	300
Accumulated depreciation	–21	–256
Net carrying amount	**49**	**44**

The Group leases various property, machinery, technical and IT equipment under non-cancellable finance lease agreements. The lease terms for machinery and other equipment are between three and ten years, the lease terms for land and building are up to 50 years.

21. FINANCIAL INSTRUMENTS

Financial instruments according to classes and categories were as follows:

FINANCIAL INSTRUMENTS – CLASSES AND CATEGORIES T 078

			Measurement basis IAS 39				
in EUR thousands	Category IAS 39	**Carrying amount 31 Dec 2015**	Amortised Cost	Fair value through profit or loss	Derivatives used for hedging	Measurement basis IAS 17	**Fair value 31 Dec 2015**
Financial assets							
Derivative financial instruments – held for trading							
Foreign exchange derivatives	FAHfT	**62**		62			**62**
Derivative financial instruments – hedge accounting							
Foreign exchange derivatives – cash flow hedges	n/a	**43**			43		**43**
Foreign exchange derivatives – fair value hedges	n/a	**143**			143		**143**
Trade and other receivables	LaR	**122,865**	122,865				**122,865**
Other financial assets	LaR	**3,856**	3,856				**3,856**
Cash and cash equivalents	LaR	**99,951**	99,951				**99,951**
Financial liabilities							
Borrowings	FLAC	**450,767**	450,767				**461,867**
Derivative financial instruments – held for trading							
Foreign exchange derivatives	FLHfT	**74**		74			**74**
Derivative financial instruments – hedge accounting							
Interest rate swaps	n/a	**2,510**			2,510		**2,510**
Foreign exchange derivatives – cash flow hedges	n/a	**41**			41		**41**
Foreign exchange derivatives – fair value hedges	n/a	**761**			761		**761**
Trade and other payables	FLAC	**100,877**	100,877				**100,877**
Other financial liabilities							
Contingent considerations	n/a	**3,472**		3,472			**3,472**
Other liabilities	FLAC	**2,939**	2,939				**2,939**
Finance lease liabilities	n/a	**289**				289	**292**
Totals per category							
Financial assets held for trading (FAHfT)		**62**		62			**62**
Loans and receivables (LaR)		**226,672**	226,672				**226,672**
Financial liabilities held for trading (FLHfT)		**74**		74			**74**
Financial liabilities at amortised cost (FLAC)		**554,583**	554,583				**565,683**

in EUR thousands	Category IAS 39	Carrying amount 31 Dec 2014	Measurement basis IAS 39 Amortised Cost	Fair value through profit or loss	Derivatives used for hedging	Measurement basis IAS 17	Fair value 31 Dec 2014
Financial assets							
Derivative financial instruments – hedge accounting							
Foreign exchange derivatives	n/a	**3**			3		**3**
Trade and other receivables	LaR	**107,717**	107,717				**107,717**
Other financial assets	LaR	**2,198**	2,198				**2,198**
Cash and cash equivalents	LaR	**84,271**	84,271				**84,271**
Financial liabilities							
Borrowings	FLAC	**430,946**	430,946				**442,614**
Derivative financial instruments – hedge accounting							
Interest rate swaps	n/a	**2,554**			2,554		**2,554**
Cross-currency swaps	n/a	**15,623**			15,623		**15,623**
Foreign exchange derivatives	n/a	**2,043**			2,043		**2,043**
Trade and other payables	FLAC	**80,829**	80,829				**80,829**
Other financial liabilities							
Contingent considerations	n/a	**3,314**		3,314			**3,314**
Other liabilities	FLAC	**2,445**	2,445				**2,445**
Finance lease liabilities	n/a	**449**				449	**459**
Totals per category							
Loans and receivables (LaR)		**194,186**	194,186				**194,186**
Financial liabilities at amortised cost (FLAC)		**514,220**	514,220				**525,888**

Financial instruments, that are recognised in the balance sheet at amortised cost and for which the fair value is stated in the notes, are also allocated within a three step fair value hierarchy.

The fair value calculation of the fixed-interest promissory note that is recognised at amortised cost and for which the fair value is stated in the notes, was based on the market yield curve according to the zero coupon method considering credit spreads (level 2). Interests accrued on the reporting date are included.

Trade and other receivables and cash and cash equivalents have short-term maturities. Their carrying amounts at the reporting date equal their fair values, as the impact of discounting is not significant.

Trade and other payables and other financial liabilities have short times to maturity; therefore the carrying amounts reported approximate the fair values. On 31 December 2015, contingent considerations measured at fair value in the amount of EUR 3,472 thousand (31 December 2014: EUR 2,998 thousand) resulting from the acquisition of the business activities of Five Star Clamps, Inc. in the second quarter of 2014 are included in the position other financial liabilities.

As of 31 December 2014, other financial liabilities also include a contingent considerations in the amount of EUR 316 thousand resulting from the acquisition of Guyco Pty. Limited.

Furthermore, this position includes liabilities from the acquisition of National Diversified Sales, Inc. in the fourth quarter of 2014 in the amount of EUR 1,622 thousand (2014: EUR 969 thousand).

The fair values of finance lease liabilities are calculated as the present values of the payments associated with the debts based on the applicable yield curve and NORMA Group's credit spread curve.

Derivative financial instruments held for trading and those used for hedging are carried at their respective fair values. They have been categorised entirely within level 2 in the fair value hierarchy.

None of the financial assets that are fully performing were renegotiated last year.

The tables below provide an overview of the classification of financial assets and liabilities measured at fair value in the fair value hierarchy under IFRS 13 as of 31 December 2015 as well as 31 December 2014:

FINANCIAL INSTRUMENTS – FAIR VALUE HIERARCHY

T 079

in EUR thousands	Level 1[1]	Level 2[2]	Level 3[3]	Total as of 31 Dec 2015
Recurring fair value measurements				
Assets				
Foreign exchange derivatives – held for trading		62		**62**
Foreign exchange derivatives – cash flow hedges		43		**43**
Foreign exchange derivatives – fair value hedges		143		**143**
Total	**0**	**248**	**0**	**248**
Liabilities				
Interest rate swaps – cash flow hedges		2,510		**2,510**
Foreign exchange derivatives – held for trading		74		**74**
Foreign exchange derivatives – cash flow hedges		41		**41**
Foreign exchange derivatives – fair value hedges		761		**761**
Other financial liabilities			3,472	**3,472**
Total	**0**	**3,386**	**3,472**	**6,858**

in EUR thousands	Level 1[1]	Level 2[2]	Level 3[3]	Total as of 31 Dec 2014
Recurring fair value measurements				
Assets				
Foreign exchange derivatives – hedge accounting		3		**3**
Total	**0**	**3**	**0**	**3**
Liabilities				
Cross-currency swaps – cash flow hedges		15,623		**15,623**
Interest rate swaps – cash flow hedges		2,554		**2,554**
Foreign exchange derivatives – cash flow hedges		172		**172**
Foreign exchange derivatives – fair value hedges		1,871		**1,871**
Other financial liabilities			3,314	**3,314**
Total	**0**	**20,220**	**3,314**	**23,534**

[1] Fair value measurement based on quoted prices (unadjusted) in active markets for these or identical assets or liabilities.
[2] Fair value measurement for the asset or liability based on inputs that are observable on active markets either directly (i.e. as priced) or indirectly (i.e. derived from prices).
[3] Fair value measurement for the asset or liability based on inputs that are not observable market data.

No transfers between the different levels occurred in 2015 and 2014.

The fair value of interest swaps and cross-currency swaps is calculated as the present value of estimated future cash flows. The fair value of forward foreign exchange contracts is determined using a present value model based on forward exchange rates.

Level 3 includes fair values of financial liabilities from contingent consideration resulting from the acquisition of the business activities of Five Star Clamps, Inc.

The agreement on the contingent consideration related to the acquisition of the business activities of Five Star Clamps, Inc. commits NORMA Group to pay an amount depending on certain revenues made by Five Star in financial year 2015 compared with certain revenues posted in financial year 2012. If the ratio of the revenues is below 100%, the contingent consideration will be reduced linearly by the calculated difference. Furthermore, the agreement includes an appropriate market interest on the contingent consideration. The fair value of the contingent consideration was determined on the acquisition date while taking into account the budget of the Company and setting the maximum value at EUR 2,998 thousand (the contingent consideration is due in US dollars, therefore the amount in euros will vary without P&L effects). The parameter for which no observable market data is available is shown below:

Assumed revenue ratio: > 100%

A decrease in the estimated revenue ratio to a value below 100% would lead to a lower value of the contingent consideration.

The contingent consideration related to the acquisition of Guyco Pty Limited existing on 31 December 2014 in the amount of EUR 316 thousand, which was settled with a payment of EUR 316 thousand in the first quarter of 2015. The payment was equal to the outstanding fair value of the liability calculated on 30 June 2014.

The development of the financial assets that are recognised at fair value and assigned to level 3 of the fair value hierarchy is stated below:

FINANCIAL INSTRUMENTS – CHANGES IN LEVEL 3 INSTRUMENTS — T 080

in EUR thousands	Contingent consideration in business combinations	Total
Balance as of 1 January 2015	**3,314**	**3,314**
Gains and losses recognised in profit (–) or loss (+)	140	140
Payments	–316	–316
Currency effects	334	334
Balance as of 31 December 2015	**3,472**	**3,472**
Total gains or losses for the period included in profit (–) or loss (+), under 'Financial result'	140	140

In 2015, EUR 140 thousand (2014: EUR 0 thousand) in interest expenses were recognised in profit or loss for financial liabilities categorised in level 3, which are held on 31 December 2015. Currency effects on this liability amounting to EUR 334 thousand (2014: EUR 549 thousand) were recognised in other comprehensive income.

In accordance with IFRS 7.20 (a), net gains and losses from financial instruments by measurement category are as follows:

FINANCIAL INSTRUMENTS – NET GAINS AND LOSSES — T 081

in EUR thousands	**2015**	2014
Loans and receivables (LaR)	**–2,023**	–419
Financial instruments held for trading (FAHfT and FLHfT)	**–1,799**	0
Financial liabilities at cost (FLAC)	**–11,959**	–10,109
	–15,781	**–10,528**

Net gains and losses of loans and receivables comprise impairment of trade receivables, and interest income on short-term bank deposits. Net gains and losses of financial liabilities at cost comprise interest expenses and fees from borrowings.

Net gains and losses of financial instruments held for trading result from the dynamic protection concept described in → Note 22 'Derivative Financial Instruments.'

In prior year notes net gains and losses of loans and receivables comprise currency effects from these instruments in the amount of EUR 486 thousand. Within the net gains and losses from financial liabilities at costs, currency effects amounting to EUR 3,377 thousand as well as effects from related hedging derivatives in the amount of EUR –2,454 thousand were included.

Currency effects from the translation of financial assets and liabilities according to IAS 21 are shown within → Note 14 'Net Foreign Exchange Gains/Losses.'

22. DERIVATIVE FINANCIAL INSTRUMENTS

The derivative financial instruments were as follows:

DERIVATIVE FINANCIAL INSTRUMENTS — T 082

	31 Dec 2015		31 Dec 2014	
in EUR thousands	**Assets**	**Liabilities**	Assets	Liabilities
Cross-currency swaps – cash flow hedges				15,623
Interest rate swaps – cash flow hedges		**2,510**		2,554
Foreign exchange derivatives – held for trading	**62**	**74**		
Foreign exchange derivatives – cash flow hedges	**43**	**41**	3	172
Foreign exchange derivatives – fair value hedges	**143**	**761**		1,871
Total	**248**	**3,386**	**3**	**20,220**
Less non-current portion				
Cross-currency swaps – cash flow hedges				15,623
Interest rate swaps – cash flow hedges		**2,510**		2,554
Non-current portion	**0**	**2,510**	**0**	**18,177**
Current portion	**248**	**876**	**3**	**2,043**

Foreign exchange derivatives

On 31 December 2015, foreign exchange derivatives with a positive market value of EUR 43 thousand and with a negative market value of EUR 41 thousand were classified as cash flow hedges. The notional principal amounts were EUR 5,957 thousand and EUR 3,017 thousand. Furthermore, foreign exchange derivatives with a positive market value of EUR 143 thousand and a negative value of EUR 761 thousand and a notional principal amounts of EUR 24,565 thousand and EUR 77,772 thousand were classified as fair value hedges.

Foreign exchange derivatives classified as cash flow hedges are used to hedge foreign currency risk within the operative business. The foreign exchange derivatives classified as fair value hedges are used to hedge foreign currency risk of external debt and intragroup monetary items.

As part of its financial risk management, NORMA Group not only employs traditional approaches, such as using so-called natural hedges to reduce US dollar exposure and rolling hedging with foreign currency derivatives, but has also delegated certain parts of its exposure to banking partners. The purpose of this instrument is to protect NORMA Group against any unfavourable exchange rate developments while at the same time letting the Company take advantage of positive developments in foreign exchange markets. A dynamic protection concept with variable rate hedging is used here that analyses market trends on the basis of quantitative models and implements these findings in a technical security model. All activities must always follow the strict requirements of internal risk management. Foreign exchange derivatives resulting from the described dynamic protection concept are classified as held for trading. On 31 December 2015, this led to foreign exchange derivatives with a positive market value of EUR 62 thousand (notional principal amount of EUR 11,397 thousand) and a negative market value of EUR 74 thousand (notional principal amount of EUR 22,917 thousand).

Interest rate swaps and cross-currency swaps

In order to avoid interest rate fluctuations, NORMA Group has hedged parts of the loans against changes in the interest rates.

The notional principal amount of the interest rate swaps amount to EUR 117 million (31 December 2015: EUR 110 million). The cross-currency swaps outstanding as of 31 December 2014 were fully repaid in 2015 (notional principal amount as of 31 December 2014: EUR 73 million).

On 31 December 2015, the hedged fixed interest rate was between 1.178% and 2.0025%; the variable interest rate was the 3-month LIBOR and the 6-month EURIBOR.

The maximum exposure to credit risk on the reporting date is the fair value of the derivative assets in the Consolidated Statement of Financial Position.

In financial year 2015 and 2014, no ineffective portion of cash flow hedges was recognised in profit or loss.

The effective part recognised in other comprehensive income excluding taxes developed as follows:

CHANGE IN HEDGING RESERVE BEFORE TAX T 083

in EUR thousands	Foreign exchange derivatives	Interest rate swaps	Cross-currency swaps	Total
Balance as of 1 January 2014	**83**	**–4,223**	**–2,229**	**–6,369**
Foreign currency translation effects	–3	4	–143	–142
Reclassification in profit or loss	–80	4,146	2,263	6,329
Net fair value changes	–109	–2,481	–607	–3,197
Balance as of 31 December 2014	**–109**	**–2,554**	**–716**	**–3,379**
Foreign currency translation effects	–3	0	–67	–70
Reclassification in profit or loss	110	1,544	783	2,437
Net fair value changes	26	–1,498	0	–1,472
Balance as of 31 December 2015	**24**	**–2,508**	**0**	**–2,484**

Amounts due to interest rate swaps recognised in the hedging reserve in equity on 31 December 2015 will be released in profit or loss until the repayment of the loans. Amounts due to foreign exchange derivatives recognised in the hedging reserve in equity on 31 December 2015 are current and will therefore be released in profit or loss within the one year.

An overview of the gains and losses arising from the hedging of fair value changes that were recognised in the financial result is shown in the following overview:

GAINS AND LOSSES FAIR-VALUE-HEDGES T 084

in EUR thousands	**2015**	2014
Gains (+) on hedged items	**11,124**	1,844
Loss (–) on hedging instruments	**–11,220**	–1,830
	–96	**14**

23. TRADE AND OTHER RECEIVABLES

Trade and other receivables were as follows:

TRADE RECEIVABLES AND OTHER RECEIVABLES T 085

in EUR thousands	**31 Dec 2015**	31 Dec 2014
Trade receivables	**122,781**	107,536
thereof receivables from POC	**1,460**	0
Other receivables	**84**	181
	122,865	**107,717**

On the balance sheet date, trade receivables are as follows:

TRADE RECEIVABLES T 086

in EUR thousands	**31 Dec 2015**	31 Dec 2014
Trade receivables	**126,100**	109,457
Less: allowances for doubtful accounts	**–3,319**	–1,921
	122,781	**107,536**

All trade receivables are due within one year. The following table shows the maturity analysis for overdue trade receivables and other current receivables that are not impaired:

TRADE RECEIVABLES – MATURITY ANALYSIS T 087

As of 31 December 2015 in EUR thousands	Not past due	< 30 days	30–90 days	91–180 days	181 days–1 year	> 1 year	**Total**
Trade receivables	99,408	12,888	5,959	2,034	1,831	632	**122,752**
Other receivables	67	1	16	0	0	0	**84**
	99,475	**12,889**	**5,975**	**2,034**	**1,831**	**632**	**122,836**

As of 31 December 2014 in EUR thousands	Not past due	< 30 days	30–90 days	91–180 days	181 days–1 year	> 1 year	**Total**
Trade receivables	80,308	15,484	6,829	3,347	993	542	**107,503**
Other receivables	179	0	0	0	2	0	**181**
	80,487	**15,484**	**6,829**	**3,347**	**995**	**542**	**107,684**

On 31 December 2015 and 2014, there was no indication that trade receivables that were not impaired could be irrecoverable.

The amount of receivables that were impaired was as follows:

TRADE RECEIVABLES – IMPAIRMENTS T 088

in EUR thousands	31 Dec 2015	31 Dec 2014
Trade receivables impaired and provided for	3,348	1,954
Allowances for doubtful accounts	–3,319	–1,921

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

TRADE RECEIVABLES – CARRYING AMOUNT PER CURRENCY T 089

in EUR thousands	31 Dec 2015	31 Dec 2014
Euro	39,428	33,707
US dollar	59,465	54,051
Chinese renminbi	10,137	6,508
British pound	3,656	3,435
Australian dollar	3,009	3,020
Swedish krona	918	788
Swiss franc	584	871
Indien rupee	1,330	1,105
Malaysian ringgit	1,264	943
Thai baht	493	460
Russian ruble	332	515
Other currencies	2,249	2,314
	122,865	107,717

All trade receivables were impaired by specific valuation allowances. There have been no general allowances. Movements on the Group provision for impairment of trade receivables are as follows:

TRADE RECEIVABLES – DEVELOPMENT IMPAIRMENTS T 090

in EUR thousands	2015	2014
As of 1 January	1,921	**1,638**
Additions	1,359	445
Amounts used	–202	–178
Reversals	–54	–20
Currency effects	295	36
As of 31 December	3,319	**1,921**

The creation and release of allowances for doubtful accounts have been included in 'other operating income / expenses' in the Consolidated Statement of Comprehensive Income. Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk on the reporting date is the carrying amount of each class of receivables mentioned above. The Group does not hold any collateral as security.

On 31 December 2015 and 2014, the trade and other receivables are unsecured.

Receivables of EUR 29 thousand (2014: EUR 770 thousand) were sold in a factoring contract.

ABS programme

In 2014, NORMA Group entered into a revolving asset purchase agreement (Receivables Purchase Agreement) with Weinberg Capital Ltd. (special purpose entity). Within the agreed structure, NORMA Group sold trade receivables in the context of an ABS transaction which was successfully initiated in December 2014. Receivables are sold by NORMA Group to a special purpose entity.

As of 31 December 2015, domestic NORMA Group entities had sold receivables in an amount of EUR 13.9 million (31 December 2014: EUR 11.9 million) under this asset-backed securities (ABS) programme with a maximum volume of EUR 25 million. From the receivables sold, EUR 3.6 million (31 December 2014; EUR 1.9 million) were retained as loss reserves and were not paid out. These assets were recognised as other financial assets. The basis for this transaction is the transfer of trade receivables of individual NORMA Group subsidiaries to a special purpose entity with a framework of undisclosed assignment. This special purpose entity (SPE) is not consolidated under IFRS 10, because neither the power over the SPE is attributable to the NORMA Group nor the NORMA Group has an essential self-interest and no connection between power and variability of the returns of the special purpose entity exists.

The requirements for a receivables transfer according to IAS 39.15 are met, since the receivables are transferred according to IAS 39.18 a). Verification in accordance with IAS 39.20 shows that substantially all risk and rewards were neither transferred nor retained. Therefore, according to IAS 39.30, NORMA Group's continuing involvement must be recognised.

This continuing involvement in the amount of EUR 251 thousand (31 December 2014: EUR 320 thousand) includes the maximum amount that NORMA Group could conceivably have to pay back under the default guarantee and the expected interest payments until the payment is received for the carrying amount of the receivables transferred. The fair value of the guarantee / interest payments to be assumed has been estimated at EUR 1 thousand (31 December 2014: EUR 4 thousand), taken through profit or loss and recognised under other liabilities.

Receivables from construction contracts

Trade receivables include the following receivables from customer-specific contract production recognised using the percentage of completion method:

RECEIVABLES FROM CONSTRUCTION CONTRACTS T 091

in EUR thousands	31 Dec 2015	31 Dec. 2014
Production costs, including result from construction contracts	1,460	162
Payments received on account	0	–699
	1,460	–537

Receivables from construction contracts include customer-specific contract production with an asset-side balance, whose production costs, taking account of profit shares and loss-free valuation, exceed the payments received on account. The amounts due to customers in financial year 2014 are included in payments received.

The following table shows the gross amounts of the construction contracts as of 31 December 2015 and 2014:

GROSS AMOUNT CUSTOMER CONTRACTS T 092

in EUR thousands	31 Dec 2015	31 Dec 2014
Amounts due from customers for contract work	1,460	0
Amounts due to customers for contract work	0	–537
	1,460	–537

24. INVENTORIES

Inventories were as follows:

INVENTORIES T 093

in EUR thousands	31 Dec 2015	31 Dec 2014
Raw materials	31,484	30,418
Work in progress	20,266	16,163
Finished goods and goods for resale	78,152	68,296
	129,902	114,877

On 31 December 2015, impairments were made on inventories amounting to EUR 3,957 thousand (31 December 2014: EUR 2,415 thousand).

On 31 December 2015 and 2014, the inventories are not collateralised with the exception of the customary business reservations of title.

25. OTHER NON-FINANCIAL ASSETS

Other non-financial assets were as follows:

OTHER NON-FINANCIAL ASSETS T 094

in EUR thousands	31 Dec 2015	31 Dec 2014
Deferred costs	3,575	1,558
VAT assets	5,836	5,115
Receivables against factor	324	222
Prepayments	2,635	2,557
Reimbursement insurance contracts	170	170
Other assets	1,405	1,705
	13,945	11,327

26. OTHER FINANCIAL ASSETS

Other financial assets were as follows:

OTHER FINANCIAL ASSETS T 095

in EUR thousands	31 Dec 2015	31 Dec 2014
Receivables from the ABS programme	3,593	1,866
Other assets	263	332
	3,856	2,198

Receivables from the ABS programme include reserves for the trade receivables sold → Note 23 'Trade and Other Receivables.'

27. EQUITY

Subscribed capital

The subscribed capital of the Company on 31 December 2014 and 2013 amounted to EUR 31,862 thousand and was fully paid in. It is divided into 31,862,400 shares with no par value and a notional value of EUR 1. The liability of the shareholders for the obligations of the Company to its creditors is limited to this capital. The amount of the subscribed capital is not permitted to be distributed by the Company to its shareholders.

Authorised and conditional capital

The Management Board is entitled to increase the share capital by up to EUR 12,744,960.00 until 19 May 2020 by issuing up to 12,744,960 new no-par value registered shares in exchange for cash and / or contributions in kind either once or several times by resolution of the Annual General Meeting held on 20 May

2015, with the approval of the Supervisory Board, whereby the subscription rights of shareholders may be restricted (authorised capital 2015).

The share capital is being increased by up to EUR 3,186,240.00 by resolution of the Annual General Meeting on 20 May 2015 by issuing up to 3,186,240 new no-par value registered shares to grant convertible bonds and / or bonds with warrants (conditional capital 2015).

The resolutions of the Annual General Meeting of 6 April 2011, authorised capital 2011 and conditional capital 2011, were repealed.

Capital reserve
The capital reserve contains:

- amounts (premiums) received for the issuance of shares,
- premiums paid by shareholders in exchange for the granting of a preference for their shares,
- amounts resulting from other capital contributions of the owners.

Management incentive schemes
In the second quarter of 2015, the Matching Stock Programme (MSP) for the Management Board of NORMA Group was switched over to cash settlement by resolution of the Supervisory Board. Due to the change in classification, EUR 6,278 thousand were recognised directly in equity as a reduction of the capital reserve against a corresponding provision.

Retained earnings
Retained earnings consisted of the following:

DEVELOPMENT RETAINED EARNINGS T 096

in EUR thousands	Retained earnings	Remeasurements of post employment benefit obligations	IPO costs directly netted with equity	Reimbursement IPO-costs by shareholder	Acquisition of non-controlling interest	Effects from the application of IAS 19R	Total
Balance as of 31 December 2013	**87,956**	**–1,441**	**–4,640**	**4,681**	**–2,429**	**839**	**84,966**
Profit for the year	54,722						**54,722**
Dividends paid	–22,304						**–22,304**
Effect before taxes		–1,619					**–1,619**
Tax effect		453					**453**
Balance as of 31 December 2014	**120,374**	**–2,607**	**–4,640**	**4,681**	**–2,429**	**839**	**116,218**
Profit for the year	73,680						**73,680**
Dividends paid	–23,897						**–23,897**
Effect before taxes		–491					**–491**
Tax effect		90					**90**
Balance as of 31 December 2015	**170,157**	**–3,008**	**–4,640**	**4,681**	**–2,429**	**839**	**165,600**

A dividend of EUR 23,897 thousand (EUR 0.75 per share) was paid to the shareholders of NORMA Group after the Annual General Meeting in May 2015, which reduced the retained earnings.

Other reserves

Other reserves consisted of the following:

DEVELOPMENT OTHER RESERVES T 097

in EUR thousands	Cash flow hedges	Foreign exchange rate differences on translating foreign operations	Total
Balance as of 1 January 2014	**–4,370**	**–9,487**	**–13,857**
Currency translation		14,326	**14,326**
Effect before taxes	2,989		**2,989**
Tax effect	–962		**–962**
Balance as of 31 December 2014	**–2,343**	**4,839**	**2,496**
Currency translation		18,050	**18,050**
Effect before taxes	895		**895**
Tax effect	–313		**–313**
Balance as of 31 December 2015	**–1,761**	**22,889**	**21,128**

28. SHARE-BASED PAYMENTS

Management incentive schemes

The Matching Stock Programme

The Matching Stock Programme (MSP) for the Management Board provides a long-term incentive to commit to the success of the Group. The MSP is a share-based option. To this end, the Supervisory Board specifies a number of share options to be granted each financial year with the proviso that the Management Board member makes a corresponding personal investment in the Group.

The shares involved in the share options are those shares allocated or acquired and qualified as part of the MSP defined in the Management Board contract. The number of share options is calculated by multiplying the qualified shares (2015: 85,953; 2014: 108,452) held at the time of allotment by the option factor specified by the Supervisory Board. A new option factor is set for every tranche (the option factor for 2015 is 1.5; 2014: 1.5). The first tranche was allocated on the day of the IPO. The other tranches will be allocated on 31 March each following year. There are therefore 128,929 share options in the 2015 financial year (2014: 162,679 share options). The holding period is four years (on 31 March 2019 for the 2015 tranche, on 31 March 2018 for the 2014 tranche, on 31 March 2017 for the 2013 tranche and on 31 March 2016 for the 2012 tranche). Non-forfeitable claims out of the options are earned pro rata over the respective performance period. The exercise price for the outstanding tranches will be the weighted average of the respective closing price of the Group's share on the 60 trading days directly preceding the allocation of each tranche. Dividend payments by the Group during the vesting period are deducted from the exercise price of each tranche.

The options of a tranche can only be exercised within a period of two years following the expiration of the holding period. In order for an option to be exercised, the weighted average of the last ten trading days must be at least 1.2 times of the exercise price. The pay-out is limited to 2% of the average (adjusted) EBITA (tranches 2012, 2013, 2014 and 2015) during the holding period. When the option is exercised, the Group can decide whether to settle the option in shares or cash.

In the second quarter of 2015, the MSP for the Management Board of NORMA Group was switched over to cash settlement by resolution of the Supervisory Board. Due to the change in classification of the stock options from being a settlement in equity instruments to a cash settlement, the proportional fair value of the options were recalculated at the time of the change in estimates. The proportional expenses for the year 2015 up to the date of change in the amount of EUR 135 thousand were recognised within the capital reserve through profit or loss. The pro rata fair value on the date of the change in the assessment in the amount of EUR 6,278 thousand was recognised directly in equity as a reduction of the capital reserve against a corresponding provision.

The Group used the following parameters at the date of transition for its evaluation of the proportional fair value of the tranches:

PARAMETERS MSP T 098

	Tranche MSP 2011	Tranche MSP 2012	Tranche MSP 2013	Tranche MSP 2014
Expected duration until exercise in years	n/a	1.2	2.2	3.2
Exercise price in EUR	19.05	15.92	22.36	39.46
Risk-free interest rate in %	n/a	–0.25	–0.24	–0.20
Expected volatility of share price in %	n/a	32.00	32.00	32.00
Expected dividend payment in %	n/a	2.00	2.00	2.00
Proportional fair value per "share unit" in EUR	2,265,310	2,040,151	1,527,790	444,581
Fair value per "share unit" in EUR as of 31 März 2015	13.93	13.95	12.84	5.88
Expected cap (2% of the average EBITA during the holding period)	13.93	14.65	18.17	17.30
Share price as of 31 March 2015 in EUR	46.87	46.87	46.87	46.87

The determination of fair value, which is the basis for determining the pro rata provision on the balance sheet date, was carried out using a Monte-Carlo-Simulation. The expected volatilities are set to be the historical volatility of the three-year period before the valuation date. Due to the cash settlement, the options are valued at each balance sheet date and the resulting changes in fair value are recognised through profit or loss, whereby the prorated expenses were ratably recognised over the performance period.

The option rights granted under the MSP changed as follows in the 2015 and 2014 financial years:

DEVELOPMENT OF THE MSP OPTION RIGHTS T 099

	Tranche MSP 2011	Tranche MSP 2012	Tranche MSP 2013	Tranche MSP 2014	Tranche MSP 2015
Expected duration until exercise in years	n/a	0.42	1.42	2.42	3.42
Proportional fair value per outstanding “share units” in EUR as of 31 December 2015	n/a	2,395,798.00	2,049,470.00	840,766.00	354,391.00
Fair value per “share unit” in EUR as of 31 December 2015	n/a	15.73	15.39	8.25	7.03
Exercise price in EUR	19.05	15.17	21.61	38.71	44.09
Balance as of 31 December 2013	**162,679**	**162,679**	**162,679**	**0**	**0**
Tentatively granted “share units”				162,679	
Exercised					
Lapsed					
Balance as of 31 December 2014	**162,679**	**162,679**	**162,679**	**162,679**	**0**
Balance as of 31 December 2014	**162,679**	**162,679**	**162,679**	**162,679**	**0**
Tentatively granted “share units”					128,929
Exercised	162,679				
Lapsed		8,438	16,875	25,313	
Balance as of 31 December 2015	**0**	**154,241**	**145,804**	**137,366**	**128,929**

In the financial year 2015, expenses in the amount of EUR 1,762 thousand (2014: EUR 541 thousand) resulting from the MSP were recognised in employee benefits expense against a corresponding addition within the provisions. The total provision for the MSP amounts to EUR 5,640 thousand as of 31 December 2015 (31 December 2014: EUR 0 thousand).

Long-Term Incentive Plan

In financial year 2013, NORMA Group installed a share-based, long-term, variable compensation component for executives and certain other groups of employees (Long-Term Incentive Plan). The Long-Term Incentive Plan (LTI) is a share-based payment, cash settled plan that takes into account both the performance of the Company and the share price development.

The participants receive a preliminary number of share units (virtual shares) at the start of the performance period based on a percentage of the respective base salary multiplied by a conversion rate. The conversion rate is determined based on the average share price of the previous 60 trading days of the calendar year prior to the grant date. Once four years have elapsed, the number of share units granted at the start of the performance period is adjusted based on the performance the Company has achieved, incorporating both the targets defined during the performance period and the Company / regional factor.

The goal achievement factor, measured by adjusted EBITA, as well as the Company / regional factor are applied as performance targets. The goal achievement factor is based on the adjusted EBITA of NORMA Group. The absolute adjusted EBITA target is determined for every year of the performance period based on the budgeted value. After conclusion of the four-year-period, the yearly recorded adjusted EBITA values are defined as a percentage in relation to the target values and averaged out over the four years. Allocation occurs above a goal achievement ratio of 90%. Between 90% and 100% goal achievement, every percentage point amounts to 10 percentage points of goal achievement factor. Between 100% and 200% goal achievement, the goal achievement factor grows by 1.5 percentage points per percentage point of goal achievement.

The company factor is determined by the Group Senior Management based on the Company's development, as well as the development in relation to comparable companies. In addition to this, the development of free cash flows is taken into account when determining the factor. At the discretion of the Group Senior Management, unanticipated developments can also be taken into account and the company factor corrected either downward or upward accordingly. The factor can assume values between 0.5 and 1.5.

The regional factor is defined by the Group Senior Management prior to pay-out and can assume a value between 0.5 and 1.5. The factor takes into account the results of the region, as well as any region-specific aspects.

The value of the share units is then determined at the end of the fourth calendar year based on the average share price of the last 60 days of trading in this fourth year. In case the calculated Long-term Incentive pay-out exceeds 250% of the initial grant value, the maximum pay-out is capped at 250%. The value determined is paid out to the participants in cash in May of the fifth year.

The LTI is a group-wide and global compensation instrument with a long-term orientation. Due to the coupling to the development not only of the stock price, but also the Company's performance, the LTI provides an additional incentive to create value through value-based action, aligned with the goals of NORMA Group.

The determination of fair value, which is the basis for determining the pro rata provision on the balance sheet date, was performed using a Monte-Carlo-simulation. Due to the cash settlement of the virtual share units, the fair value is measured on each balance sheet date and the resulting changes in the fair value are recognised in income or loss. The allocation of the expenses is made on a pro rate basis over the performance period.

The share units granted under the LTI changed as follows in the 2015 and 2014 financial years:

DEVELOPMENT LTI T 100

in EUR thousands	1st Tranche LTI 2013	2nd Tranche LTI 2014	3rd Tranche LTI 2015
Expected duration until exercise in years	1.00	2.00	3.00
Fair value per "share unit" in EUR as of 31 December 2015	45.29	48.43	46.60
Share price when granted in EUR	20.68	36.40	36.89
Balance as of 31 December 2014	**31,884**	**23,385**	**0**
Tentatively granted "share units"	-	-	39,726
Exercised	726	-	-
Lapsed	-	1,241	1,670
Balance as of 31 December 2015	**31,158**	**22,144**	**38,056**

in EUR thousands	1st Tranche LTI 2013	2nd Tranche LTI 2014
Expected duration until exercise in years	2.00	3.00
Fair value per "share unit" in EUR as of 31 December 2014	35.30	36.72
Share price when granted in EUR	20.68	36.40
Balance as of 31 December 2013	**37,122**	**0**
Tentatively granted "share units"	-	24,768
Exercised	-	-
Lapsed	5,238	1,383
Balance as of 31 December 2014	**31,884**	**23,385**

In financial year 2015, expenses resulting from the LTI in the amount of EUR 1,178 thousand (2014: EUR 492 thousand) were recorded under personnel expense and within a corresponding provision. In total, the provision for the LTI amounts to EUR 1,955 thousand as of 31 December 2015 (2014: EUR 777 thousand).

29. RETIREMENT BENEFIT OBLIGATIONS

Retirement benefit obligations result mainly from two German pension plans and a Swiss post-employment benefit plan.

The German defined benefit pension plan for NORMA Group employees was closed for new entrants in 1990 and provides benefits in case of retirement, disability, and death as life-long pension payments. The benefits entitlements depend on years of service and salary. The portion of salary that is above the income threshold for social security contribution leads to higher benefit entitlements compared to the portion of the salary up to that threshold. Although the plan was closed in 1990, NORMA

Group is still exposed to certain actuarial risks associated with defined benefit plans, such as longevity and compensation increases. Due to the amount of the obligation and the composition of the plan participants, approximately 95% are pensioners, a significant change in the actuarial assumptions would have no significant effects on NORMA Group. Employees hired after 1990 are eligible under a defined contribution scheme. The contributions are paid into an insurance contract providing lump sum payments in case of retirements and death.

Furthermore, in fiscal year 2015, a plan for members of the Management Board was established. This second German defined benefit plan is based on a direct commitment to an annual retirement payment to for members of the Management Board of NORMA Group. The annual retirement payment is measured as a percentage of the pensionable income. The pension entitlement arises when the contract has expired, but not before reaching the age of 65, or if that individual is unable to work. The percentage depends on the number of years of service as a Management Board member. The percentage amounts to 4% of the last monthly fixed salary prior to leaving for each completed year of service. The percentage can increase to a maximum of 55%. Furthermore, a survivor's pension is to be provided as well. The obligations arise from the plan are subject to certain actuarial risks associated with defined benefit plans, such as longevity and compensation increases.

Besides the German plans, there is a further benefit plan in Switzerland resulting from the Swiss "Berufliches Vorsorgegesetz" law (BVG). According to the BVG, each employer has to grant post-employment benefits for qualifying employees. The plan is a capital-based plan under which the Company has to make contributions equivalent to at least the limits specified in the plan conditions for employee contributions. These plans are administered by foundations that are legally separated from the entity and are subject to the BVG. The Group has outsourced the investment process to the Foundation, which sets the strategic asset allocation in its group life portfolio. All regulatory granted obligations out of the plan are reinsured by an insurance company. This covers risks of disability, death and longevity. Furthermore, there is, for the retirement assets invested, a 100% capital and interest guarantee. In the case of a shortfall, the employer and plan participants' contribution might be increased according to decisions of the relevant foundation board. Strategies of the foundation boards to make up for potential shortfalls are subject to approval by the regulator.

Besides the plans described in Germany and Switzerland, NORMA Group also participates in a multi-employer pension plan in the US for the benefit of employees of one of its US based plants. NORMA Group's obligation to participate in the fund arises from the agreement with the employees' labor organisation. The multi-employer pension plan is governed by US federal law under which the plan funds are held in trust and the plan administration and procedures substantially governed by federal regulation. The multi-employer pension plan is a defined benefit plan, and would normally be treated as such based on its associated actuarial estimates; however the plan trustees do not provide the participating employers with sufficient information to individually account for the plan (or their portioned participation therein) as a defined benefit plan. For this reason, the plan is being treated in accordance with the rules for defined contribution pension plans (IAS 19.34). The share of contributions that NORMA Group paid to the pension schemes in the previous financial year amounts to EUR 1.2 million (2014: EUR 0.9 million). Contributions to the plan are recognised directly in personnel expenses for the period. Future changes to the contributions, if any, would be determined through negotiations with the workers' organisation, as they may be slightly modified from time to time by regulation, and except for which NORMA Group has no other fixed commitment to the plan. Conditionally, in the unlikely event that NORMA Group withdraws from the fund or a significant employer in the fund experiences a major solvency event, additional future contribution payment obligations could arise. The funded status of the multi-employer plan is reported annually by the US Department of Labor, and is influenced by various factors, including investment performance, inflation, changes in demographics and changes in the participants' levels of performance. Based on the information provided by the plan administrator the plan is undercapitalised. The value of the undercapitalisation amount to USD 833.9 million for all plan participants (approximately 155 companies). The portion of NORMA Group to this shortfall is 2.1% (based on provided information for 2014). NORMA Group has formed a provision of EUR 0 thousand (31 Dec. 2014: EUR 172 thousand) for expected increases in contribution rates that arise from events in past periods. The expected employer contributions to the pension schemes for the following year 2016 amount to EUR 1,277 thousand.

Reconciliation of defined benefit obligations (DBO) and plan assets

The amounts included in the Group's Consolidated Financial Statements arising from its post-employment defined benefit plans are as follows:

COMPONENTS PENSION LIABILITY T 101

in EUR thousands	31 Dec 2015	31 Dec 2014
Present value of obligations	15,785	15,130
Fair value of plan assets	3,834	2,859
Liability in the balance sheet	**11,951**	**12,271**

The reconciliation of the net defined benefit liability (liability in the balance sheet) is as follows:

RECONCILIATION OF THE NET DEFINED BENEFIT LIABILITY T 102

in EUR thousands	2015	2014
As of 1 January	**12,271**	**10,869**
Current service cost	**536**	436
Past service cost	**–195**	0
Administration costs	**19**	17
Interest expenses	**165**	266
Remeasurments:		
Return on plan assets excluding amounts included in net interest expenses	**–240**	95
Actuarial (gains) losses from changes in demographic assumptions	**–181**	1,236
Actuarial (gains) losses from changes in financial assumptions	**902**	307
Experience (gains) losses	**0**	–19
Employer contributions	**–228**	–176
Benefits paid	**–628**	–776
Settlement payments	**–591**	0
Foreign currency translation effects	**121**	16
As of 31 December	**11,951**	**12,271**

A detailed reconciliation for the changes in the DBO is provided in the following table:

RECONCILIATION OF CHANGES IN THE DBO T 103

in EUR thousands	2015	2014
As of 1 January	**15,130**	**12,907**
Current service cost	**536**	436
Past service cost	**–195**	0
Administration costs	**19**	17
Interest expenses	**217**	312
Remeasurments:		
Actuarial (gains) losses from changes in demographic assumptions	**–181**	1,236
Actuarial (gains) losses from changes in financial assumptions	**902**	307
Experience (gains) losses	**0**	–19
Plan participants contribution	**536**	989
Benefits paid	**–1,012**	–1,120
Settlement payments	**–591**	0
Foreign currency translation effects	**424**	65
As of 31 December	**15,785**	**15,130**

The total defined benefit obligation at the end of financial year 2015 includes EUR 7,221 thousand for active employees, EUR 80 thousand for former employees with vested benefits and EUR 8,484 thousand for retirees and surviving dependents.

Settlement payments in the amount of EUR 591 thousand relate to the liquidation of Nordic Metalblok, Italy, in financial year 2015.

A detailed reconciliation of the changes in the fair value of plan assets is provided in the following table:

RECONCILIATION OF CHANGES IN THE FAIR VALUE OF PLAN ASSETS T 104

in EUR thousands	2015	2014
As of 1 January	**2,859**	**2,038**
Interest income	**52**	46
Remeasurements:		
Return on plan assets excluding amounts included in net interest expenses	**240**	–95
Employer contributions	**228**	176
Plan participants contributions	**536**	989
Benefits paid	**–384**	–344
Foreign currency translation effects	**303**	49
Fair value of plan assets at end of year	**3,834**	**2,859**

Disaggregation of plan assets

The allocation of the plan assets of the benefit plans is as follows:

DISAGGREGATION OF PLAN ASSETS T 105

in EUR thousands	2015	2014
Asset class		
Insurance contracts	**3,787**	2,822
Cash deposit	**41**	33
Equity securities	**6**	4
Total	**3,834**	**2,859**

Cash deposits and equity securities have quoted prices in active markets. The values for insurance contracts represent the redemption value. No quoted prices in an active market are available for these.

Actuarial assumptions

The principal actuarial assumptions are as follows:

ACTUARIAL ASSUMPTIONS T 106

in %	2015	2014
Discount rate	**1.40**	1.62
Inflation rate	**1.62**	1.71
Future salary increases	**2.30**	2.34
Future pension increases	**1.61**	1.70

The biometric assumptions are based on the 2005 G Heubeck life-expectancy tables for the German plan and on the life-expectancy tables of the BVG 2010 G for the Swiss plan.

Sensitivity analysis

If the discount rate was to differ by +0.25% / –0.25% from the interest rate used on the balance sheet date, the defined benefit obligation for pension benefits would be an estimated EUR 513 thousand lower or EUR 545 thousand higher. If the future pension increase used was to differ by +0.25% / –0.25% from management's estimates, the defined benefit obligation for pension benefits would be an estimated EUR 185 thousand higher or EUR 174 thousand lower. The reduction / increase of the mortality rates by 10% results in an increase / deduction of life expectancy depending on the individual age of each beneficiary. That means, for example, that the life expectancy of a male NORMA Group employee age 55 years as of 31 December 2015 increases / decreases by approximately one year. In order to determine the longevity sensitivity, the mortality rates were reduced / increased by 10% for all beneficiaries. The effect on DBO as of 31 December 2015 due to a 10% reduction / increase in mortality rates would result in an increase of EUR 812 thousand or a decrease of EUR 839 thousand.

When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method) has been applied as when calculating the post-employment benefit obligation recognised in the Consolidated Statement of Financial Position. Increases and decreases in the discount rate or rate of pension progression which are used in determining the DBO do not have a symmetrical effect on the DBO due to the compound interest effect created when determining the net present value of the future benefit. If more than one of the assumptions are changed simultaneously, the combined impact due to the changes would not necessarily be the same as the sum of the individual effects due to the changes. If the assumptions change at a different level, the effect on the DBO is not necessarily in a linear relation.

Future cash flows

Employer contributions expected to be paid to the post-employment defined benefit plans in financial year 2016 are EUR 274 thousand (2014: EUR 222 thousand).

Expected payments from post-employment benefit plans are as follows:

EXPECTED PAYMENTS FROM POST-EMPLOYMENT BENEFIT PLANS T 107

in EUR thousands	2015
Expected benefit payments	
2016	**819**
2017	**802**
2018	**787**
2019	**771**
2020	**753**
2021 – 2025	**3,702**

in EUR thousands	2014
Expected benefit payments	
2015	793
2016	779
2017	764
2018	750
2019	736
2020 – 2024	3,485

The weighted average duration of the defined benefit obligation is 11.8 years (2014: 10.9 years).

30. PROVISIONS

The development of provisions is as follows:

DEVELOPMENT OF PROVISIONS

T 108

in EUR thousands	As of 1 Jan 2015	Additions	Amounts used	Unused amounts reversed	Interest accrued	Transfers	Foreign currency translation	**As of 31 Dec 2015**
Guarantees	1,391	340	–147	–380	0	0	22	**1,226**
Severance	1,004	618	–723	0	0	0	0	**899**
Early retirement	3,321	1,986	–1,919	0	22	0	0	**3,410**
Other personnel-related obligations	4,206	10,693	–3,447	–5	0	–7	41	**11,481**
Outstanding credit notes	1,285	842	–434	–627	0	0	6	**1,072**
Outstanding invoices	1,049	773	–1,049	–24	0	0	49	**798**
Others	2,093	1,261	–1,274	–133	0	0	–19	**1,928**
Total provisions	**14,349**	**16,513**	**–8,993**	**–1,169**	**22**	**–7**	**99**	**20,814**

in EUR thousands	As of 1 Jan 2014	Additions	Amounts used	Unused amounts reversed	Interest accrued	Transfers	Foreign currency translation	**As of 31 Dec 2014**
Guarantees	2,144	173	–206	–739	0	0	19	**1,391**
Severance	549	955	–472	0	0	–30	2	**1,004**
Early retirement	2,883	1,717	–1,390	0	111	0	0	**3,321**
Other personnel-related obligations	3,963	1,749	–1,817	–34	90	247	8	**4,206**
Outstanding credit notes	1,391	985	–616	–466	0	0	–9	**1,285**
Outstanding invoices	802	1,010	–307	–541	0	0	85	**1,049**
Others	1,886	1,005	–619	–216	0	0	37	**2,093**
Total provisions	**13,618**	**7,594**	**–5,427**	**–1,996**	**201**	**217**	**142**	**14,349**

PROVISIONS – SPLIT CURRENT / NON-CURRENT

T 109

	31 December 2015			31 December 2014		
in EUR thousands	**Total**	**thereof current**	**thereof non-current**	Total	thereof current	thereof non-current
Guarantees	**1,226**	**940**	**286**	1,391	1,085	306
Severance	**899**	**899**	**0**	1,004	1,004	0
Early retirement	**3,410**	**0**	**3,410**	3,321	0	3,321
Other personnel-related obligations	**11,481**	**4,588**	**6,893**	4,206	1,830	2,376
Outstanding credit notes	**1,072**	**1,072**	**0**	1,285	1,285	0
Outstanding invoices	**798**	**798**	**0**	1,049	1,049	0
Others	**1,928**	**1,675**	**253**	2,093	1,889	204
Total provisions	**20,814**	**9,972**	**10,842**	**14,349**	**8,142**	**6,207**

Early retirement contracts

Employees at NORMA Group in Germany can in general engage in an early retirement contract ("Altersteilzeit"). In the first phase, the employee works 100% ("Arbeitsphase"). In the second phase, he/she is exempt from work ("Freistellungsphase"). The employees receive half of their payment for the total early retirement-phase as well as top-up payments (including social security costs paid by the employer). The duration of the early retirement has a maximum of six years.

The accounting for early retirement ("Altersteilzeit") is based on actuarial valuations taking into account assumptions such as a discount rate of 0.61% (2014: 0.61%) as well as the 2005 G Heubeck life-expectancy tables. For signed early retirement contracts, a liability has been recognised. The liability includes top-up payments ("Aufstockungsbeträge") as well as deferred salary payments ("Erfüllungsrückstände").

Guarantees
Provisions for guarantees include provisions due to circumstances where a final agreement has not yet been achieved and provisions based on experience (customer claim quota, amount of damage, etc.). Future price increases are considered if material.

Severance payments
Provisions for severance payments include expected severance payments for NORMA Group employees due to circumstances where a final agreement has not yet been reached. The provisions will be paid out in the following financial year and are therefore reported under the current provisions.

Other personnel-related provisions
Other personnel-related provisions are as follows:

PROVISIONS – OTHER PERSONNEL-RELATED T 110

		31 December 2015			31 December 2014		
in EUR thousands	Notes	Total	thereof current	thereof non-current	Total	thereof current	thereof non-current
LTI – Board Members		**1,758**	**958**	**800**	1,562	687	875
LTI – Management	(28)	**1,955**	**0**	**1,955**	777	0	777
STI – Board Members		**460**	**460**	**0**	380	380	0
Matching stock programme (MSP)	(28)	**5,640**	**2,396**	**3,244**	0	0	0
Jubilee provisions		**770**	**0**	**770**	675	0	675
Other personnel related		**898**	**774**	**124**	812	763	49
		11,481	**4,588**	**6,893**	**4,206**	**1,830**	**2,376**

The Company's Long-Term Incentive (LTI) of the Management Board consists of two different long-term compensation elements. The variable compensation is designed differently depending on the time when a Board member took office. With the Board members occurred before 2015, it consists of an EBITA component and an operating free cash flow before external use (FCF) component, each of which are observed over a period of three years (performance period). A new three year performance period begins every year. Both components are calculated by multiplying the average annual adjusted EBITA and FCF values actually achieved in the performance period by the adjusted EBITA and FCF bonus percentages specified in the employment contract. In the second step, the actual value of a component is compared to the medium-term plan approved by the Supervisory Board to evaluate the Company's performance and adjustments are made to the LTI plan. The LTI plan is limited to two and a half times the amount that would be arrived at on the basis of the figures in the Company's medium-term plan. If the actual value is lower than the planned value, the LTI plan is reduced on a straight-line basis down to a minimum of EUR 0 if the three year targets are missed by a significant amount. Due to the calculation of the variable remuneration based on future results of the Group, uncertainties exist regarding the amount of the future outflows. Parts of the long-term compensation component will be paid out in the first half of the following financial year and are therefore reported under the current provisions.

When entering service in the reporting year, the variable compensation of the Management Board consists of the NORMA-VA-Bonus. This variable remuneration, for the members of the Management Board which are not part of the MSP, provides a long-term incentive for the Management Board to work hard to make the Company successful. The LTI is an appreciation bonus that is based on the Group's performance. The Board member receives a percentage of the calculated increase in value. The NORMA Value Added Bonus corresponds to the percentage of the average increase in value from the current and the two previous financial years. The annual increase in value is calculated using the following formula:

$$\text{NORMA Value Added} = (\text{EBIT} \times (1 - s)) - (\text{WACC} \times \text{invested capital}).$$

The calculation of the first component is based on the consolidated earnings before interest and taxes (Group EBIT) for the financial year and the average corporate tax rate (s). The second component is calculated from the Group cost of capital (WACC) multiplied by the capital invested. The NORMA Value Added Bonus is limited to a fixed annual salary. 75% of the amount attributable to the LTI is paid to each Management Board member the following year. The Company then uses the remaining 25% attributable to the LTI to purchase shares of NORMA Group SE in the name and on behalf of the individual Board members. Alternatively, the Company may pay out this balance to the Board member. In this case, the Management Board obligates itself to purchase shares of NORMA Group SE with the balance of this amount within 120 days after the annual financial statements are approved at the Supervisory Board meeting. The Management Board member may not dispose of the shares for four years. Dividends and subscription rights are to be made freely available to the Management Board member. If a Board member takes office in the current financial year or does not work for the Company for a full twelve months in a financial year, the LTI is to be reduced proportionally (pro rata). Upon termination of the employment contract, a Management Board member may dispose of his shares only after 12 months of leaving the Company.

The LTI for Management (Long-Term Incentive Plan) is a variable compensation component based on the share price of the NORMA Group. A detailed description can be found in → Note 28 'Share-based Payments.'

The STI of the Management Board (Short-Term Incentive Plan) results from short term variable cash payment. A description can be found within the Remuneration Report for the Management and Supervisory Boards.

In the second quarter of 2015, the Matching Stock Programme (MSP) for NORMA Group's Management Board was changed to cash settlement by decision of the Supervisory Board. The accounting treatment has been modified accordingly → Note 28 'Share-based Payments.' This leads to an increase in provisions by EUR 6,278 thousand at the date of change, of which EUR 2,265 thousand were paid out in the second quarter of 2015. As of December 2015, the provisions out of the MSP amounts to EUR 5,640 thousand (2014: EUR 0 thousand).

Jubilee provisions are based on actuarial valuations taking into account assumptions such as a discount rate of 1.45% p.a. as well as the 2005 G Heubeck life-expectancy tables.

Furthermore, other personnel-related provisions mainly includes payable income tax and social security contributions in foreign countries and other personnel-related provisions.

Other non-personnel related provisions

Provisions for outstanding credit notes in the amount of EUR 1,072 thousand (2014: 1,285 thousand) include obligations for subsequent price adjustments for past periods due to ongoing negotiations with customers. There are uncertainties regarding the amount and timing of the outflows. However, it is expected that this results within a year in payments.

Provisions for outstanding invoices in the amount of EUR 789 thousand (2014: EUR 1,049 thousand) include expected obligations for the audit of the annual financial statements. There are uncertainties regarding the amount and timing of the outflows. However, it is expected that this results within a year in payments.

Other provisions include mainly obligations for long-term customer bonus agreements. The amount of the provisions depends on future sales volumes, therefore uncertainties exist regarding the amount of the final obligation.

31. BORROWINGS

The borrowings were as follows:

BORROWINGS T 111

in EUR thousands	31 Dec 2015	31 Dec 2014
Non-current		
Bank borrowings	443,711	408,225
	443,711	**408,225**
Current		
Bank borrowings	6,994	21,478
Other borrowings (e.g. factoring and reverse-factoring)	62	1,243
	7,056	**22,721**
Total borrowings	**450,767**	**430,946**

Bank borrowings

As of 31 December 2015, NORMA Group's financing consists in the amount of EUR 20.0 million and USD 87.9 million of syndicated bank facilities (2014: EUR 92.8 million, USD 0). The adjusted syndicated bank facilities in December 2015 led to a further improved interest profile and now reflects the currency of NORMA Group's cash flows after the NDS acquisition much better. Both tranches are due in 2020 but include two options to prolongate until 2021 and 2022 respectively. In financial year 2015, the repayment of the syndicated bank facilities amounts to EUR 92.8 million (2014: EUR 123.0 million). On the opposite side, the borrowing in the adjusted term loan was EUR 100 million.

Furthermore, NORMA Group issued a promissory note valued at EUR 125.0 million with 5, 7 and 10 year terms in 2013. Additionally, NORMA Group issued a second promissory note valued at EUR 106.0 million with 3, 5, 7 and 10 year terms and at USD 128.5 million (value in EUR on 31 December 2015: 118.0 million, 2014: 105.8 million) with 3, 5, and 7 year terms in the fourth quarter of 2014.

The maturity of the syndicated bank facilities and the promissory note on 31 December 2015 is as follows:

MATURITY BANK BORROWINGS 2015 T 112

2015 in EUR thousands	up to 1 year	> 1 year up to 2 years	> 2 years up to 5 years	> 5 years
Bank borrowings, net	5,038	5,038	90,681	0
Promissory note, net	0	33,789	214,168	101,074
Total	**5,038**	**38,827**	**304,849**	**101,074**

The maturity of the syndicated bank facilities and the promissory note on 31 December 2014 is as follows:

MATURITY BANK BORROWINGS 2014 T 113

2014 in EUR thousands	up to 1 year	> 1 year up to 2 years	> 2 years up to 5 years	> 5 years
Bank borrowings, net	19,200	73,600	0	0
Promissory note, net	0	0	185,926	150,914
Total	**19,200**	**73,600**	**185,926**	**150,914**

Costs directly attributable to financing were netted with the bank borrowings in accordance with IAS 39.43. They are amortised over the financing period using the effective interest method. The total amount, which was amortised over the remaining financing period, amounts to EUR 1,293 thousand as of 31 December 2015 (2014: EUR 2,565 thousand).

The syndicated bank facilities will be hedged shortly against interest rate changes. Furthermore, the maturity of tranches of the promissory note with variable interest rates are hedged against interest rate changes. The derivative liability was decreased from EUR 18,177 thousand on 31 December 2014 to EUR 2,510 thousand on 31 December 2015 due to the repayment of the cross currency interest rate swap linked to the old syndicated loan.

The bank borrowings are unsecured on 31 December 2015 and 2014.

Factoring

NORMA Group has sold a portion of its receivables (2015: EUR 29 thousand; 2014: EUR 770 thousand) to a factor. NORMA Group still bears the opportunities and risks resulting from the receivables. The transactions are therefore shown as financial liabilities.

32. OTHER NON-FINANCIAL LIABILITIES

Other non-financial liabilities are as follows:

OTHER NON-FINANCIAL LIABILITIES T 114

in EUR thousands	31 Dec 2015	31 Dec 2014
Non-current		
Government grants	1,316	1,756
Other liabilities	52	34
	1,368	**1,790**
Current		
Non-income tax liabilities	1,559	2,337
Social liabilities	3,547	3,929
Personnel-related liabilities (e.g. holiday, bonus, premiums)	21,544	17,588
Other liabilities	890	917
Deferred income	1,113	1,244
	28,653	**26,015**
Total other non-financial liabilities	**30,021**	**27,805**

NORMA Group received government grants, of which EUR 1,316 thousand were not recognised in profit or loss. They consist of grants in cash as well as land. The grants are bound to capital expenditures and employees. NORMA Group recognises the government grants as income over the period in which related expenses occur. In 2015, EUR 449 thousand were recognised as income (2014: EUR 514 thousand).

33. OTHER FINANCIAL LIABILITIES

Other financial liabilities were as follows:

OTHER FINANCIAL LIABILITIES T 115

in EUR thousands	31 Dec 2015	31 Dec 2014
Non-current		
Lease liabilities	150	248
Acquisition liability	0	2,998
Other liabilities	531	517
	681	**3,763**
Current		
Lease liabilities	139	201
Outstanding credit notes	225	227
Acquisition liability	5,094	1,286
Other liabilities	561	731
	6,019	**2,445**
Total other financial liabilities	**6,700**	**6,208**

The future aggregate minimum lease payments under non-cancellable finance leases and their respective present values are as follows:

FUTURE MINIMUM LEASE PAYMENTS NON-CANCELLABLE FINANCE LEASES — T 116

in EUR thousands	31 Dec 2015	31 Dec 2014
Gross finance lease liabilities – minimum lease payments		
Up to 1 year	**147**	211
Later than 1 year and up to 5 years	**151**	258
Later than 5 years	**0**	0
	298	**469**
Future finance charges on finance lease	**9**	**20**
Present value of finance lease liabilities		
Up to 1 year	**139**	201
Later than 1 year and up to 5 years	**150**	248
Later than 5 years	**0**	0
	289	**449**

Lease liabilities are effectively secured because the rights to the leased assets will revert to the lessor in the event of default.

34. TRADE AND OTHER PAYABLES

Trade and other payables were as follows:

TRADE AND OTHER PAYABLES — T 117

in EUR thousands	31 Dec 2015	31 Dec 2014
Trade payables	**79,768**	65,410
Reverse factoring liabilities	**21,109**	15,419
	100,877	**80,829**

All trade and other payables are due to third parties within one year. For information regarding trade and other payables, please refer to → Note 3.14.

35. FINANCIAL LIABILITIES AND NET DEBT

The financial liabilities of NORMA Group have the following maturity:

MATURITY FINANCIAL LIABILITIES — T 118

31 December 2015 in EUR thousands	up to 1 Jahr	> 1 year up to 2 years	> 2 years up to 5 years	> 5 years
Borrowings	7,056	38,276	304,426	101,009
Trade and other payables	100,877	0	0	0
Finance lease liabilities	139	137	13	0
Other financial liabilities	5,880	511	20	0
	113,952	**38,924**	**304,459**	**101,009**

31 December 2014 in EUR thousands	up to 1 Jahr	> 1 year up to 2 years	> 2 years up to 5 years	> 5 years
Borrowings	22,721	71,883	185,514	150,828
Trade and other payables	80,829	0	0	0
Finance lease liabilities	202	200	47	0
Other financial liabilities	2,243	3,460	0	56
	105,995	**75,543**	**185,561**	**150,884**

Net debt of NORMA Group is as follows:

NET DEBT — T 119

in EUR thousands	31 Dec 2015	31 Dec 2014
Bank borrowings, net	**450,705**	429,703
Derivative financial liabilities – hedge accounting	**3,312**	20,220
Derivative financial liabilities – held for trading	**74**	0
Other borrowings (e.g. factoring and reverse-factoring)	**62**	1,243
Finance lease liabilities	**289**	449
Other financial liabilities	**6,411**	5,759
Financial debt	**460,853**	**457,374**
Cash and cash equivalents	**99,951**	84,271
Net debt	**360,902**	**373,103**

The financial debt of NORMA Group increased by 0.8% from EUR 457,374 thousand as of 31 December 2014 to EUR 460,853 thousand as of 31 December 2015. The increase within the bank borrowings is due to effects from changes in the exchange rates on the US dollar portion of the promissory note issued in financial year 2014. An opposite effect within the derivative financial liabilities results from the repayment of the cross-currency swap in financial year 2015. Furthermore, the financial debt is influenced by the scheduled repayment of parts of the syndicated bank facilities and the cash in- and outflows from the renegotiation of the syndicated bank facilities described in → Note 5 'Financial Risk Management.'

Compared to 31 December 2014 (EUR 373,103 thousand), net debt decreased by EUR 12,201 thousand or 3.3%. An increase of EUR 15,680 thousand in cash and cash equivalents positively influenced the net debt, whereby effects from the development of the exchange and market interest rates had negative effects on net debt.

The increase in cash and cash equivalents results from the increase of net cash provided by operating activities which overcompensated cash outflows from investing and financing activities.

Other Notes

36. INFORMATION ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

In the statement of cash flows, a distinction is made between cash flows from operating activities, investing activities and financing activities.

Net cash provided by operating activities is derived indirectly from profit for the period. The profit for the period is adjusted to eliminate non-cash expenses from depreciation and amortisation as well as expenses for which the cash effects are investing or financing cash flows and to eliminate other non-cash expenses and income. Net cash provided by operating activities of EUR 128,159 thousand (2014: EUR 96,361 thousand) represents changes in current assets, provisions and liabilities (excluding liabilities in connection with financing activities).

The Group participates in a reverse factoring programme as well as in an ABS programme. The payments to the factor and from the ABS programme are included in cash flows from operating activities, as this represents the economic substance of the transactions. The total amount of trade receivables sold within the ABS programme, as well as the amount of trade payables which are part of the reverse factoring programme can be found within → Note 23 'Trade and Other Receivables' or → Note 34 'Trade and Other Payables.'

Net cash provided by operating activities includes in 2015 cash outflows from the payments of the cash settled share-based payments of the MSP tranche 2011 for the Management Board of NORMA Group in the amount of EUR 2,265 thousand (2014: EUR 0 thousand).

The correction of expenses due to measurement of derivatives within a hedge in the amount of EUR 12,610 thousand (2014: EUR 4,683 thousand) relates to fair value gains and losses recognised within the income statement assigned to the cash flows from financing activities

Non-cash income (–) / expenses (+) in net cash provided by operating activities in financial year 2015 mainly include foreign exchange rate gains and losses on external debt and intragroup monetary items in the amount of EUR –11,683 thousand (2014: EUR –4,398 thousand).

Furthermore, other non-cash income (–) / expenses (+) included non-cash expenses from the stock option programme amounting to EUR 135 thousand (2014: EUR 541 thousand) and non-cash interest expenses from the amortisation of accrued costs, directly attributable to the refinancing, amounting to EUR 1,570 thousand (2014: EUR 2,498 thousand).

Cash flows resulting from interest paid are disclosed as cash flows from financing activities.

Cash flows from investing activities include transactions relating to the acquisition and disposal of non-current assets in the amount of EUR 44,415 thousand (2014: EUR 32,870 thousand), including the repayment of liabilities from prior year investments in property, plant and equipment and intangible assets amounting to EUR –2,627 thousand (2014: EUR –6,413 thousand). From the investments in non-current assets of EUR 42,166 (2014: EUR 39,588 thousand), expenditures in the amount of EUR 23,893 thousand (2014: EUR 27,194 thousand) relate to growth and expenditures amounting to EUR 18,273 thousand (2014: EUR 12,394 thousand) to maintenance and continuous improvements.

Furthermore, net payments for acquisitions of subsidiaries in the amount of EUR 52 thousand are included in the cash flows from investing activities, which result from the payment in the amount of EUR 316 thousand made in the first quarter of 2015 for the contingent considerations in connection with the acquisition of Guyco Pty. Limited and from the payment received in the second quarter of 2015 in the amount of EUR 264 thousand due to the final trade working capital adjustment in the context of the acquisition of NDS. In 2014, net payments for the acquisition of the business activities of Five Star Clamps, Inc. in the amount of EUR 4,587 thousands and for the acquisition of NDS amounting to EUR 225,262 thousand were recognised.

The net payments for acquisitions of subsidiaries in 2015 and 2014 were as follows:

NET PAYMENTS FOR ACQUISITIONS OF SUBSIDIARIES T 120

in EUR thousands	2015	2014
Acquisition liability at the beginning of the period	4,284	3,500
Payment obligations from acquisitions	0	244,588
Acquired cash and cash equivalents	0	–11,139
Other changes	862	432
Less acquisition liability at the end of the period	5,094	4,284
Less payments for shares in a subsidiary[1]	0	907
Net payments for acquisitions of subsidiaries	52	**232,190**

[1] Net cash provided by / used in financing activities

Cash flows from financing activities comprise proceeds from borrowings (2015: EUR 99,703 thousand, 2014: EUR 229,870 thousand), outflows resulting from repayment of hedging derivatives in the amount of EUR 37,751 thousand (2014: EUR 9,901 thousand), which were entered to hedge interest rate and foreign currency translation risk; repayments of borrowings (2015: EUR –94,076 thousand; 2014: EUR –129,257 thousand), the dividend payment (2015: EUR –23,897 thousand, 2014: EUR –22,304 thousand), as well as cash flows resulting from interest paid (2015: EUR –13,926 thousand, 2014: EUR –9,492 thousand).

Repayments of borrowings in financial year 2015 include primarily payments related to the adoption of the syndicated loan in Q4 2015 in the amount of EUR 83,200 thousand and repayment of the related hedging derivatives in the amount of EUR 20,907 thousand as well as cash outflows from the scheduled repayment of parts of the syndicated loan, up to the adjustment in the fourth quarter 2015, in the amount of EUR 9,600 thousand and cash outflows from the related hedging derivatives in the amount of EUR 2,565 thousand. Furthermore, cash outflows in the connection with foreign currency derivatives in the amount of EUR 14,279 are shown in cash flows from financing activities. By contrast, EUR 99,703 thousand for the adjusted debt were presented as proceeds from borrowings in cash flow from financing activities.

The repayments of borrowings in 2014 mainly include the cash outflows from the repayment of parts of the syndicated bank facilities in the amount of EUR 123,000 thousand and the associated derivative financial liabilities in the amount of EUR 8,007 thousand. Furthermore, borrowing facilities in the amount of EUR 5,500 thousand were repaid in the third quarter of 2014.

In addition, dividend payments to non-controlling interests in the amount of EUR 205 thousand (2014: EUR 43 thousand), and repayments from finance lease liabilities in the amount of EUR 294 thousand (2014: EUR 287 thousand) are disclosed as cash flows from financing activities.

In 2014, payments for shares in a subsidiary in the amount of EUR 907 thousand are disclosed as cash flows from financing activities.

The changes in balance sheet items that are presented in the Consolidated Statement of Cash Flows cannot be derived directly from the balance sheet, as the effects of currency translation are non-cash transactions and changes in the consolidated Group are shown directly in net cash used in investing activities.

Cash is comprised of cash on hand and demand deposits of EUR 99,828 thousand on 31 December 2015 (31 December 2014: EUR 84,047 thousand), as well as cash equivalents with a value of EUR 123 thousand (2014: EUR 224 thousand).

Cash from China, India, Russia, Brazil and Malaysia (31 December 2015: EUR 5,816 thousand, 31 December 2014: EUR 3,904 thousand) cannot currently be distributed due to restrictions on capital movements.

37. SEGMENT REPORTING

NORMA Group segments the Group at a regional level. The reportable segments of NORMA Group are EMEA, the Americas and Asia-Pacific. NORMA Group's vision includes regional growth targets. Distribution Services are focused regionally and locally. EMEA, the Americas and Asia-Pacific have linked regional intercompany organisations of different functions. As a result, the Group's management reporting and controlling system has a regional focus. The product portfolio does not vary significantly between these segments.

Revenues of each segment are generated from the three product categories clamps (CLAMP), joining elements (CONNECT) and fluid systems / connectors (FLUID).

NORMA Group measures the performance of its segments through profit or loss indicators which are referred to as "adjusted EBITDA" and "adjusted EBITA."

"Adjusted EBITDA" comprises revenue, changes in inventories of finished goods and work in progress, other own work capitalised, raw materials and consumables used, other operating income and expenses, and employee benefits expense, adjusted for material one-time effects. EBITDA is measured in a manner consistent with that used in the statement of comprehensive income.

"Adjusted EBITA" includes, in addition to the EBITDA, the depreciation adjusted for depreciation from purchase price allocations.

In 2015, acquisition related expenses, mainly in connection with the acquisition of National Diversified Sales, Inc., in the amount of EUR 3,591 thousand were adjusted within EBITDA and the EBITA. Adjustments in the amount of EUR 2,472 thousand are related to expenses for raw materials and consumables used, resulting from the valuation of the inventories as part of the purchase price allocation in connection with the acquisition of NDS. Furthermore, expenses due to the integration of the acquired entity in the amount of EUR 578 thousand were adjusted within other operating expenses and in the amount of EUR 541 thousand within employee benefits expenses. Besides, EBITA was adjusted by depreciation from purchase price allocations as in prior years. → Note 7 'Adjustments.'

Inter-segment revenue is recorded at values that approximate third-party selling prices.

Segment assets comprise all assets less (current and deferred) income tax assets. Taxes are shown in the reconciliation. Segment assets and liabilities are measured in a manner consistent with that used in the Statement of Financial Position. Assets of the "Central Functions" include mainly cash and intercompany receivables.

Segment liabilities comprise all liabilities less (current and deferred) income tax liabilities. Taxes are shown in the consolidation. Segment assets and liabilities are measured in a manner consistent with that used in the Statement of Financial Position. Liabilities of the "Central Functions" include mainly borrowings.

Capex equals additions to non-current assets (property, plant and equipment and other intangible assets).

Current and deferred tax assets and liabilities are shown in the consolidation. On 31 December 2015, EUR 18,562 thousand (31 December 2014: EUR 22,942 thousand) tax assets and EUR 111,002 thousand (31 December 2014: EUR 115,345 thousand) tax liabilities were shown in the consolidation.

External sales per country, measured according to the place of domicile of the company which manufactures the products, are as follows:

EXTERNAL SALES PER COUNTRY T 121

in EUR thousands	2015	2014
Germany	193,150	192,957
USA, Mexico, Brazil	395,347	237,757
Other countries	301,116	264,030
	889,613	694,744

The non-current assets per country include non-current assets less deferred tax assets, derivative financial instruments, and shares in consolidated related parties and are as follows:

NON-CURRENT ASSETS PER COUNTRY T 122

in EUR thousands	31 Dec 2015	31 Dec 2014
Germany	115,695	118,018
USA, Mexico, Brazil	490,440	450,402
Sweden	50,779	51,804
Other countries	144,269	136,376
Consolidation	–15,714	–13,439
	785,469	743,161

38. CONTINGENCIES

The Group has contingent liabilities in respect of legal claims arising in the ordinary course of business.

NORMA Group does not believe that any of these contingent liabilities will have a material adverse effect on its business or any material liabilities will arise from contingent liabilities.

39. COMMITMENTS

Capital commitments

Capital expenditure (nominal value) contracted for on the balance sheet date but not yet incurred is as follows:

COMMITMENTS T 123

in EUR thousands	31 Dec 2015	31 Dec 2014
Property, plant and equipment	3,183	3,358
Inventory	817	0
Service contracts	85	0
	4,085	3,358

There are no material commitments concerning intangible assets.

Operating lease commitments

The Group leases various vehicles, property and technical equipment under non-cancellable operating lease agreements. The lease terms are between 1 and 15 years. The Group also leases various technical equipment under cancellable operating lease agreements.

NORMA Group has significant operating lease arrangements with annual lease payments of more than EUR 200 thousand, concerning the leasing of land and buildings. Except for usual renewable options, the lease contracts do not comprise other options. The lease arrangements are held by the following companies:

- NORMA UK Ltd. (Great Britain): lease-term from 2006 to 2016, prolonged to 2028, soonest termination in 2021,
- NORMA Pacific Pty Ltd. (Australia): lease-term from 2013 to 2017, soonest termination in 2017,
- NORMA Michigan Inc. (USA): lease-term from 2013 to 2019, soonest termination in 2019,
- NORMA Pennsylvania Inc. (USA): lease-term from 2011 to 2016, soonest termination in 2016,
- Connectors Verbindungstechnik AG (Switzerland): lease-term from 2012 to 2017, soonest termination in 2017,
- National Diversified Sales, Inc. (USA): lease-terms from 2012 to 2016, soonest termination in 2016; 2013 to 2018, soonest termination in 2018; 2013 to 2020, soonest termination in 2020; 2014 to 2016, soonest termination in 2016; 2014 to 2017, soonest termination in 2017 and 2015 to 2018, soonest termination in 2018,
- R.G.RAY Corporation (USA): lease-term from 2014 to 2019, soonest termination in 2019.

Lease expenditure (including non-cancellable and cancellable operating leases) amounting to EUR 9,449 thousand in 2015 (2014: EUR 8,737 thousand) is included in profit or loss in 'other operating expenses.'

The following table shows the future aggregate minimum lease payments (nominal value) under non-cancellable operating leases:

FUTURE MINIMUM LEASE PAYMENTS OF NON-CANCELLABLE OPERATING LEASES T 124

in EUR thousands	31 Dec 2015	31 Dec 2014
No later than 1 year	6,694	6,113
Later than 1 year and no later than 5 years	10,540	12,638
Later than 5 years	1,824	6,356
	19,058	25,107

40. BUSINESS COMBINATIONS

Changes of the initial purchase price allocation of National Diversified Sales, Inc. acquired in the fourth quarter of 2014
The purchase price allocation was adjusted in the second quarter of 2015 based on the final determination of the Trade Working Capital Adjustment. The following table summarises the consideration paid and the amounts of the assets acquired and liabilities assumed recognised on the acquisition date and on 31 December 2015:

PURCHASE PRICE ALLOCATION NDS

T 125

in EUR thousands	Initial purchase price allocation	Corrections within the evaluation period	Adjusted purchase price allocation
Consideration on 31 October 2014	**140,991**	**–256**	**140,735**
Acquisition-related costs (included in other operating expenses in the consolidated financial statement of comprehensive income)	4,162		4,162
Recognised amounts of identifiable assets acquired and liabilities assumed			
Cash and cash equivalents	11,139	0	11,139
Property, plant and equipment	21,338	0	21,338
Trademarks	25,321	0	25,321
Customer lists	132,005	0	132,005
Patented technology	1,270	0	1,270
Software	242	0	242
Inventory	27,472	0	27,472
Trade and other receivables	17,737	0	17,737
Trade payables and other liabilties	–9,867	0	–9,867
Loans	–87,065	0	–87,065
Finance lease liabilities	–793	0	–793
Personnel related liabilities	–10,285	0	–10,285
Tax assets	777	0	777
Deferred tax assets	4,852	0	4,852
Deferred tax liabilties	–68,536	0	–68,536
Total identifiable net assets	**65,605**	**0**	**65,605**
Goodwill	75,386	–256	75,130
	140,991	**–256**	**140,735**

41. RELATED-PARTY TRANSACTIONS

Sales and purchases of goods and services

In 2015 and 2014, no management services were bought from related parties.

There are no material sales or purchases of goods and services from non-consolidated companies, from the shareholders of NORMA Group, from key management or from other related parties in 2015 and 2014.

Compensation of members of the Management Board

Compensation of the members of the Management Board according to IFRS is as follows:

COMPENSATION OF MEMBERS OF THE MANAGEMENT BOARD — T 126

in EUR thousands	2015	2014
Short-term benefits	1,969	1,689
Other long-term benefits	729	1,005
Termination benefits	96	0
Share-based payment	1,763	541
Total compensation according to IFRS	**4,557**	**3,235**

In addition to the compensation above, EUR 6,278 thousand were recognised directly in equity as a reduction of the capital reserve against a corresponding provision in the context of the change in classification of the Matching Stock Programme (MSP) for the Management Board of NORMA Group → Note 28 'Share-based Payments.'

Provisions for the compensation of the members of the Management Board are as follows:

PROVISIONS FOR COMPENSATION OF THE MANAGEMENT BOARD MEMBERS — T 127

in EUR thousand	Notes	31 Dec 2015	31 Dec 2014
LTI – Management Board	(30)	1,758	1,562
STI – Management Board	(30)	460	380
Matching Stock Programme (MSP)	(28)	5,640	0
Total		**7,858**	**1,942**

Details regarding the individual provisions can be found in the respective notes.

Beside the provisions above a defined benefit obligation exists for the Management Board. The present value of the obligation amounts to EUR 96 thousand as of 31 December 2015.

Details regarding the compensation of the Management Board can be found on → pages 90 to 93.

42. ADDITIONAL DISCLOSURES PURSUANT TO SECTION 315A (1) OF THE GERMAN COMMERCIAL CODE (HGB)

Compensation of board members

The remuneration of the Management Board and Supervisory Board of NORMA Group GmbH was as follows:

COMPENSATION OF BOARD MEMBERS — T 128

in EUR thousands	2015	2014
Total Management Board	4,557	3,235
Total Supervisory Board	460	460
	5,017	**3,695**

Fees for the auditor

Fees for the auditor, PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main were expensed as follows:

FEES FOR THE AUDITOR — T 129

in EUR thousands	2015	2014
Audit fees	562	531
Audit-related fees	18	24
Other fees	84	106
	664	**661**

Headcount

The average headcount breaks down as follows:

AVERAGE HEADCOUNT — T 130

Number	2015	2014
Direct labour	2,319	2,205
Indirect labour	1,123	1,167
Salaried	1,564	1,375
	5,006	**4,747**

The category 'direct labour' consists of employees who are directly engaged in the production process. The numbers fluctuate according to the level of output. The category 'indirect labour' consists of personnel that do not directly produce products, but rather support production. Salaried employees are employees in administrative / sales / central functions.

Consolidation

Name, place of domicile and share in capital pursuant to section 313 (2) No. 1 HGB of the consolidated group of companies is presented in → Note 4 'Scope of Consolidation.'

Proposal for the distribution of earnings

The Management Board proposes that a dividend of EUR 0.90 be paid as a dividend per bearer of shares, leading to a total dividend payment of EUR 28,676,160.

Corporate governance (Section 161 AktG)

The Management Board and Supervisory Board have issued a corporate governance declaration pursuant to section 161 of the German Stock Corporation Act (Aktiengesetz) and made it available to shareholders on the website of NORMA Group.
@ http://investors.normagroup.com

43. EXEMPTIONS UNDER SECTION 264, PARAGRAPH 3 OF THE GERMAN COMMERCIAL CODE (HGB)

In 2015, the following German subsidiaries made use of disclosure exemptions pursuant to Section 264, Paragraph 3 of the German Commercial Code (HGB):

- NORMA Group Holding GmbH, Maintal
- NORMA Distribution Center GmbH, Marsberg
- NORMA Germany GmbH, Maintal

44. EVENTS AFTER THE BALANCE SHEET DATE

As of 10 March 2016, no events were known that would have led to a material change in the disclosure or valuation of the assets and liabilities as of 31 December 2015.

Appendix to the Notes to the Consolidated Financial Statements

VOTING RIGHT NOTIFICATIONS

According to section 160 (1) no. 8 AktG, information regarding voting rights that have been notified to the company pursuant to section 21 (1) or (1a) of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG) have to be disclosed.

The following sheet gives an overview of all voting rights that have been sent to the company as of 10 March 2016. It contains the information of the last notification of each shareholder and the percentage and shares may have changed in the meantime.

All notifications of voting rights by the company in the reporting period and up until 10 March 2016 are available on the website of NORMA Group @ http://investors.normagroup.com.

VOTING RIGHT NOTIFICATIONS

Notifying party
Allianz Global Investors Europe GmbH, Frankfurt am Main, Germany
Ameriprise Financial Inc., Minneapolis, USA [1]
Ameriprise International Holdings GmbH, Zug, Switzerland [1]
Atlantic Value General Partner Limited, London, United Kingdom
Atlantic Value Investment Partnership LP, Wilmington, Delaware, USA
AXA S.A., Paris, France
BlackRock Advisors Holdings, Inc., New York, USA [2]
BlackRock Financial Management, Inc., Wilmington, DE, USA [2]
BlackRock Group Limited, London, United Kingdom [2]
BlackRock Holdco 2, Inc., Wilmington, DE, USA [2]
BlackRock International Holdings, Inc., Wilmington, DE, USA [2]
BlackRock Investment Management (UK) Limited, London, United Kingdom [2]
BlackRock, Inc., Wilmington, DE, USA [2]
BNP Paribas Asset Management SAS, Paris, France
BNP Paribas Investment Partners S.A., Paris, France
BR Jersey International Holdings, L.P., St. Helier, Jersey, Channel Islands [2]
Capital Research and Management Company, Los Angeles, CA, USA
Columbia Management Investment Advisers LLC, Boston, USA
Columbia Wanger Asset Management LLC, Chicago, USA
Delta Lloyd Asset Management N.V., Amsterdam, Netherlands
Delta Lloyd N.V., Amsterdam, Netherlands
DLAM Holding B.V., Amsterdam, Netherlands
George Loening, USA [3]
MIPL Group Limited, London, United Kingdom
MIPL Holdings Limited, London, United Kingdom
Mondrian Investment Partners Limited, London, United Kingdom
Select Equity GP, LLC., Wilmington, DE, USA
Select Equity Group, L.P., Wilmington, DE, USA
SMALLCAP World Fund, Inc., Los Angeles, CA, USA
T. Rowe Price Group, Inc., Baltimore, Maryland, USA
T. Rowe Price International Discovery Fund, Inc., Baltimore, Maryland, USA
TAM UK Holdings Limited, London, United Kingdom [1]
TC Financing Limited, London, United Kingdom [1]
The Capital Group Companies, Inc., Los Angeles, CA, USA
Threadneedle Asset Management Holdings Limited, London, United Kingdom [1]
Threadneedle Asset Management Holdings SARL, Luxembourg [1]
Threadneedle Asset Management Limited, London, United Kingdom [1]
Threadneedle Holdings Limited, London, United Kingdom [1]
Threadneedle Investment Funds ICVC, London, United Kingdom
Threadneedle Investment Services Limited, London, United Kingdom [1]

[1] The voting rights attributed to the notifying party are held by the following shareholder whose share in the voting rights in NORMA Group SE amounts to 3% or more: Threadneedle Investment Funds ICVC.

[2] The total amount does not necessarily equal the sum of the detailed attributed holdings. This results from voting rights having multiple attributions within the BlackRock Group structure.

[3] The total amount does not necessarily equal the sum of the detailed attributed holdings. This results from voting rights having multiple attributions within the Select Equity Group structure.

[4] The voting rights attributed to the notifying party are held by the following shareholder whose share in the voting rights in NORMA Group SE amounts to 3% or more: AXA Investment Managers S.A. (4.53% of voting rights).

[5] The voting rights attributed to the notifying party are held by the following shareholder whose share in the voting rights in NORMA Group SE amounts to 3% or more: T. Rowe Price International Ltd (3.11% of voting rights).

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Achievement of voting rights	Notification limit	Share in %	Shares	Pursuant to section 22 WpHG
21 January 2014	5% Exceedance	5.02	1,601,001	thereof 0.50% (157,764 voting rights) according to § 22 (1) sent. 1 no. 6 WpHG
9 May 2013	10% Shortfall	9.96	3,172,259	§ 22 (1) sent. 1 no. 6 in connection with sent. 2 WpHG
4 August 2015	5% Exceedance	5.20	1,655,410	§ 22 (1) sent. 1 no. 6 in connection with sent. 2 WpHG
6 November 2015	5% Shortfall	4.85	1,543,895	§ 22 (1) sent. 1 no. 6 in connection with sent. 2 WpHG
6 November 2015	5% Shortfall	4.85	1,543,895	§ 22 (1) sent. 1 no. 6 in connection with sent. 2 WpHG
18 February 2016	5% Exceedance	5.02	1,599,240	[4]
26 November 2014	5% Shortfall	4.98	1,586,933	thereof 0.87% (278,692 voting rights) according to § 22 (1) sent. 1 no. 1 WpHG and 0.0003% (106 voting rights) according to § 22 (1) sent. 1 no. 2 WpHG and 4.10% (1,307,837 voting rights) according to § 22 (1) sent. 1 no. 6 in connection with sent. 2 WpHG
29 April 2015	3% Shortfall	2.99	951,730	thereof 1,50% (477.777 voting rights) according to § 22 (1) sent. 1 no. 1 WpHG and 1,49% (475.526 voting rights) according to § 22 (1) sent. 1 no. 6 WpHG in connections with sent. 2 WpHG
1 April 2015	3% Shortfall	2.97	945,263	thereof 0.95% (301,638 voting rights) according to § 22 (1) sent. 1 no. 1 WpHG and 2.02% (643,625 voting rights) according to § 22 (1) sent. 1 no. 6 in connections with sent. 2 WpHG
29 April 2015	3% Shortfall	2.99	951,730	thereof 1.50% (477,777 voting rights) according to § 22 (1) sent. 1 no. 1 WpHG and 1.49% (475,526 voting rights) according to § 22 (1) sent. 1 no. 6 WpHG in connections with sent. 2 WpHG
1 April 2015	3% Shortfall	2.97	946,475	thereof 0.95% (302,850 voting rights) according to § 22 (1) sent. 1 no. 1 WpHG and 2.02% (643,625 voting rights) according to § 22 (1) sent. 1 no. 6 in connections with sent. 2 WpHG
30 March 2015	3% Shortfall	2.98	950,898	thereof 0.94% (299,854 voting rights) according to § 22 (1) sent. 1 no. 1 WpHG, 2.04% (651,044 voting rights) according to § 22 (1) sent. 1 no. 6 WpHG and 0.99% (316,878 voting rights) according to § 22 (1) sent. 1 no. 6 in connections with sent. 2 WpHG
29 April 2015	3% Shortfall	2.99	951,730	thereof 1.50% (477,777 voting rights) according to § 22 (1) sent. 1 no. 1 WpHG and 1.49% (475,526 voting rights) according to § 22 (1) sent. 1 no. 6 WpHG in connections with sent. 2 WpHG
25 June 2015	3% Exceedance	3.01	960,377	thereof 1.14% (363,840 voting rights) directly and 1.87% (596,537 voting rights) according to § 22 (1) sent. 1 no. 6 WpHG
17 April 2014	3% Exceedance	3.15	1,004,048	thereof 2.05% (654,125 voting rights) according to § 22 (1) sent. 1 no. 1 WpHG and also 1.1% (349,923 voting rights) according to § 22 (1) sent. 1 no. 6 in connections with sent. 2 WpHG
1 April 2015	3% Shortfall	2.97	946,475	thereof 0.95% (302,850 voting rights) according to § 22 (1) sent. 1 no. 1 WpHG and 2.02% (643,625 voting rights) according to § 22 (1) sent. 1 no. 6 in connections with sent. 2 WpHG
7 March 2014	3% Exceedance	3.05	973,100	§ 22 (1) sent. 1 no. 6 WpHG
19 June 2012	3% Exceedance	3.25	1,036,183	§ 22 (1) sent. 1 no. 6 in connection with sent. 2 WpHG
26 August 2015	3% Exceedance	3.09	985,999	§ 22 (1) sent. 1 no. 6 WpHG
13 March 2015	3% Shortfall	2.94	935,848	§ 22 (1) sent. 1 no. 6 WpHG
13 March 2015	3% Shortfall	2.94	935,848	thereof 2.94% (935,848 voting rights) according to § 22 (1) sent. 1 no. 6 in connection with sent. 2 and 3 WpHG and 2.20% (702,459 voting rights) according to § 22 (1) sent. 1 no. 1 WpHG
13 March 2015	3% Shortfall	2.94	935,848	§ 22 (1) sent. 1 no. 6 in connection with sent. 2 and 3 WpHG
13 October 2015	3% Shortfall	2.93	934,555	thereof 2.93% (934,555 voting rights) according to § 22 (1) sent. 1 no. 6 in connection with sent. 2 WpHG and 0.92% (294,289 voting rights) according to § 22 (1) sent. 1 no. 1 WpHG
6 November 2015	5% Shortfall	4.85	1,543,895	§ 22 (1) sent. 1 no. 6 in connection with sent. 2 WpHG
6 November 2015	5% Shortfall	4.85	1,543,895	§ 22 (1) sent. 1 no. 6 in connection with sent. 2 WpHG
6 November 2015	5% Shortfall	4.85	1,543,895	§ 22 (1) sent. 1 no. 6 WpHG
13 October 2015	3% Shortfall	2.93	934,555	thereof 2.93% (934,555 voting rights) according to § 22 (1) sent. 1 no. 6 in connection with sent. 2 WpHG
13 October 2015	3% Shortfall	2.93	934,555	thereof 2.93% (934,555 voting rights) according to § 22 (1) sent. 1 no. 6 WpHG
30 October 2014	3% Exceedance	3.05	970,940	
24 February 2016	3% Exceedance	3.11	990,078	[5]
7 April 2015	3% Shortfall	2.88	916,078	
4 August 2015	5% Exceedance	5.20	1,655,410	§ 22 (1) sent. 1 no. 6 in connection with sent. 2 WpHG
4 August 2015	5% Exceedance	5.20	1,655,410	§ 22 (1) sent. 1 no. 6 in connection with sent. 2 WpHG
7 March 2014	3% Exceedance	3.05	973,100	§ 22 (1) sent. 1 no. 6 in connection with sent. 2 and 3 WpHG
4 August 2015	5% Exceedance	5.20	1,655,410	§ 22 (1) sent. 1 no. 6 in connection with sent. 2 WpHG
4 August 2015	5% Exceedance	5.20	1,655,410	§ 22 (1) sent. 1 no. 6 in connection with sent. 2 WpHG
4 August 2015	5% Exceedance	5.20	1,655,410	§ 22 (1) sent. 1 no. 6 WpHG
4 August 2015	5% Exceedance	5.20	1,655,410	§ 22 (1) sent. 1 no. 6 in connection with sent. 2 WpHG
17 October 2013	5% Shortfall	4.94	1,575,121	
17 October 2013	5% Shortfall	4.94	1,575,121	§ 22 (1) sent. 1 no. 6 WpHG

Corporate Bodies

MEMBERS OF THE MANAGEMENT BOARD:

Werner Deggim
Master's degree in Mechanical Engineering,
Chief Executive Officer (CEO)

Dr. Michael Schneider
PhD in Economics, Chief Financial Officer (CFO)
(since 1 July 2015)

Dr. Othmar Belker
PhD in Economics, Chief Financial Officer (CFO)
(up until 31 March 2015)

Bernd Kleinhens
Master's degree in Mechanical Engineering,
Managing Director Business Development

John Stephenson
Master of Science, Chief Operating Officer (COO)

MEMBERS OF THE SUPERVISORY BOARD:

Dr. Stefan Wolf (Chairman)
- Chief Executive Officer of ElringKlinger AG, Dettingen, Germany
- Member of the Supervisory Board of Allgaier Werke GmbH, Uhingen, Germany
- Member of the Supervisory Board of Fielmann AG, Hamburg, Germany (up until 9 July 2015)

Lars M. Berg (Deputy Chairman)
- Independent Consultant
- Chairman of the Supervisory Board of Net Insight AB, Stockholm, Sweden
- Chairman of the Supervisory Board of Greater Than AB, Stockholm, Sweden (since 5 February 2016)
- Member of the Supervisory Board of BioElectric Solutions AB, Stockholm, Sweden
- Member of the Supervisory Board of OnePhone Holding AB, Stockholm, Sweden (up until 23 September 2015)

Günter Hauptmann
- Independent Consultant
- Member of the Supervisory Board of Geka GmbH, Bechhofen, Germany
- Chairman of the Advisory Board of GIF GmbH, Alsdorf, Germany

Knut J. Michelberger
- Member of the Management Board of Kaffee-Partner-Holding GmbH and its subsidiaries, Osnabrück, Germany
- Member of the Supervisory Board of Rena Technologies GmbH, Gütenbach, Germany

Dr. Christoph Schug
- Entrepreneur
- Member of the Supervisory Board of BCG Baden-Baden Cosmetics Group AG, Baden-Baden, Germany (up until the end of May 2015)
- Member of the Board of Directors of AMEOS Gruppe AG, Zurich, Switzerland

Erika Schulte
- Managing Director of Hanau Wirtschaftsförderung GmbH and Liquidator of Technologie- und Gründerzentrum Hanau GmbH
- No seats on other boards or comparable committees

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group Management Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Maintal, 10 March 2016

NORMA Group SE
The Management Board

Werner Deggim Dr. Michael Schneider Bernd Kleinhens John Stephenson

Auditor's Report

We have audited the consolidated financial statements prepared by the NORMA Group SE, comprising the Statement of Financial Position, the statement of comprehensive income, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements, together with the group management report for the business year from January 1 to December 31 2015. The preparation of the consolidated financial statements and the group management report in accordance with the IFRSs, as adopted by the EU, and / or the additional requirements of German commercial law pursuant to § (Article) 315a Abs. (paragraph) 1 HGB ("Handelsgesetzbuch": German Commercial Code) is the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company's Board of Managing Directors, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion. Our audit has not led to any reservations.

In our opinion based on the findings of our audit the consolidated financial statements comply with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Frankfurt am Main, March 10, 2016

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Dr. Ulrich Störk	[ppa.] Benjamin Hessel
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Glossary

360° FEEDBACK
Method for assessing the competence and performance of experts and executives from different perspectives.

5S METHODOLOGY
5S is a method for organising a work space for efficiency and effectiveness in order to reduce industrial accidents.

AFTERMARKET SEGMENT
The market concerned with the maintenance/repair of investment goods or long-life final goods (e.g. vehicles) or the sale of replacement parts or complementary parts for the goods. This involves the sale of services and/or parts that are directly related to the previous sale of the goods.

ASSESSMENT CENTER
Structured personnel review procedures for the assessment of (potential) employees.

APAC
Abbreviation for the region Asia-Pacific.

ASSET BACKED SECURITIES (ABS) PROGRAMME
A specific way of converting payment claims into negotiable securities by way of a financing company.

AUSTENITIC STEEL
Austenitic steel is a stainless steel that normally contains an alloy of 15–20% chromium and 5–15% nickel.

BEST LANDED COST
Assessment of the total costs of a product including the price of the product as well as the charges for the shipping, taxes and/or duties.

BUBBLE ASSIGNMENT
Short-term exchange programme for employees to promote internal knowledge transfer, intercultural awareness, the development of networks and the individual development of the participants.

CAQ SOFTWARE
Software for quality assurance.

CODE OF CONDUCT
A set of policies which can/should be applied in a wide range of contexts and environments depending on the situation. In contrast to a rule, the target audience is not obliged to always comply with the Code of Conduct. A Code of Conduct is more of a personal commitment to follow or abstain from certain patterns of behaviour and ensure that nobody gains an unfair advantage by circumventing these patterns.

COMPLIANCE
Conforming to rules: companies adhering to codes of conduct, laws and guidelines.

CORPORATE GOVERNANCE
A set of all international and national rules, regulations, values and principles which apply to companies and determine how these companies are to be managed and monitored.

CORPORATE RESPONSIBILITY
A form of corporate self-regulation integrated into a business model by taking societal and environmental aspects into account.

COVERAGE
The regular assessment of the economic and financial situation of a listed company by banks or financial research institutions.

CROSS-CURRENCY SWAP
A financial derivative in which two parties exchange interest and principal payments in different currencies.

CROSS-SELLING EFFECTS
The action or practice of selling an additional product or service to an existing customer.

DISTRIBUTION SERVICES (DS)
One of NORMA Group's two ways to market, which provides a wide range of high-quality, standardised joining products for a broad range of applications and customers.

E-PROCUREMENT
Electronic procurement system.

EARNINGS BEFORE INTEREST, TAXES AND AMORTISATION (EBITA)
Earnings before interest, taxes and amortisation of intangible assets.

EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION (EBITDA)
Earnings before interest, taxes, depreciation (of property, plant and equipment) and amortisation (of intangible assets). It is a measure of a company's operating performance before investment expenses.

EDI (ELECTRONIC DATA INTERCHANGE)
Collective term for the exchange of data using electronic transfer processes.

ELASTOMERS
Stable but elastic plastics which are used at a temperature above their glass transition temperature. The plastics can deform under tensile load or compressive load, but then return to their original undeformed shape.

EMEA
Abbreviation for the economic area of Europe (made up of Western and Eastern Europe), the Middle East and Africa.

EMPLOYER BRANDING
Corporate strategic measure to represent the company as an attractive employer and for positioning in the labor market.

ENGINEERED JOINING TECHNOLOGY (EJT)
One of NORMA Group's two ways to market. It provides customised, highly engineered joining technology products primarily, but not exclusively, for industrial OEM customers.

EURIBOR
Reference rate for time deposits in the interbank business (currency: EUR).

EUROPEAN MARKET INFRASTRUCTURE REGULATION (EMIR)
An EU regulation that regulates the over-the-counter market with derivative products. The main stipulation of this regulation obligates market participants to clear their over-the-counter standard derivative transactions through a central counterpart and report these transactions to a transaction registry.

FERRITIC STEEL
Ferritic chromium steel is a stainless steel that normally cannot be hardened. It is magnetisable and is used in environments containing little or no chloride.

FREE CASH FLOW
Indicates the amount of money that is available to pay dividends to shareholders and / or repay loans.

GEMBA WALK
Daily walk through the production halls in order to inspect individual processes in the opposite order of the workflow and analyse potential opportunities for improvements.

GLOBAL EXCELLENCE PROGRAMME
A cost optimisation programme that was started in 2009. It coordinates and manages all of NORMA Group's sites and business units.

INITIAL PUBLIC OFFERING (IPO)
First offering of shares of a company on the organised capital market.

INNOVATION ROADMAPPING
Systematic approach to adapt company-specific product innovations to future market and technological developments.

INNOVATION SCOUTING
Structured observation of changes, potentials and relevant knowledge of technological developments and processes.

INTERNATIONAL SECURITIES IDENTIFICATION NUMBER (ISIN)
12-digit alphanumerical code used to identify a security traded on the stock market.

ISO 14001
An international environmental management standard that specifies the internationally accepted requirements for an environmental management system.

ISO 9001
International standard that defines the fundamentals of quality management systems.

ISO / TS 16949
An international standard that combines the existing general demands on quality management systems of the (mostly North American and European) automotive industry.

KAIZEN
Kaizen refers to activities that continually improve all functions. It also applies to processes, such as purchasing and logistics that cross organisational boundaries into the supply chain.

KANBAN
Method of production process control for the reduction of local stocks of precursors.

LEAN MANUFACTURING
A systematic method for the elimination of waste within a manufacturing process.

LONG-TERM ASSIGNMENT
Long-term exchange programme for employees to promote internal knowledge transfer, intercultural awareness, the development of networks and the individual development of the participants.

NATIONAL BUREAU OF STATISTICS (NBS)
Chinese Bureau of Statistics.

OHSAS 18001
Abbreviation for Occupational Health and Safety Assessment Series; used in many countries as a basis for certification of occupational health and safety management systems. The structure is closely linked to the ISO 9001 and ISO 14001 standards.

ORIGINAL EQUIPMENT MANUFACTURER (OEM)
A company that retails products under its own name.

PRIME STANDARD
A segment of the regulated stock market with higher inclusion requirements than the General Standard. It is the private law segment of the Frankfurt Stock Exchange with the highest transparency standards. All companies listed in the DAX, MDAX, TecDAX and SDAX must be included in the Prime Standard.

PRINT ON DEMAND SYSTEMS
Publication process by which print templates are not created until the first order has been received.

RE-ENGINEERING CENTER
Engineering redesign of existing products to adapt to changing market conditions.

REVERSE FACTORING
A financing solution initiated by the ordering party in order to help his suppliers to finance their receivables more easily and at a lower interest rate than they would normally be offered.

ROADSHOW
Series of corporate presentations made to investors by an issuer at various financial locations to attract investment in the company.

SELECTIVE CATALYTIC REDUCTION (SCR)
Selective catalytic reduction is a method to reduce particle and nitrogen oxide emissions.

SENIOR FACILITY AGREEMENT (SFA)
Loan agreement.

SIX SIGMA
Management system for process improvement using analytical and statistical tools.

ECONOMIES OF SCALE
Defined in business economics' production theory and microeconomics as the connection between the scale of a company's output and the number of factors of production that it uses.

SMED (SINGLE MINUTE EXCHANGE OF DIE)
Optimisation of set up times of processes through both organisational and technical measures.

SOCIETAS EUROPAEA (SE)
Legal form for stock companies in the European Union and the European economic area. With the SE, the EU started allowing for companies to be founded in accordance with a largely uniform legal framework at the end of 2004.

THERMOPLASTS (ALSO KNOWN AS PLASTOMERS)
Plastics which become elastic (thermoplastic) in a particular temperature range, whereby this process is reversible.

TPM (TOTAL PRODUCTIVE MAINTENANCE)
Program for continuous improvement in all areas of a company with the goal of zero defects, failures, quality losses, accidents etc. The main focus is in the field of production.

SECURITIES ID NUMBER (WKN)
A six-character combination of numbers and letters used in Germany to identify securities.

XETRA
An electronic trading system operated by Deutsche Börse AG for the spot market.

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COVER

TO OUR SHAREHOLDERS

CONSOLIDATED MANAGEMENT REPORT

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CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

FURTHER INFORMATION

Overview by Quarter 2015[1]

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		Q1 2015	Q2 2015	Q3 2015	Q4 2015
Income statement					
Revenue	EUR millions	221.5	232.9	218.3	217.0
Adjusted gross profit[2]	EUR millions	133.1	138.5	131.1	130.4
Adjusted EBITA[2]	EUR millions	39.2	42.1	39.3	35.6
Adjusted EBITA margin[2]	%	17.7	18.1	18.0	16.4
EBITA	EUR millions	36.2	41.3	38.4	34.6
Adjusted profit for the period[2]	EUR millions	22.9	23.6	20.8	21.5
Adjusted EPS[2]	EUR	0.72	0.74	0.65	0.68
Profit for the period	EUR millions	17.9	20.0	17.4	18.5
EPS	EUR	0.56	0.63	0.55	0.58
Cash flow					
Cash flow from operating activities	EUR millions	10.3	41.5	44.1	32.2
Operating net cash flow[3]	EUR millions	11.6	37.7	42.8	42.4
Cash flow from investing activities	EUR millions	–10.5	–7.9	–10.0	–16.1
Cash flow from financing activities	EUR millions	–12.2	–41.3	–5.2	–11.7
Balance sheet		31 Mar 2015	30 Jun 2015	30 Sep 2015	31 Dec 2015
Total assets	EUR millions	1,185.4	1,157.9	1,156.3	1,167.9
Equity	EUR millions	413.4	395.5	404.6	429.8
Equity ratio	%	34.9	34.2	35.0	36.8
Net debt	EUR millions	411.8	395.5	366.7	360.9

[1] Deviations may occur due to commercial rounding.
[2] Adjustments are described in the Notes. → Notes, p. 130.
[3] Adjusted for currency effects.

Multi-Year Overview[1]

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		2015[2]	2014[2]	2013	2012[3]	2011	2010
Order situation							
Order book (31 Dec.)	EUR millions	**295.8**	279.6	236.7	215.4	218.6	188.0
Income statement							
Revenue	EUR millions	**889.6**	694.7	635.5	604.6	581.4	490.4
thereof EMEA	EUR millions	**416.0**	394.5	388.0	367.5	372.7	336.6
thereof Americas	EUR millions	**395.3**	237.8	191.6	193.3	173.0	123.8
thereof Asia-Pacific	EUR millions	**78.2**	62.5	56.0	43.8	35.7	30.0
EJT	EUR millions	**540.3**	481.0	443.9	427.6	411.5	323.6
DS	EUR millions	**344.1**	211.5	193.6	174.5	170.3	168.3
Gross profit	EUR millions	**533.1**[2]	405.6[2]	371.4	344.4	322.6	274.7
Adjusted EBITA[2]	EUR millions	**156.3**	121.5	112.6	105.4	102.7	85.4
Adjusted EBITA margin[2]	% of sales	**17.6**	17.5	17.7	17.4	17.7	17.4
EBITA	EUR millions	**150.5**	113.3	112.1	105.1	84.7	64.9
Adjusted profit for the period[2]	EUR millions	**88.7**	71.5	62.1	61.8	57.6	48.2
Profit for the period	EUR millions	**73.8**	54.9	55.6	56.6	35.7	30.3
Adjusted EPS[2]	EUR	**2.78**	2.24	1.95	1.94	1.92	1.93
EPS	EUR	**2.31**	1.72	1.74	1.78	1.19	1.21
Financial result	EUR millions	**–17.2**	–14.5	–15.6	–13.2	–29.6	–14.9
Tax rate	%	**32.1**	33.3	32.6	30.3	30.0[4]	27.0
R&D expenses	EUR millions	**25.4**	–25.7	–21.9	–22.1	–16.8	–16.6
R&D ratio (in relation to EJT sales)	% of EJT sales	**4.7**	5.3	4.9	5.1	4.1	5.1
Cost of materials[2]	EUR millions	**–362.9**	–289.9	–269.4	–263.5	–262.3	–220.5
Cost of materials ratio[2]	% of sales	**40.8**	41.7	42.4	43.6	45.1	45.0
Personnel expenses[5]	EUR millions	**234.1**	188.3	–169.7	–156.5	–143.7	–124.4
Cash flow							
Cash flow from operating activities	EUR millions	**128.2**	96.4	115.4	96.1	71.7	62.1
Operating net cash flow	EUR millions	**134.7**[6]	109.2[7]	103.9	81.0	66.8	51.7
Cash flow from investing activities	EUR millions	**–44.5**	–265.1	–43.4	–58.1	–33.7	–56.6
Cash flow from financing activities	EUR millions	**–70.4**	57.7	51.7	–34.1	–0.5	–3.1
Balance sheet							
Total assets	EUR millions	**1,167.9**	1,078.4	823.7	691.8	648.6	578.8
Equity	EUR millions	**429.8**	368.0	319.9	289.2	256.0	78.4
Equity ratio	%	**36.8**	34.1	38.8	41.8	39.5	13.5
Net debt	EUR millions	**360.9**	373.1	153.5	199.0	198.5	344.1
Working capital	EUR millions	**151.9**	141.8	110.8	115.9	106.2	86.7
Working capital ratio	% of sales	**17.1**	20.4	17.4	19.2	18.3	17.7
Employees							
Core workforce		**5,121**	4,828	4,134	3,759	3,415	3,028
Total workforce incl. temporary staff		**6,306**	5,975	4,947	4,485	4,252	3,830
Share							
Number of shares (weighted)		**31,862,400**	31,862,400	31,862,400	31,862,400	30,002,126	24,862,400
Number of shares (year-end)		**31,862,400**	31,862,400	31,862,400	31,862,400	31,862,400	24,862,400

[1] Key figures prior to the IPO in 2011 are not shown due to lack of comparability between HGB and IFRS.
[2] In 2014 and 2015 adjustments were made which especially relate to the acquisition of NDS. These adjustments are described in the Notes. → Notes, p. 130.
[3] 2012: The accounting rules changed in 2013 due to the first-time use of IAS 19R. In order to better compare the earnings, assets and financial positions, the 2012 figures have been adjusted to suit the new accounting rules and may therefore deviate from the figures published in the 2012 Annual Report.
[4] Adjusted by deferred tax liabilities of EUR 2.8 million resulting from 2007.
[5] From 2008 to 2011 and 2014 and 2015 adjusted by one-off effects.
[6] Adjusted for currency effects.
[7] Adjusted for acquisition related and currency effects.

Annual Review

Q1

JANUARY – MARCH 2015

Large order receipt for NORMAQUICK PS3 quick connectors for a German supplier to the automotive industry

NORMA Group is issued Platinum Supplier Status by General Motors

Q2

APRIL – JUNE 2015

Large order receipt for NORMAQUICK PS3 quick connectors from a Chinese-European automobile manufacturer

Opening of the first cleanroom for the manufacturing of joining solutions for biotech and pharmaceutical industries at the Czech production site in Hustopeče

Q3

JULY – SEPTEMBER 2015

New Chief Financial Officer Dr. Michael Schneider takes office

NORMA Group expands its worldwide testing laboratory capacities

Q4

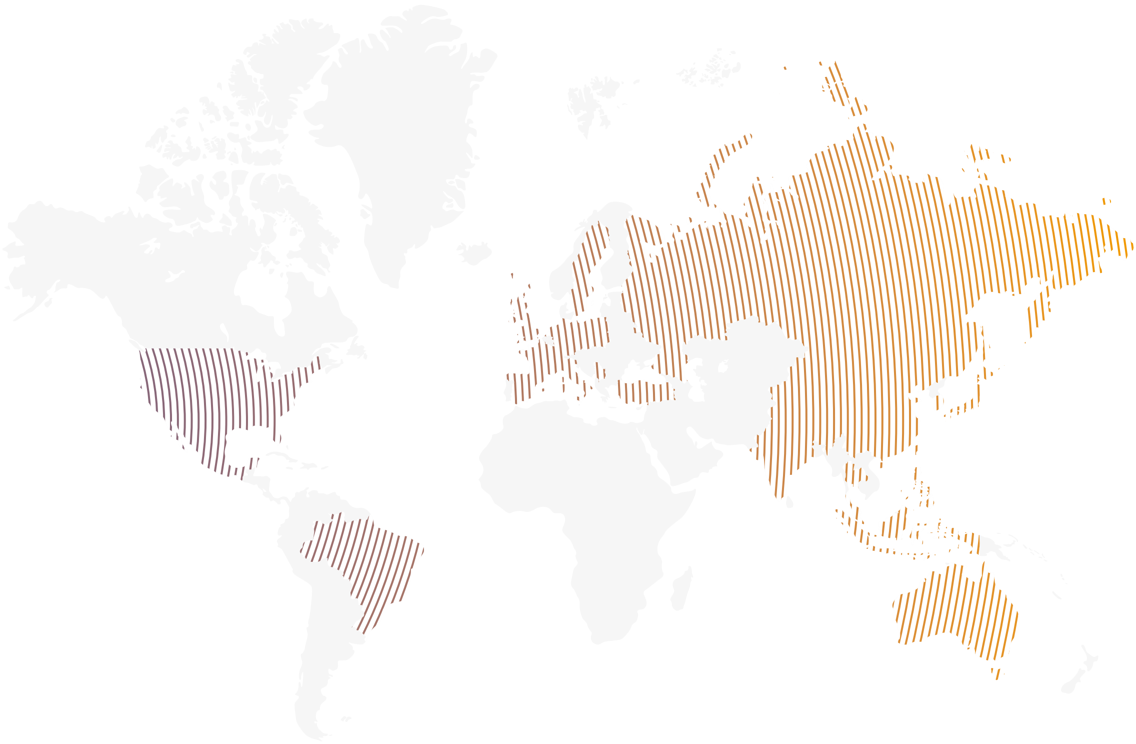
OCTOBER – DECEMBER 2015

Large order receipt for NORMAQUICK PS3 quick connectors and NORMAPLAST SV hose and pipe connectors for a German automobile manufacturer

Production sites in Auburn Hills, USA and Juarez, Mexico receive PACCAR 50 PPM-Award

Large order receipt for NORMACLAMP V PP and V 2PP profile clamps for a Korean automobile manufacturer

NORMA Group Worldwide



NORMA GROUP PRODUCTION AND DISTRIBUTION SITES G 001

EMEA
Czech Republic (P)
France (P, D)
Germany (P, D)
Italy (D)
Poland (P, D)
Russia (P, D)
Serbia (P)
Spain (D)
Sweden (P, D)
Switzerland (D)
The Netherlands (D)
Turkey (D)
United Kingdom (P, D)

P = Production sites
D = Sales and distribution centres

AMERICAS
Brazil (P, D)
Mexico (P)
USA (P, D)

ASIA-PACIFIC
Australia (D)
China (P, D)
India (P, D)
Indonesia (D)
Japan (D)
Malaysia (P, D)
Philippines (D)
Singapore (D)
South Korea (D)
Thailand (P)

Financial Calendar 2016

23.03.2016	Publication of Full Year Results 2015
04.05.2016	Publication of Q1 Interim Results 2016
02.06.2016	Annual General Meeting 2016 in Frankfurt/Main
03.08.2016	Publication of Q2 Interim Results 2016
02.11.2016	Publication of Q3 Interim Results 2016

The financial calendar is constantly updated. Please visit the Investor Relations section on the Company website @ www.normagroup.com for up-to-date information.

Contact and Imprint

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CONCEPT AND LAYOUT
3st kommunikation, Mainz

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Note on the Annual Report
This Annual Report 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 Annual Report 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 Annual Report, no guarantee can be given that this will continue to be the case in the future.

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