

# INTERIM STATEMENT



**FIRST QUARTER**

**2018**

## Overview of Key Figures

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		Q1 2018 <sup>1</sup>	Q1 2017 <sup>1</sup>	Change in %
<b>Order situation</b>				
Order book (Mar 31)	EUR millions	356.5	312.1	14.3
<b>Income statement</b>				
Revenue	EUR millions	272.6	254.9	6.9
(Adjusted) gross profit	EUR millions	158.7	152.2	4.3
Adjusted EBITA	EUR millions	45.7	45.0	1.6
Adjusted EBITA margin	%	16.8	17.7	n/a
EBITA	EUR millions	44.4	43.1	2.9
EBITA margin	%	16.3	16.9	n/a
Adjusted profit for the period	EUR millions	29.5	27.1	8.8
Adjusted EPS	EUR	0.92	0.85	8.7
Profit for the period	EUR millions	25.0	22.5	11.2
EPS	EUR	0.78	0.70	11.4
<b>Cash flow</b>				
Operating cash flow	EUR millions	-5.9	9.3	n/a
Net operating cash flow	EUR millions	-13.8	4.5	n/a
Cash flow from investing activities	EUR millions	-12.1	-22.3	-45.6
Cash flow from financing activities	EUR millions	-1.0	-1.0	0.1
		<b>Mar 31, 2018</b>	<b>Dec 31, 2017</b>	<b>Change in %</b>
<b>Balance sheet</b>				
Total assets	EUR millions	1,307.6	1,312.0	-0.3
Equity	EUR millions	552.6	534.3	3.4
Equity ratio	%	42.3	40.7	n/a
Net debt	EUR millions	361.4	344.9	4.8
<b>Employees</b>				
Core workforce		6,310	6,115	3.2

		Q1 2018 <sup>1</sup>	Q1 2017 <sup>1</sup>
<b>Non-financial control parameters</b>			
Number of invention applications		11	9
Defective parts per million (PPM)		6	18
Quality-related customer complaints per month		8	9
<b>Share data</b>			
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 Q1 2018 <sup>2</sup>	EUR	65.95	
Lowest price Q1 2018 <sup>2</sup>	EUR	55.05	
Closing price as of Mar 31, 2018 <sup>2</sup>	EUR	60.80	
Market capitalization as of Mar 31, 2018 <sup>2</sup>	EUR millions	1,937	
Number of shares		31,862,400	

1\_ Adjustments are described on → PAGE 8.

2\_ Xetra price

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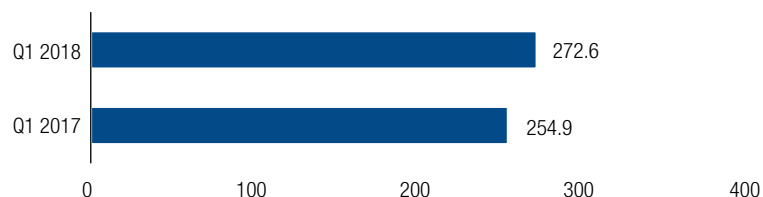
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# Highlights First Quarter 2018<sup>1</sup>

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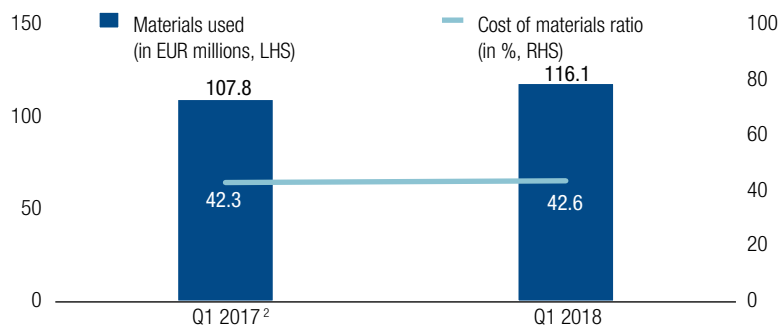
## DEVELOPMENT OF SALES Q1 2018 IN EUR MILLIONS



## EFFECTS ON GROUP SALES

	in EUR millions	Share in %
Sales Q1 2017	254.9	
Organic growth	34.6	13.6
Acquisitions	2.5	1.0
Currency effects	-19.5	-7.6
<b>Sales Q1 2018</b>	<b>272.6</b>	<b>6.9</b>

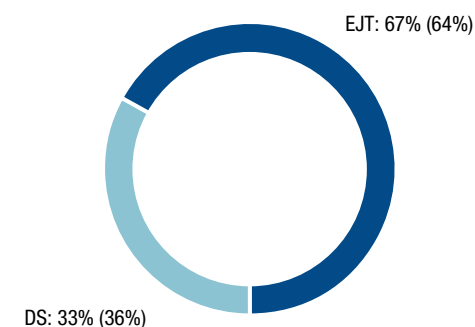
## COSTS OF MATERIALS AND COST OF MATERIALS RATIO



<sup>1</sup> Adjustments are described on → [PAGE 8](#).

<sup>2</sup> Adjusted

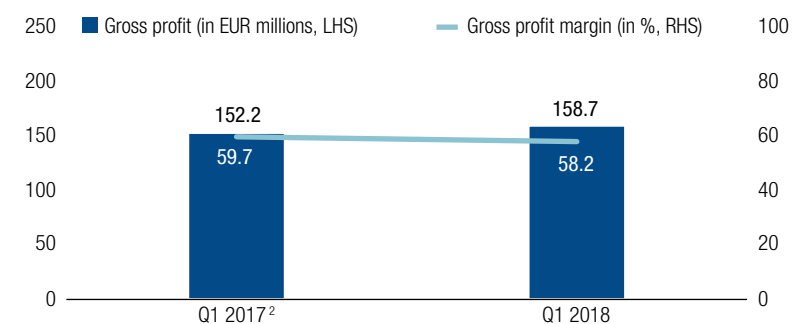
## DISTRIBUTION OF SALES BY SALES CHANNELS IN %, PREVIOUS YEAR IN BRACKETS



## DEVELOPMENT OF SALES CHANNELS

	EJT		DS	
	Q1 2018	Q1 2017	Q1 2018	Q1 2017
Group sales (in EUR millions)	181.1	163.3	90.0	90.1
Growth (in %)	10.9		-0.2	
Share of sales (in %)	67	64	33	36

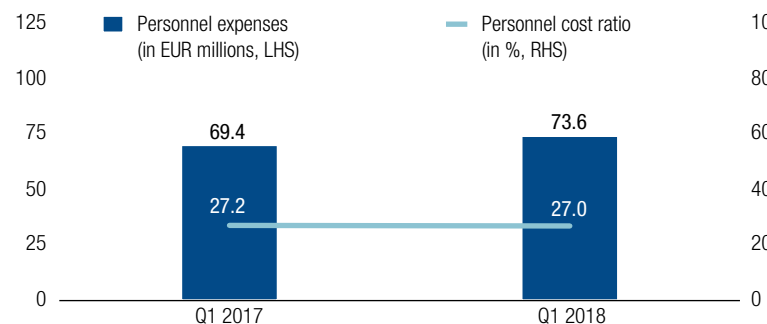
## GROSS PROFIT AND GROSS PROFIT MARGIN



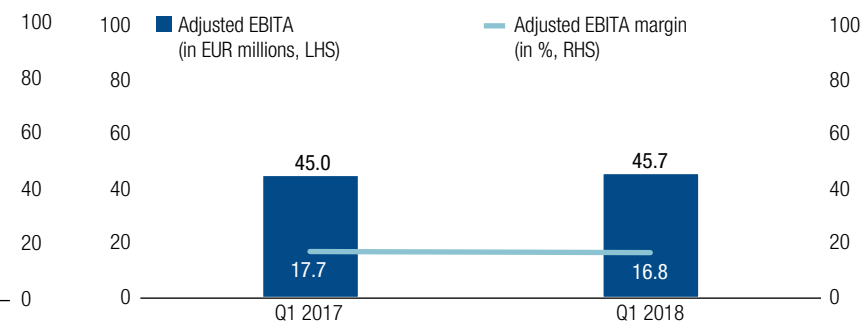
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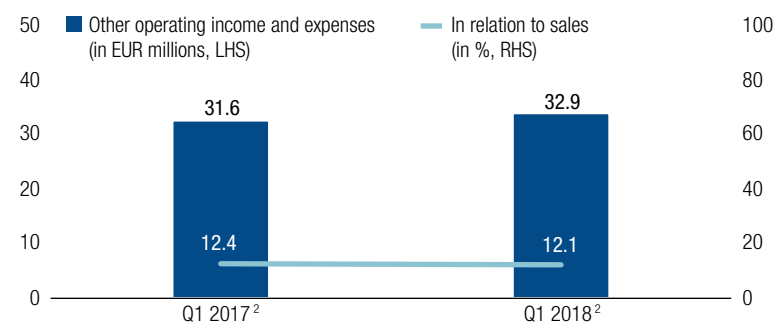
### PERSONNEL EXPENSES AND PERSONNEL COST RATIO



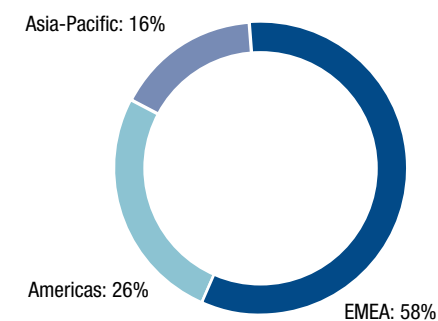
### ADJUSTED EBITA AND ADJUSTED EBITA MARGIN



### OTHER OPERATING INCOME AND EXPENSES AS WELL AS IN RELATION TO SALES



### CORE WORKFORCE BY SEGMENT



### NET OPERATING CASH FLOW

IN EUR MILLIONS	Q1 2018	Q1 2017
Adjusted EBITDA	52.2	51.3
Change in working capital	-55.5	-38.1
Investments from operating business	-10.5	-8.7
Net operating cash flow	-13.8	4.5

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## Course of Business

In the first three months of 2018, NORMA Group's business developed better than expected. On May 7, 2018 the Management Board increased its sales forecast for fiscal year 2018 on the basis of Group sales from January until April 2018 as well as the expected Group sales until year end.

The Management Board of NORMA Group now expects organic sales growth, excluding currency and acquisition-related effects, of around 5% to 8% in 2018 compared to 2017 (previous forecast: 'solid organic growth of around 3% to 5%').

For the Americas region the Management Board now expects a strong organic growth (previous forecast: 'solid organic growth'). The market for commercial and agricultural machinery develops stronger than expected. In the area of water management, among others, catch-up effects, which are higher than previously assumed, provide for increased demand.

In the Asia-Pacific region, demand for advanced engineered joining technology is driven more strongly than originally forecast by the increased emission requirements of OEM customers, particularly in China and India. In this respect, the Management Board expects a higher than originally assumed organic growth in the double-digit range.

In the EMEA region, the Management Board expects an unchanged solid organic growth.

While the Management Board sticks to its growth forecast regarding the Distribution Services area ('solid growth'), it expects a strong growth for the EJ business ('previous forecast: solid growth').

The remaining components of the forecast made in the 2017 Annual Report for the full year 2018 (including the adjusted EBITA margin) remain unchanged. → **FORECAST, P. 19**

## Significant Developments

In April 2018, NORMA Group signed an agreement to acquire the Indian thermoplastic joining solutions company Kimplas Piping Systems Ltd. ('Kimplas'). The agreement provides for the acquisition of 100% of the shares in Kimplas. It is expected to be concluded in mid-2018.

Kimplas is headquartered in Nashik in the West Indian state of Maharashtra and employs around 690 people. The company has been developing and producing molded parts using injection molding since 1996. Its product portfolio includes compression fittings, sprinklers and drippers, valves, filters and electro-fusion fittings such as tapping T-pieces for gas and water pipes. Kimplas's certified products are used for water-saving droplet irrigation in agriculture, safe and leak-free drinking water and gas supply as well as irrigation systems. Kimplas sells its products mainly on the domestic market and in other Asian markets. Last fiscal year, Kimplas achieved sales of around EUR 21 million.

With Kimplas's leading products, NORMA Group is expanding its water management portfolio and strengthening its position in Asia.

# Consolidated Statement of Comprehensive Income

for the period from January 1 to March 31, 2018

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IN EUR THOUSANDS

	Q1 2018	Q1 2017
Revenue	272,615	254,925
Changes in inventories of finished goods and work in progress	1,676	4,715
Other own work capitalized	569	376
Raw materials and consumables used	-116,142	-108,480
<b>Gross profit</b>	<b>158,718</b>	<b>151,536</b>
Other operating income	4,527	4,606
Other operating expenses	-37,913	-36,419
Employee benefits expense	-73,596	-69,359
Depreciation and amortization	-13,889	-14,678
<b>Operating profit</b>	<b>37,847</b>	<b>35,686</b>
Financial income	111	49
Financial costs	-3,559	-4,020
<b>Financial costs – net</b>	<b>-3,448</b>	<b>-3,971</b>
<b>Profit before income tax</b>	<b>34,399</b>	<b>31,715</b>
Income taxes	-9,426	-9,262
<b>Profit for the period</b>	<b>24,973</b>	<b>22,453</b>
<b>Other comprehensive income for the period, net of tax</b>		
<b>Other comprehensive income that can be reclassified to profit or loss, net of tax</b>	<b>-6,716</b>	<b>-1,038</b>
Exchange differences on translation of foreign operations	-7,534	-1,152
Cash flow hedges, net of tax	818	114
<b>Other comprehensive income for the period, net of tax</b>	<b>-6,716</b>	<b>-1,038</b>
<b>Total comprehensive income for the period</b>	<b>18,257</b>	<b>21,415</b>
<b>Profit attributable to</b>		
Shareholders of the parent	24,880	22,395
Non-controlling interests	93	58
	<b>24,973</b>	<b>22,453</b>
<b>Total comprehensive income attributable to</b>		
Shareholders of the parent	18,088	21,382
Non-controlling interests	169	33
	<b>18,257</b>	<b>21,415</b>
<b>(Un)diluted earnings per share (in EUR)</b>	<b>0.78</b>	<b>0.70</b>

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## ADJUSTMENTS

In the first quarter of 2018, expenses totaling EUR 0.5 million were adjusted within EBITDA (earnings before interest, taxes, depreciation and amortization) (Q1 2017: EUR 0.9 million). These relate to adjustments within other operating expenses as part of due diligence in connection with the preparations for the acquisition of the Indian water specialist Kimplas. → [SIGNIFICANT DEVELOPMENTS, P. 6](#)

As in previous years, depreciation of property, plant and equipment resulting from purchase price allocations of EUR 0.9 million (Q1 2017: EUR 1.0 million) was adjusted within EBITA (earnings before interest, taxes and amortization of intangible assets) and amortization of intangible assets resulting from purchase price allocations of EUR 4.8 million (Q1 2017: EUR 5.2 million) was adjusted within EBIT.

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

## ADJUSTMENTS <sup>1</sup>

IN EUR MILLIONS	Q1 2018 reported	Total adjustments	Q1 2018 adjusted
<b>Revenue</b>	<b>272.6</b>	<b>0.0</b>	<b>272.6</b>
Changes in inventories of finished goods and work in progress	1.7	0.0	1.7
Other own work capitalized	0.6	0.0	0.6
Raw materials and consumables used	-116.1	0.0	-116.1
<b>Gross profit</b>	<b>158.7</b>	<b>0.0</b>	<b>158.7</b>
Other operating income and expenses	-33.4	0.5	-32.9
Employee benefits expense	-73.6	0.0	-73.6
<b>EBITDA</b>	<b>51.7</b>	<b>0.5</b>	<b>52.2</b>
Depreciation	-7.4	0.9	-6.5
<b>EBITA</b>	<b>44.4</b>	<b>1.4</b>	<b>45.7</b>
Amortization	-6.5	4.8	-1.7
<b>Operating profit (EBIT)</b>	<b>37.8</b>	<b>6.2</b>	<b>44.1</b>
Financial costs – net	-3.4	0.0	-3.4
<b>Profit before income tax</b>	<b>34.4</b>	<b>6.2</b>	<b>40.6</b>
Income taxes	-9.4	-1.7	-11.1
<b>Profit for the period</b>	<b>25.0</b>	<b>4.6</b>	<b>29.5</b>
Non-controlling interests	0.1	0.0	0.1
<b>Profit attributable to shareholders of the parent</b>	<b>24.9</b>	<b>4.6</b>	<b>29.4</b>
<b>Earnings per share (in EUR)</b>	<b>0.78</b>	<b>0.14</b>	<b>0.92</b>

<sup>1</sup> Deviations in decimal places may occur due to commercial rounding.



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**NOTES TO THE SALES AND EARNINGS DEVELOPMENT**

**Order backlog**

As of March 31, 2018, the order backlog was EUR 356.5 million, EUR 44.5 million or 14.3% higher than at the same time last year (March 31, 2017: EUR 312.1 million). The increase in orders on hand is mainly due to the increase in orders in North America and Europe. Currency effects in the amount of EUR 16.9 million reduced the order backlog.

**Group sales rose:  
Growth in all regions**

Group sales in the first quarter of 2018 amounted to EUR 272.6 million, 6.9% higher than in the same period of the previous year (Q1 2017: EUR 254.9 million). Organic growth amounted to 13.6% and resulted from strong sales development in all three regions with double-digit growth rates in the Americas and Asia-Pacific regions.

The Chinese company Fengfan, acquired in May 2017, contributed EUR 2.5 million or 1.0% to sales growth.

Particularly the translation effects related to the development of the following exchange rates against the euro had a noticeable negative effect on Group sales growth: US dollar, British pound, Swedish krone, Russian ruble, Swiss franc, Turkish lira, Chinese renminbi, Indian rupee, Australian dollar, Malaysian ringgit and Japanese yen.

**Strong organic growth in both distribution channels, currency effects slow growth**

In the EJT business, NORMA Group generated sales of EUR 181.1 million in the first quarter of 2018, 10.9% more than in the same period of the previous year (Q1 2017: EUR 163.3 million). Strong organic growth of 17.7%, resulting in particular from strong business

development and high demand from the automotive industry in the Americas and Asia-Pacific regions, was held back by negative currency effects (–6.8%).

Sales in the DS segment amounted to EUR 90.0 million in the first quarter of 2018 (Q1 2017: EUR 90.1 million) and fell by 0.2% compared to the previous year due to strongly negative currency effects (–9.2%).

Organic growth of 6.2% was strengthened in particular by the healthy development of the US Distribution Services business, which also benefited from the recovery of NDS’s water business.

Acquisition-related sales growth from the acquisition of Fengfan contributed 2.8% to DS sales growth.

**Cost of materials ratio influenced by high raw material prices**

Cost of materials amounted to EUR 116.1 million in the first quarter of 2018, an increase of 7.7% compared to the same period of the previous year (Q1 2017 adjusted: EUR 107.8 million). In relation to sales, this resulted in a cost of materials ratio of 42.6% (Q1 2017 adjusted: 42.3%). Compared to the total output (sales revenues plus changes in inventories and other own work capitalized), the cost of materials ratio was at 42.3% (Q1 2017: adjusted 41.5%).

The increase in the cost of materials ratio compared to the same period of the previous year is due in large part to the continuing increase of raw material prices, especially in the areas of alloy surcharges and thermoplastic materials. The price increase for engineering plastics was mainly driven by market shortages. → 2017 ANNUAL REPORT, P. 73

**High raw material prices weigh heavily on the gross margin**

Gross profit (sales revenues less cost of materials plus changes in inventories and other own work capitalized) amounted to EUR 158.7 million in the first quarter of 2018, an increase of 4.3% over the same period in the previous year (Q1 2017 adjusted: EUR 152.2 million). Due to the high cost of materials, the gross margin was 58.2% (Q1 2017: adjusted 59.7%), lower than in the same period of the previous year.

**Personnel cost ratio improves slightly**

As of March 31, 2018, NORMA Group had 8,120 employees worldwide (Mar 31, 2017: 7,169), of whom 6,310 (Mar 31, 2017: 5,510) were permanent employees. This means that the total number of employees increased by 13.3% and the core workforce by 14.5% compared to the previous year.

Compared to the end of the year (Dec 31, 2017: 7,667), the total number of employees increased by 5.9%.

Employee benefits expenses in the first quarter of 2018 amounted to EUR 73.6 million, an increase of 6.1% compared to the previous year (Q1 2017: EUR 69.4 million). In light of the strong sales development, the personnel cost ratio improved slightly year-on-year to 27.0% (Q1 2017: 27.2%).

**PERSONNEL DEVELOPMENT**

	Mar 31, 2018	Mar 31, 2017
EMEA	3,676	3,282
Americas	1,634	1,410
Asia-Pacific	1,000	818
<b>Core workforce</b>	<b>6,310</b>	<b>5,510</b>
Temporary workers	1,810	1,659
<b>Total number of employees including temporary workers</b>	<b>8,120</b>	<b>7,169</b>

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### **Adjusted other operating income and expenses**

The balance of adjusted other operating income and expenses amounted to EUR 32.9 million in the first quarter of 2018, an increase of 4.2% compared to the previous year (Q1 2017: EUR 31.6 million).

In relation to sales, the share of adjusted other operating income and expenses decreased to 12.1% (Q1 2017: 12.4%).

Other operating income includes in particular currency gains from operating activities of EUR 2.0 million (Q1 2017: EUR 1.1 million) and income from the release of liabilities and unused provisions of EUR 1.2 million (Q1 2017: EUR 2.5 million).

Other operating expenses include currency losses of EUR 2.4 million (Q1 2017: EUR 1.3 million). The costs related to the due diligence of Kimplas (EUR 0.5 million) were adjusted within operating expenses (Q1 2017: EUR 0.2 million). → **ADJUSTMENTS, P. 8**

The balance of unadjusted operating income and expenses amounted to EUR 33.4 million (Q1 2017: EUR 31.8 million). The ratio to sales was 12.2% (Q1 2017: 12.5%).

### **Cost of materials negatively impact operating result and margin**

The operating result of NORMA Group in the first quarter of 2018 was negatively impacted by high raw material prices, particularly in the area of alloy surcharges and engineering plastics. This had a negative impact on the margin.

Adjusted earnings before interest, taxes, depreciation and amortization (adjusted EBITDA) amounted to EUR 52.2 million in the first quarter of 2018, up 1.8% year-on-year (Q1 2017: EUR 51.3 million). This resulted in a lower adjusted EBITDA margin of 19.1% year-on-year (Q1 2017: 20.1%).

Unadjusted EBITDA amounted to EUR 51.7 million in the first quarter of 2018 (Q1 2017: EUR 50.4 million). The resulting unadjusted EBITDA margin was 19.0% (Q1 2017: 19.8%).

Adjusted EBITA, which was additionally adjusted for depreciation on tangible assets from purchase price allocations of EUR 0.9 million (Q1 2017: EUR 1.0 million), rose in the first quarter of 2018 by 1.6% to EUR 45.7 million compared to the previous year (Q1 2017: EUR 45.0 million). The adjusted EBITA margin resulting from the comparison to sales was 16.8% (Q1 2017: 17.7%).

The unadjusted EBITA margin was 16.3% (Q1 2017: 16.9%) based on an unadjusted EBITA of EUR 44.4 million (Q1 2017: EUR 43.1 million).

### **Financial result**

The financial result amounted to EUR –3.4 million in the first quarter of 2018, improving by 13.2% compared to the same period of the previous year (Q1 2017: EUR –4.0 million). This is partly due to lower net interest expense of EUR 3.1 million (Q1 2017: EUR 3.5 million) and to exchange rate effects of EUR 0.4 million (Q1 2017: EUR 0.8 million).

### **Adjusted income taxes and tax rate**

Adjusted income taxes for the period of January to March 2018 amounted to EUR 11.1 million (Q1 2017: EUR 11.7 million). Based on adjusted pre-tax earnings of EUR 40.6 million (Q1 2017: EUR 38.9 million), this resulted in an adjusted tax rate of 27.3% (Q1 2017: 30.2%), which is lower than in the same period of the previous year and is mainly attributable to the tax reform in the US in fiscal year 2017.

### **Adjusted earnings for the period and adjusted earnings per share increased**

Adjusted earnings for the period (after tax) amounted to EUR 29.5 million, 8.8% above the previous year's level (Q1 2017: EUR 27.1 million). Based on the unchanged number of 31,862,400 shares, adjusted earnings per share in the first quarter of 2018 amounted to EUR 0.92 (Q1 2017: EUR 0.85).

Unadjusted earnings for the period amounted to EUR 25.0 million (Q1 2017: EUR 22.5 million), an increase of 11.2% over the previous year. Unadjusted earnings per share amounted to EUR 0.78 (Q1 2017: EUR 0.70). Overall, adjustments of EUR 4.6 million were made in the first quarter of 2018 (Q1 2017: EUR 4.7 million). This had an impact of EUR 0.14 on adjusted earnings per share.

# Consolidated Statement of Financial Position

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## ASSETS

IN EUR THOUSANDS	Mar 31, 2018	Dec 31, 2017	Mar 31, 2017
<b>Non-current assets</b>			
Goodwill	352,435	356,717	368,410
Other intangible assets	245,524	255,729	290,004
Property, plant and equipment	204,270	205,153	203,592
Other non-financial assets	1,083	1,048	243
Derivative financial assets	3,024	1,885	1,562
Income tax assets	104	76	108
Deferred income tax assets	3,851	4,845	7,402
	<b>810,291</b>	<b>825,453</b>	<b>871,321</b>
<b>Current assets</b>			
Inventories	153,194	151,229	147,727
Other non-financial assets	17,483	15,754	19,033
Other financial assets	1,001	1,001	5,196
Derivative financial assets	422	640	916
Income tax assets	7,427	9,884	8,989
Trade and other receivables	182,654	152,746	159,004
Cash and cash equivalents	135,131	155,323	151,548
	<b>497,312</b>	<b>486,577</b>	<b>492,413</b>
<b>Total assets</b>	<b>1,307,603</b>	<b>1,312,030</b>	<b>1,363,734</b>

## EQUITY AND LIABILITIES

IN EUR THOUSANDS	Mar 31, 2018	Dec 31, 2017	Mar 31, 2017
<b>Equity attributable to equity holders of the parent</b>			
Subscribed capital	31,862	31,862	31,862
Capital reserve	210,323	210,323	210,323
Other reserves	-15,156	-8,364	26,064
Retained earnings	323,025	298,077	235,899
<b>Equity attributable to shareholders</b>	<b>550,054</b>	<b>531,898</b>	<b>504,148</b>
Non-controlling interests	2,502	2,423	820
<b>Total equity</b>	<b>552,556</b>	<b>534,321</b>	<b>504,968</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Retirement benefit obligations	12,030	12,127	11,759
Provisions	10,895	10,239	9,302
Borrowings	449,978	455,111	510,000
Other non-financial liabilities	465	489	583
Other financial liabilities	4,252	4,224	1,126
Derivative financial liabilities	866	1,226	1,729
Deferred income tax liabilities	58,351	60,543	101,273
	<b>536,837</b>	<b>543,959</b>	<b>635,772</b>
<b>Current liabilities</b>			
Provisions	9,802	8,545	9,789
Borrowings	34,417	33,136	43,318
Other non-financial liabilities	35,277	31,860	33,603
Other financial liabilities	6,074	6,307	2,181
Derivative financial liabilities	992	193	561
Income tax liabilities	9,508	7,960	16,465
Trade and other payables	122,140	145,749	117,077
	<b>218,210</b>	<b>233,750</b>	<b>222,994</b>
<b>Total liabilities</b>	<b>755,047</b>	<b>777,709</b>	<b>858,766</b>
<b>Total equity and liabilities</b>	<b>1,307,603</b>	<b>1,312,030</b>	<b>1,363,734</b>

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## NOTES TO THE FINANCIAL AND ASSET POSITION

### Total assets

Total assets amounted to EUR 1,307.6 million as of March 31, 2018, a slight decrease of 0.3% compared to the end of 2017 (Dec 31, 2017: EUR 1,312.0 million). Compared to March 31, 2017 (EUR 1,363.7 million), total assets decreased by 4.1%.

### Fixed assets

Non-current assets amounted to EUR 810.3 million as of March 31, 2018, a slight decrease of 1.8% compared to the end of 2017 (Dec 31, 2017: EUR 825.5 million). This development is primarily due to currency effects in connection with the US dollar. Non-current assets accounted for 62.0% of total assets as of March 31, 2018 (Dec 31, 2017: 62.9%).

In the first three months of 2018, EUR 10.5 million was invested in fixed assets, including own work capitalized amounting to EUR 0.6 million. The main focuses of investment were in Germany, Serbia, the United Kingdom, France, China, the US and Mexico. There were no significant disposals.

Current assets amounted to EUR 497.3 million as of March 31, 2018, an increase of 2.2% compared to the end of 2017 (Dec 31, 2017: EUR 486.6 million). The increase is mainly due to the increase in trade receivables (+19.6%) in light of the increased sales volume in the first quarter of 2018 compared to the fourth quarter of 2017. In contrast, cash and cash equivalents decreased by 13.0%. As of March 31, 2018, current assets accounted for 38.0% of total assets (Dec 31, 2017: 37.1%).

Compared to the previous year, current assets slightly increased by 1.0% (Mar 31, 2017: EUR 492.4 million).

### (Trade) working capital increased

As of March 31, 2018, (trade) working capital (inventories plus receivables minus trade payables in each case) amounted to EUR 213.7 million, an increase of 35.1% compared to the end of 2017 (Dec 31, 2017: EUR 158.2 million) for seasonal reasons. Chief among these were the increase in business activity and the associated increase in trade receivables by 19.6% or EUR 29.9 million along with the decrease in trade and other payables by EUR 23.6 million to EUR 122.1 million (Dec 31, 2017: EUR 145.7 million) compared to the end of 2017.

Compared to the previous year (Mar 31, 2017: EUR 189.7 million), (trade) working capital increased by 12.7%. The increase compared to the same quarter of the previous year resulted in particular from the organic growth of NORMA Group.

### Equity ratio on a high level

Group equity amounted to EUR 552.6 million as of March 31, 2018, an increase of 3.4% compared to December 31, 2017 (EUR 534.3 million). This equates to an equity ratio of 42.3% (Dec 31, 2017: 40.7%). The change in equity resulted mainly from the result for the period (EUR 25.0 million). On the other hand, negative currency translation differences (EUR -7.5 million) lowered Group equity.

### Net debt increased

Net debt amounted to EUR 361.4 million as of March 31, 2018, an increase of 4.8% or EUR 16.6 million compared to the end of the year (Dec 31, 2017: EUR 344.9 million). The main reason for this was a decline in cash and cash equivalents due to cash outflows from operating and investing activities. Non-cash currency effects on foreign currency loans, however, had a positive effect on net debt.

Gearing (the ratio of net debt to equity) was 0.7, slightly above the level at the end of 2017 (Dec 31, 2017: 0.6). Leverage (net debt excluding hedging derivatives in relation to adjusted EBITDA for the last 12 months) was 1.8 (Dec 31, 2017: 1.7).

NORMA Group's net financial debt is as follows:

### NET DEBT

IN EUR THOUSANDS	Mar 31, 2018	Dec 31, 2017
Bank borrowings, net	484,395	488,247
Derivative financial liabilities – hedge accounting	1,858	1,419
Finance lease liabilities	111	156
Other financial liabilities	10,215	10,375
<b>Financial debt</b>	<b>496,579</b>	500,197
Cash and cash equivalents	135,131	155,323
<b>Net debt</b>	<b>361,448</b>	<b>344,874</b>

### Financial liabilities

At EUR 496.6 million, NORMA Group's financial liabilities were 0.7% lower than on December 31, 2017 (EUR 500.2 million). The decline in loans results from the effects of exchange rate changes on the US dollar tranches of syndicated and promissory note loans.

Non-current liabilities amounted to EUR 536.8 million as of March 31, 2018, a slight decrease of 1.3% compared to the end of 2017 (Dec 31, 2017: EUR 544.0 million). Current liabilities decreased by 6.6% to EUR 218.2 million compared to the end of 2017 (Dec 31, 2017: EUR 233.8 million).

The terms of the syndicated and the promissory note loans as of March 31, 2018, were as follows:

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## MATURITY BANK BORROWINGS AS OF MAR 31, 2018

IN EUR THOUSANDS	up to 1 year	> 1 year up to 2 years	> 2 years up to 5 years	> 5 years
Syndicated bank facilities, net	4,568	4,568	73,086	0
Promissory note, net	26,000	100,546	124,263	148,551
<b>Total</b>	<b>30,568</b>	<b>105,114</b>	<b>197,349</b>	<b>148,551</b>

### Other non-financial liabilities

Other non-financial liabilities are as follows:

### OTHER NON-FINANCIAL LIABILITIES

IN EUR THOUSANDS	Mar 31, 2018	Dec 31, 2017
<b>Non-current</b>		
Government grants	458	446
Other liabilities	7	43
	<b>465</b>	<b>489</b>
<b>Current</b>		
Non-income tax liabilities	3,171	2,004
Social liabilities	7,271	5,582
Personnel-related liabilities (e.g. vacation, bonus, premiums)	23,892	23,274
Other liabilities	628	433
Deferred income	315	567
	<b>35,277</b>	<b>31,860</b>
<b>Total other non-financial liabilities</b>	<b>35,742</b>	<b>32,349</b>

## DERIVATIVE FINANCIAL INSTRUMENTS

### Foreign currency derivatives

As of March 31, 2018, foreign currency derivatives with a positive market value of EUR 0.4 million and foreign currency derivatives with a negative market value of EUR 0.3 million were held to hedge cash flows. Foreign currency derivatives with a negative market value of EUR 0.6 million were also held to hedge fair value changes.

Foreign currency derivatives used to hedge cash flow changes are used against fluctuations in the exchange rate from operating activities. Foreign currency derivatives used to hedge fair value changes serve to hedge external financial liabilities and intercompany monetary items against exchange rate fluctuations.

### Interest rate hedging instruments

Parts of the external financing of NORMA Group were hedged against interest rate fluctuations with interest rate swaps. As of March 31, 2018, interest rate hedges were held with a positive market value of EUR 3.0 million and a negative market value of EUR 1.0 million.

# Consolidated Statement of Cash Flows

for the period from January 1 to March 31, 2018

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IN EUR THOUSANDS

	Q1 2018	Q1 2017
<b>Operating activities</b>		
<b>Profit for the period</b>	<b>24,973</b>	<b>22,453</b>
Depreciation and amortization	13,889	14,678
Gain (-)/ loss (+) on disposal of property, plant and equipment	30	-1
Change in provisions	1,940	-346
Change in deferred taxes	-261	-362
Change in inventories, trade account receivables and other receivables, which are not attributable to investing or financing activities	-35,048	-38,883
Change in trade and other payables, which are not attributable to investing or financing activities	-15,456	3,637
Change in reverse factoring liabilities	721	4,619
Interest expenses in the period	3,172	3,459
Income (-)/ expenses (+) due to measurement of derivatives	-311	-552
Other non-cash expenses (+)/ income (-)	463	627
<b>Cash flows from operating activities</b>	<b>-5,888</b>	<b>9,329</b>
thereof interest received	98	47
thereof income taxes	-5,918	-2,365
<b>Investing activities</b>		
Payments for acquisitions of subsidiaries, net	0	-11,044
Investments in property, plant and equipment and intangible assets	-12,693	-11,356
Proceeds from the sale of property, plant and equipment	551	82
<b>Cash flows from investing activities</b>	<b>-12,142</b>	<b>-22,318</b>
<b>Financing activities</b>		
Interest paid	-1,794	-1,982
Dividends paid to non-controlling interests	-73	-32
Repayment of borrowings	0	-7
Proceeds from derivatives	954	1,121
Repayment of lease liabilities	-46	-58
<b>Cash flows from financing activities</b>	<b>-959</b>	<b>-958</b>
<b>Net change in cash and cash equivalents</b>	<b>-18,989</b>	<b>-13,947</b>
Cash and cash equivalents at the beginning of the year	155,323	165,596
Effect of foreign exchange rates on cash and cash equivalents	-1,203	-101
<b>Cash and cash equivalents at the end of the period</b>	<b>135,131</b>	<b>151,548</b>

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## **NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS**

### **Group-wide financial management**

A detailed overview of the general financial management of NORMA Group is provided in the 2017 Annual Report. → **2017 ANNUAL REPORT, P. 54**

### **Net operating cash flow**

Net operating cash flow for the first three months amounted to EUR –13.8 million, EUR 18.3 million below the level of the prior-year quarter (Q1 2017: EUR 4.5 million). This was mainly due to disproportionately high changes in working capital as of the reporting date compared with the increase in adjusted EBITDA and the year-on-year increase in expenditures for investments from operating activities. These amounted to EUR 10.5 million in the first three months of 2018 (Q1 2017: EUR 8.7 million).

### **Cash flow from operating activities**

Cash flow from operating activities amounted to EUR –5.9 million in the first quarter of 2018 (Q1 2017: EUR 9.3 million), EUR 15.2 million lower than in the same quarter of the previous year.

Cash outflow from operating activities in the first quarter of 2018 resulted mainly from the significant decrease in trade and other payables as of March 31, 2018, compared to December 31, 2017, while trade and other payables were almost unchanged as of March 31, 2017, compared to December 31, 2016.

Cash flow from operating activities shows changes in current assets, provisions and liabilities (excluding liabilities from financing activities).

The company participates in a reverse factoring program, a factoring program and an ABS program. Liabilities under the reverse factoring program are reported under trade and other payables. Cash flows

from the reverse factoring, factoring and ABS programs are shown under cash flow from operating activities, as this corresponds to the economic content of the transactions.

Adjustments of EUR 0.3 million (Q1 2017: EUR 0.6 million) included in cash flow from operating activities for income from the valuation of derivatives relate to fair value changes of foreign currency derivatives and interest rate swaps allocated to financing activities and recognized in the income statement.

Adjusted other non-cash income (–) /expenses (+) mainly include expenses from the currency conversion of external financial liabilities and intragroup monetary items of EUR 0.4 million (Q1 2017: EUR 0.5 million).

### **Cash flow from investing activities**

Cash flow from investing activities amounted to EUR –12.1 million in the first quarter of 2018 (Q1 2017: EUR –22.3 million) and includes net outflows of EUR 12.1 million (Q1 2017: EUR 11.3 million) from the procurement and sale of non-current assets. This includes the change in liabilities for the acquisition of intangible assets and property, plant and equipment in the amount of EUR –2.2 million (Q1 2017: EUR –2.7 million). Investments made in the period from January to March 2018 related in particular to the sites in Germany, Serbia, the United Kingdom, France, China, the US and Mexico.

Net cash outflows for acquisitions of EUR –11.0 million from the acquisition of Lifial in January 2017 are also included in net cash used in investing activities.

### **Cash flow from financing activities**

Cash flow from financing activities in the period of January to March 2018 amounted to EUR –1.0 million (Q1 2017: EUR –1.0 million). This mainly includes interest payments (Q1 2018: EUR –1.8 million; Q1

2017: EUR –2.0 million) and proceeds from derivatives amounting to EUR 1.0 million (Q1 2017: EUR 1.1 million).

## Segment Reporting for the period from January 1 to March 31, 2018

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IN EUR THOUSANDS	EMEA		Americas		Asia-Pacific		Total segments		Central functions		Consolidation		Consolidated Group	
	Q1 2018	Q1 2017	Q1 2018	Q1 2017	Q1 2018	Q1 2017	Q1 2018	Q1 2017	Q1 2018	Q1 2017	Q1 2018	Q1 2017	Q1 2018	Q1 2017
Total revenue	144,583	137,966	109,979	103,266	33,966	28,439	288,528	269,671	6,701	5,965	-22,614	-20,711	272,615	254,925
thereof intersegment revenue	12,427	10,102	2,639	3,603	847	1,041	15,913	14,746	6,701	5,965	-22,614	-20,711	0	0
<b>Revenue from external customers</b>	<b>132,156</b>	<b>127,864</b>	<b>107,340</b>	<b>99,663</b>	<b>33,119</b>	<b>27,398</b>	<b>272,615</b>	<b>254,925</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>272,615</b>	<b>254,925</b>
Contribution to consolidated Group sales	49%	50%	39%	39%	12%	11%	100%	100%						
Adjusted gross profit <sup>1</sup>	82,829	79,288	61,024	60,310	15,123	13,504	158,976	153,102	na	na	-258	-885	158,718	152,217
<b>Adjusted EBITDA<sup>1</sup></b>	<b>27,478</b>	<b>28,168</b>	<b>21,566</b>	<b>19,489</b>	<b>4,834</b>	<b>5,863</b>	<b>53,878</b>	<b>53,520</b>	<b>-1,662</b>	<b>-2,004</b>	<b>-10</b>	<b>-243</b>	<b>52,206</b>	<b>51,273</b>
EBITDA margin <sup>1,2</sup>	19.0%	20.4%	19.6%	18.9%	14.2%	20.6%							19.2%	20.1%
Depreciation without PPA depreciation <sup>3</sup>	-2,984	-2,780	-2,151	-2,349	-995	-792	-6,130	-5,921	-351	-332	0	0	-6,481	-6,253
<b>Adjusted EBITA<sup>1</sup></b>	<b>24,494</b>	<b>25,388</b>	<b>19,415</b>	<b>17,140</b>	<b>3,839</b>	<b>5,071</b>	<b>47,748</b>	<b>47,599</b>	<b>-2,013</b>	<b>-2,336</b>	<b>-10</b>	<b>-243</b>	<b>45,725</b>	<b>45,020</b>
Adjusted EBITA margin <sup>1,2</sup>	16.9%	18.4%	17.7%	16.6%	11.3%	17.8%							16.8%	17.7%
Assets <sup>4,5</sup>	583,660	601,335	577,988	599,880	158,919	159,056	1,320,567	1,360,271	354,388	383,616	-367,352	-431,857	1,307,603	1,312,030
Liabilities <sup>5,6</sup>	177,132	206,488	265,705	292,760	52,124	54,016	494,961	553,264	570,259	601,915	-310,173	-377,470	755,047	777,709
CAPEX	4,648	4,200	3,934	2,580	1,112	1,185	9,694	7,965	771	694	na	na	10,465	8,659

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

2\_Based on segment sales.

3\_Depreciation from purchase price allocations.

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

5\_Previous year's figures as of Dec. 31, 2017.

6\_Taxes are shown in the column 'consolidation.'



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## NOTES TO SEGMENT DEVELOPMENT

In the first three months of 2018, the share of sales generated by foreign Group companies amounted to 79.9% (Q1 2017: 79.3%).

### EMEA

Sales (external sales) in the EMEA region amounted to EUR 132.2 million in the first quarter of 2018, an increase of 3.4% over the same period of the previous year (Q1 2017: EUR 127.9 million). The EMEA region thus accounted for 49% of Group sales (Q1 2017: 50%). Sales growth in the region is due in particular to strong business in the automotive sector, which was boosted by the generally positive economic situation in the industry with increasing production and sales figures.

Adjusted EBITDA in the EMEA region amounted to EUR 27.5 million, 2.4% lower than in the same period of the previous year (Q1 2017: EUR 28.2 million). The adjusted EBITDA margin fell accordingly from 20.4% to 19.0%. Adjusted EBITA was EUR 24.5 million (Q1 2017: EUR 25.4 million) while the adjusted EBITA margin was 16.9% (Q1 2017: 18.4%).

The main reasons for the decline in margins in the EMEA region were the persistently high prices for alloy surcharges and engineering plastics.  
→ [2017 ANNUAL REPORT, P. 64](#)

Investments in the EMEA region in the reporting period amounted to EUR 4.6 million (Q1 2017: EUR 4.2 million) and related in particular to the sites in Serbia, Germany, the United Kingdom and France.

Assets decreased by 2.9% to EUR 583.7 million (Dec 31, 2017: EUR 601.3 million).

### Americas

External sales in the Americas region amounted to EUR 107.3 million in the first quarter of 2018, an increase of 7.7% compared to the previous year (Q1 2017: EUR 99.7 million).

Growth results both from the healthy order situation in the automotive industry – partly as a result of the significant recovery in the market for commercial vehicles and agricultural machinery – and from the positive development of the Distribution Services business. Water-related business, which was weaker in fiscal year 2017 due to weather conditions, recovered with particular significance in the first quarter of 2018.

As in the prior-year quarter, the Americas region accounted for 39% of Group sales in the first quarter of 2018.

Adjusted EBITDA in the Americas region amounted to EUR 21.6 million in the first quarter of 2018 (Q1 2017: EUR 19.5 million), an increase of 10.7% year-on-year. The adjusted EBITDA margin was 19.6%, an improvement on the previous year (Q1 2017: 18.9%).

The adjusted EBITA margin was 17.7% (Q1 2017: 16.6%) based on an adjusted EBITA of EUR 19.4 million (Q1 2017: EUR 17.1 million).

Investments in the Americas region amounted to EUR 3.9 million in the first quarter of 2018 (Q1 2017: EUR 2.6 million) and related in particular to the sites in the US and Mexico. Assets fell by 3.6% to EUR 578.0 million (Dec 31, 2017: EUR 599.9 million), also due to the development of the euro/US dollar closing rate.

### Asia-Pacific

With external sales of EUR 33.1 million, the Asia-Pacific region showed strong growth of 20.9% compared to the previous year (Q1 2017: EUR 27.4 million). The main growth driver was the EJTB business, which benefited from high demand for joining technology, particularly in China.

The region's share of Group sales rose to 12% (Q1 2017: 11%) thanks to the strong development of sales.

Adjusted EBITDA in the Asia-Pacific region amounted to EUR 4.8 million, a decrease of 17.6% compared to the same quarter of last year (Q1 2017: EUR 5.9 million). The adjusted EBITDA margin was 14.2% (Q1 2017: 20.6%).

Adjusted EBITA amounted to EUR 3.8 million, 24.3% below the previous year's level (Q1 2017: EUR 5.1 million). The adjusted EBITA margin was 11.3% (Q1 2017: 17.8%).

The decline in margins in the Asia-Pacific region in comparison to the previous year is primarily due to higher material costs.

Capital expenditure in the first quarter of 2018 amounted to EUR 1.1 million (Q1 2017: EUR 1.2 million) and mainly related to the plants in China. Assets amounted to EUR 158.9 million and fell slightly by 0.1% compared to the end of the year (Dec 31, 2017: EUR 159.1 million).

## Forecast for Fiscal Year 2018

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On May 7, 2018, the Management Board of NORMA Group increased its full year sales forecast for the fiscal year 2018, on the basis of Group sales from January until April 2018 as well as expected Group sales until year end. The adjustments to the forecast are shown in the following table.

### FORECAST FOR FISCAL YEAR 2018

Consolidated sales	organic growth of around 5% to 8% (previously: solid organic growth of around 3% to 5%), additionally around EUR 5 million from acquisitions EMEA: solid organic growth Americas: strong organic growth APAC: organic growth in the double-digit range DS: solid growth EJT: strong growth
Adjusted cost of materials ratio	roughly at the same level as in previous years
Adjusted personnel cost ratio	roughly at the same level as in previous years
Investments in R&D (in relation to sales)	around 5%
Adjusted EBITA margin	sustainable at the same level as in previous years of more than 17.0%
Financial result	up to EUR – 15 million
Adjusted tax rate	around 26% to 28%
Adjusted earnings per share	strong increase
Investment rate (excluding acquisitions)	operative investments of around 5% of Group sales
Net operating cash flow	around EUR 140 million
Dividend	approx. 30% to 35% of adjusted net profit of the Group
Number of invention applications per year	more than 20
Number of defective parts per million (PPM)	less than 20
Number of quality-related complaints per month	less than 8

# Financial Calendar 2018, Contact and Imprint

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## FINANCIAL CALENDER 2018

Date	Event
May 17, 2018	Ordinary Annual General Meeting 2018, Frankfurt
August 1, 2018	Publication of Interim Report Q2 2018
November 7, 2018	Publication of Interim Statement Q3 2018

The financial calendar is constantly updated. Please visit the Investor Relations section on the Company website [www.investors.normagroup.com](http://www.investors.normagroup.com).

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## DESIGN & REALIZATION

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## EDITING

NORMA Group

### Note on the Interim Statement

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

### Note on rounding

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

### Forward-looking statements

This Interim Statement contains certain future-oriented statements. Future-oriented statements include all statements 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 Interim Statement, no guarantee can be given that this will continue to be the case in the future.

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