Q2 2016

INTERIM REPORT

NORMA GROUP SE

Overview of Key Figures

		Q2 2016	Q2 2015	H1 2016	H1 2015
Order situation					
Order book (30 June)	EUR millions	**–**	–	**283.8**	302.4
Income statement					
Revenue	EUR millions	**236.2**	232.9	**462.8**	454.3
Gross profit	EUR millions	**144.3**	138.5[1]	**282.0**	271.6[1]
Adjusted EBITA[1]	EUR millions	**43.8**	42.1	**83.9**	81.4
Adjusted EBITA margin[1]	%	**18.5**	18.1	**18.1**	17.9
EBITA	EUR millions	**42.1**	41.3	**81.6**	77.4
Adjusted profit for the period[1]	EUR millions	**25.3**	23.6	**47.9**	46.4
Adjusted EPS[1]	EUR	**0.79**	0.74	**1.50**	1.45
Profit for the period	EUR millions	**21.7**	20.0	**41.1**	37.9
EPS	EUR	**0.68**	0.63	**1.29**	1.19
Cash flow					
Operating cash flow	EUR millions	**41.6**	41.5	**61.0**	51.8
Net operating cash flow	EUR millions	**42.1**	37.7	**53.9**	49.3
Cash flow from investing activities	EUR millions	**–12.6**	–7.9	**–23.7**	–18.4
Cash flow from financing activities	EUR millions	**–32.8**	–41.3	**–34.4**	–53.6
Balance sheet		**30 Jun 2016**	31 Dec 2015		
Total assets	EUR millions	**1,174.1**	1,167.9		
Equity	EUR millions	**433.4**	429.8		
Equity ratio	%	**36.9**	36.8		
Net debt	EUR millions	**354.1**	360.9		
Employees					
Core workforce		**5,280**	5,121		
Non-financial control parameters		**Q2 2016**	Q2 2015	**H1 2016**	H1 2015
Number of new patent applications		**14**	19	**36**	57
Defective parts per million (PPM)		**45**	30	**31**	22
Quality-related customer complaints per month		**8**	10	**8**	10

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 H1 2016[2]	EUR	51.54
Lowest price H1 2016[2]	EUR	39.90
Closing price as of 30 June 2016[2]	EUR	42.52
Market capitalisation as of 30 June 2016[2]	EUR billions	1.35
Number of shares		31,862,400

[1] Adjustments are described in the notes to the consolidated financial statements. → Notes, p. 33.
[2] Xetra price.

Date of publication: 3 August 2016

CONTENTS

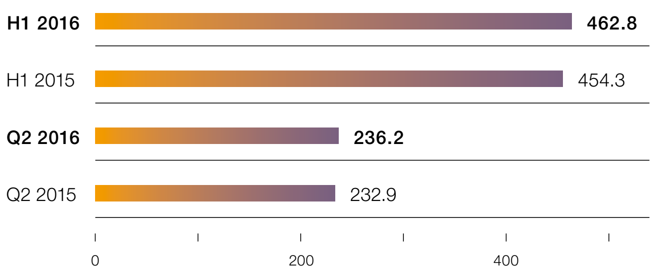
EXPLANATION OF SYMBOLS

@ Internet → Cross Reference → Reference to the 2015 Annual Report

Highlights First Half Year 2016

DEVELOPMENT OF SALES H1 2016

in EUR milions



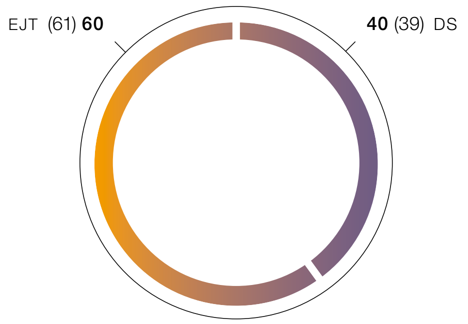
EFFECTS ON GROUP SALES

	in EUR millions	share in %
Sales H1 2015	454.3	
Organic growth	12.9	2.8
Currency effects	−4.4	−0.9
Sales H1 2016	**462.8**	**1.9**

DISTRIBUTION OF SALES BY SALES CHANNELS

in %

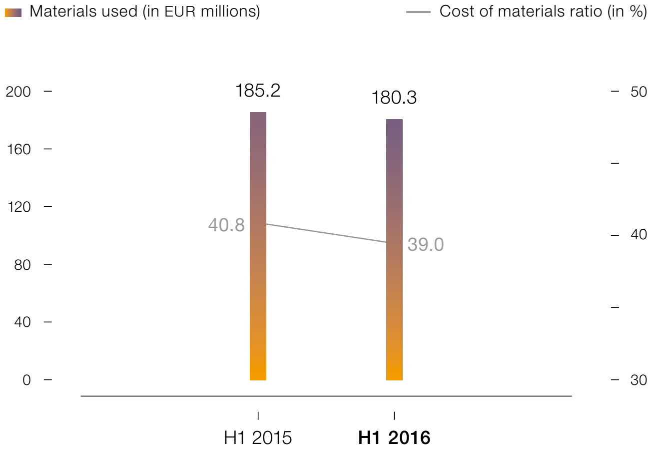
H1 2015 in brackets



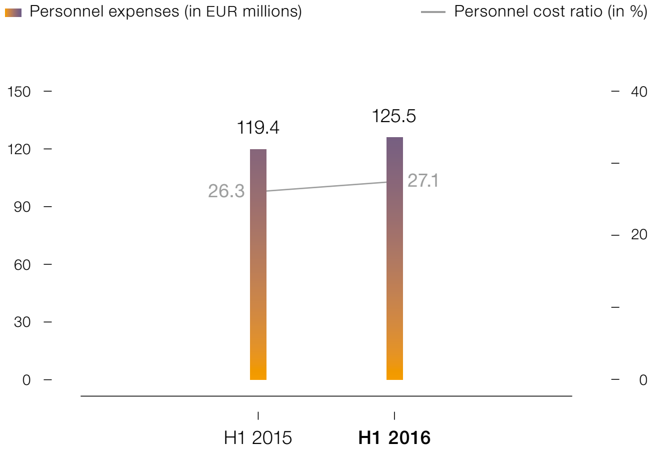
DEVELOPMENT OF SALES CHANNELS

	EJT		DS	
	H1 2016	H1 2015	**H1 2016**	H1 2015
Group sales (in EUR millions)	**276.2**	275.4	**184.5**	177.2
Growth (in %)	**0.3**		**4.1**	
Share of sales (in %)	**60.0**	60.8	**40.0**	39.2

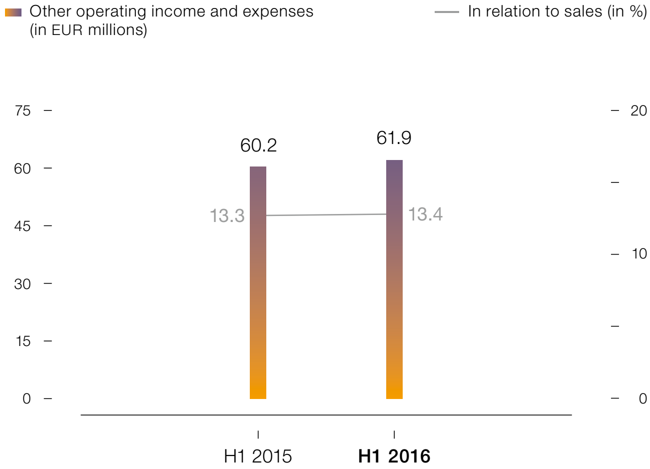
COSTS OF MATERIALS AND COST OF MATERIALS RATIO[1]



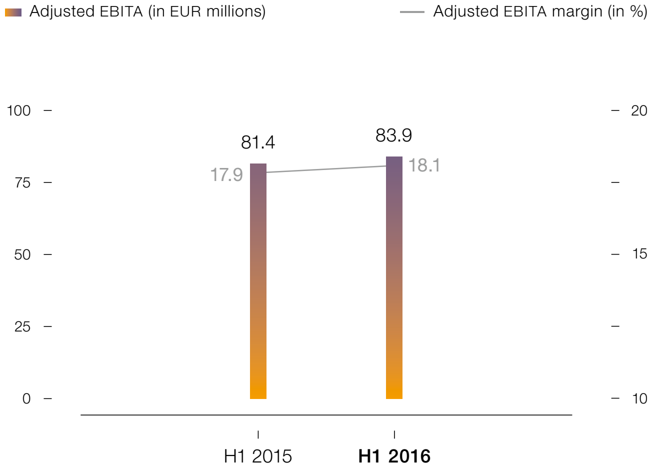
PERSONNEL EXPENSES AND PERSONNEL COST RATIO



ADJUSTED OTHER OPERATING INCOME AND EXPENSES IN RELATION TO SALES[1]



ADJUSTED EBITA AND ADJUSTED EBITA MARGIN[1]

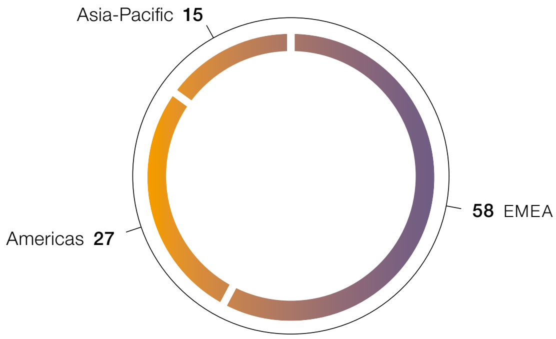


OPERATING NET CASH FLOW

in EUR millions	H1 2016	H1 2015
(Adjusted) EBITDA[1]	94.6	92.0
Change in working capital	–21.8	–24.0
Investments from operating business	–18.9	–18.7
Operating net cash flow	**53.9**	**49.3**

CORE WORKFORCE BY SEGMENT

in %



[1] Adjustments are described in the notes. → Notes, p. 33.

NORMA Group on the Capital Market

Development of the NORMA Group share influenced by volatile capital market environment
Dividend payment of EUR 0.90 resolved by the Annual General Meeting

INTERNATIONAL FINANCIAL MARKETS HIGHLY VOLATILE IN THE FIRST HALF OF 2016

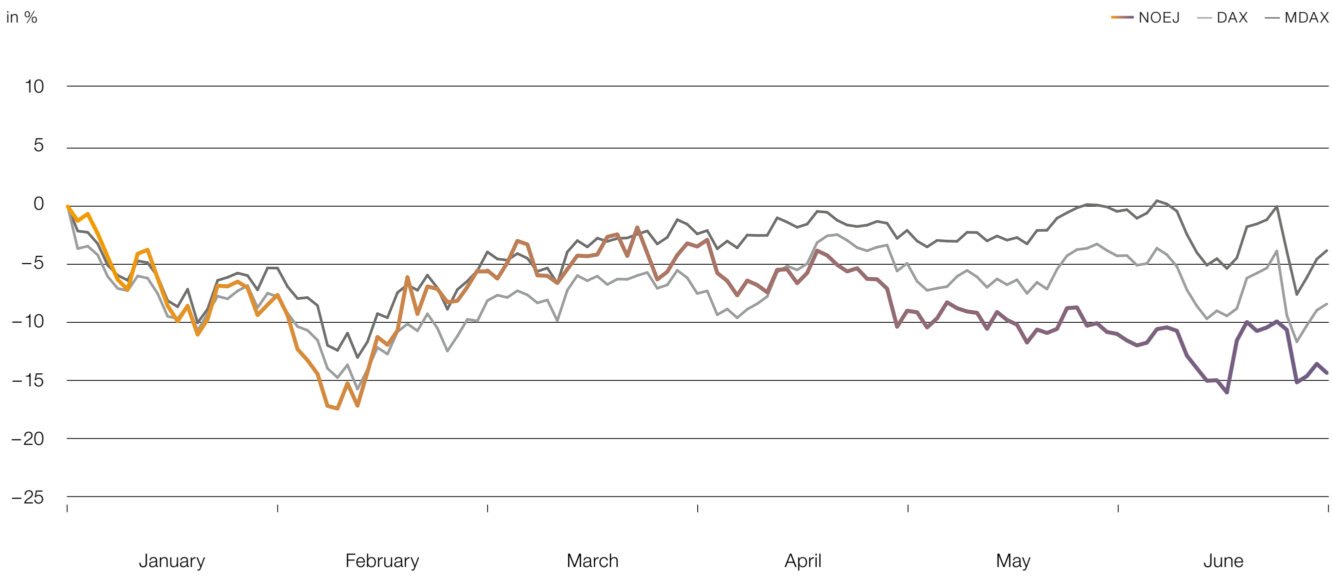
The continued pressure on the banking sector, sustained weak growth in Asia, the decline of oil prices in the first quarter, and lastly, the surprising vote in the UK not to remain in the EU caused a high degree of volatility on the capital markets in the first half of 2016. In addition, the terrorist attack in Brussels and the fear of further attacks led to additional uncertainty among investors. The expansive monetary policy of the European and American central banks, improved economic data from Germany and the US as well as the stabilization of oil prices in the second quarter counteracted this development, but only temporarily, so that the market environment remained very volatile overall.

Consequently, the development of the German indices was also quite volatile. The DAX ended the first half of 2016 at 9,680 points, which represents a 9.9% decline compared to the end of 2015. The MDAX lost 4.5% and closed at 19,843 points on 30 June 2016. Europe painted a similar picture: The Euro Stoxx 50 lost 12.3% in the first six months of 2016. The US indices ended the half-year only by recording a slight profit. The S&P 500 closed 2.7% higher, while the Dow Jones gained 2.9% compared to the end of 2015.

NORMA GROUP'S SHARE

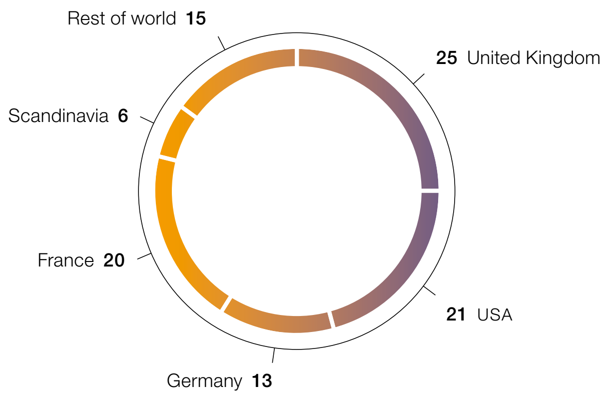
NORMA Group's share price was affected by the turbulence on the international financial markets in the first half of 2016 and was therefore unable to maintain the all-time high it had reached

INDEX-BASED COMPARISON OF NORMA GROUP'S SHARE PRICE PERFORMANCE WITH THE MDAX AND THE DAX IN THE FIRST HALF OF 2016



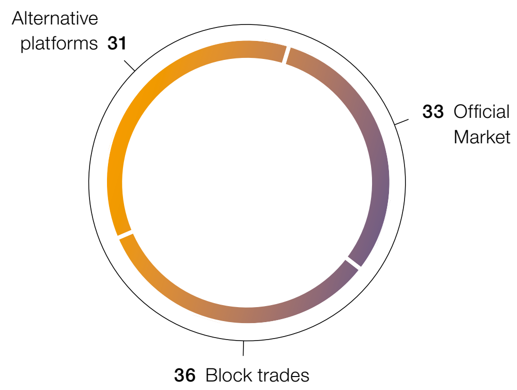
FREE FLOAT BY REGION

in % as of 1 July 2016



DISTRIBUTION OF TOTAL TRADING ACTIVITIES

in % as of 30 June 2016



at the end of 2015 in the first half of 2016. NORMA Group shares closed at EUR 42.52 on 30 June 2016 and thus 16.9% below the year-end price.

NORMA Group's market capitalization amounted to EUR 1.35 billion on 30 June 2016 (31 Dec 2015: EUR 1.63 billion). Thus the company was ranked 39th out of 50 in the MDAX in June, based on market capitalization relevant to the determination of index membership.

TRADING VOLUME

In the period January to June 2016, the average Xetra trading volume of the NORMA Group share was 63,449 shares per day (H1 2015: 107,139 shares). In terms of value, this equates to approximately EUR 2.92 million (H1 2015: EUR 4.79 million). The NORMA Group share thus ranked 47th out of 50 in the MDAX based on trading volume. The distribution of the total trading activities of NORMA Group shares on the various trading platforms is shown in the → Graphic: Distribution of total trading activities.

REGIONALLY 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. Therefore, NORMA Group has achieved a regionally highly diversified shareholder base with a significant share of international investors mainly from the USA, the United Kingdom, France and Scandinavia. → Graphic: Free float by region. German investors hold around 13% of the shares.

According to the voting right notifications received as of the end of July 2016, shares of NORMA Group designated as free floating are held by the following institutional investors:

VOTING RIGHT NOTIFICATIONS

Investor	Share in %
Ameriprise Financial, Inc., Wilmington, USA	6.65
Allianz Global Investors Europe GmbH, Frankfurt, Germany	5.02
AXA S.A., Paris, France	5.02
BNP Paribas Investment Partners S.A., Paris, France	4.91
Mondrian Investment Partners, Ltd., London, United Kingdom	4.85
T. Rowe Price Group, Inc., Baltimore, USA	3.11
The Capital Group Companies, Inc., Los Angeles, USA	3.05
BlackRock Inc., Wilmington, USA	2.99

As of 31 July 2016. All voting right notifications are published on the company's website @ http://investors.normagroup.com.

The majority of the 31,862,400 NORMA Group shares is currently held by institutional investors. The number of private shareholders (excl. management) increased slightly in the first half and was 3,175 at the end of June 2016 (31 Dec 2015: 2,833). This corresponds to 2.3% of the total number of shares. The Management and Supervisory Board also held 2.3% of shares as of 30 June 2016.

DIRECTORS' DEALINGS

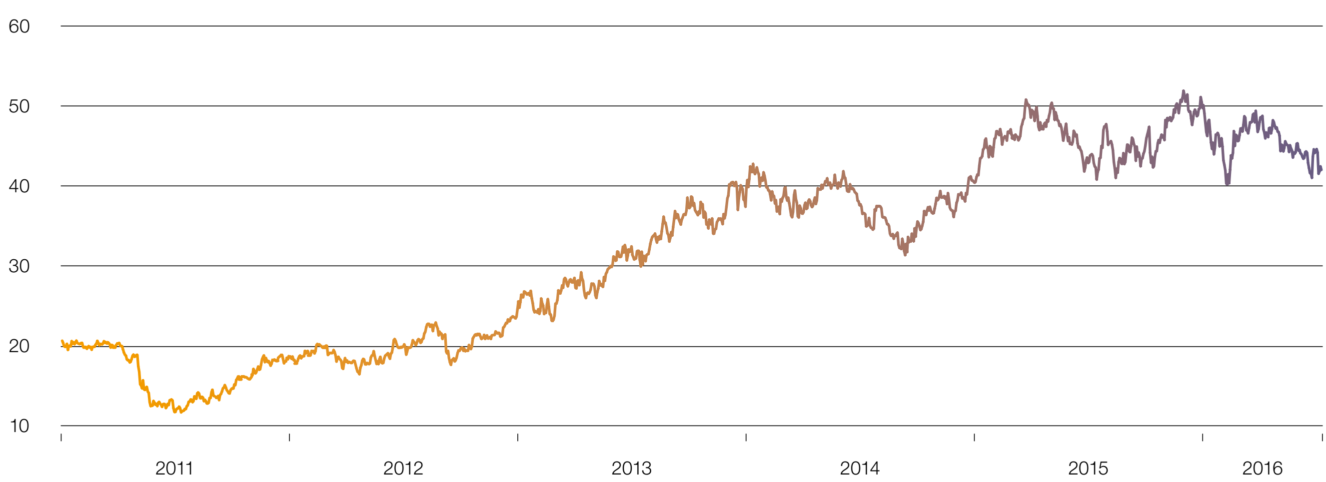
In the first half of 2016, one transaction was reported as notification of Directors' Dealings. This can be found in the → table: Directors' Dealings.

DIRECTORS' DEALINGS

Buyer/seller	Dr. Michael Schneider
Type of transaction	Buy
Date of transaction	28 June 2016
Price per share in EUR	44.49
Number of shares	2,360
Total value in EUR	104,996.40

SHARE PRICE DEVELOPMENT SINCE IPO 2011

in EUR



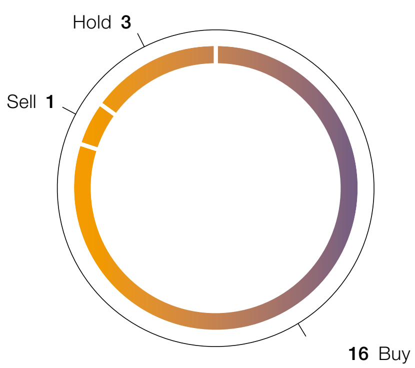
SUSTAINABLE INVESTOR RELATIONS ACTIVITIES

NORMA Group's investor relations activities seek to further increase awareness of the company on the capital market, strengthen confidence in its share, and achieve a realistic and fair valuation of the company.

Maintaining an ongoing and transparent dialogue with analysts represents one key element of investor relations work. Therefore, the number of analysts currently following the company is 20. Of these, there were 16 recommendations to 'buy,' one to 'sell' and three to 'hold' the NORMA Group share. On 30 June 2016, the average price target was EUR 53.40 (31 Dec 2015: EUR 52.86). Goldman Sachs discontinued coverage of NORMA Group in the first quarter of 2016.

ANALYST RECOMMENDATIONS

as of 30 June 2016



ANNUAL GENERAL MEETING 2016: DIVIDEND OF EUR 0.90 RESOLVED

The Annual General Meeting of NORMA Group was held in Frankfurt / Main on 2 June 2016. The proposal by the Management Board and Supervisory Board to pay a dividend of EUR 0.90 per share (2015: EUR 0.75) was approved by the general assembly with a majority of 99.91%. The other agenda items were also approved by a clear majority. All voting results can be found on the NORMA Group website in the Investor Relations section @ http://investors.normagroup.com.

KEY FIGURES OF THE NORMA GROUP SHARE

	H1 2016
Closing price (in EUR)	42.52
Highest price (in EUR)	51.54
Lowest price (in EUR)	39.90
Number of unweighted shares	31,862,400
Market capitalization (in EUR billions)	1.35
Average daily Xetra volume	
Shares	63,449
EUR millions	2.92
Earnings per share (in EUR)	1.29
Earnings per share (in EUR)	1.50

As of 30 June 2016.

CONSOLIDATED INTERIM MANAGEMENT REPORT

Consolidated Interim Management Report

Adjusted EBITA margin of 18.1% again at a very high level

High equity ratio of 36.9% despite dividend payment

Operating net cash flow increased again

Principles of the Group

The 2015 Annual Report provides a detailed overview of business activities, objectives and the strategy of NORMA Group SE. The statements contained therein remain valid. There were no major changes in the first half of 2016.

The development of the most important financial and non-financial performance indicators in the first half of 2016 are shown in the following tables.

FINANCIAL CONTROL PARAMETERS

	H1 2016	H1 2015
Group sales (in EUR millions)	**462.8**	454.3
Adjusted EBITA margin (in %)	**18.1**	17.9
Net operating cash flow (in EUR millions)	**53.9**	49.3

NON-FINANCIAL CONTROL PARAMETERS

	H1 2016	H1 2015
Number of new patent applications	**36**	57
Defective parts per million (PPM)	**31**	22
Quality-related customer complaints per month	**8**	10

RESEARCH AND DEVELOPMENT

The main activities of the Research and Development department of NORMA Group are described in detail in the 2015 Annual Report. 2015 Annual Report, p. 54 – 55. There were no significant changes during the reporting period from January to June 2016.

In the first six months of the year, the main focus of R&D activities was on completing the Innovation Roadmap that will allow for the megatrends and changing market requirements of relevance to NORMA Group to be detected early and for the appropriate development of projects to be planned and carried out. As part of these efforts, potential new product ideas and the necessary innovative technologies have been identified. The activities planned are to be carried out in the second half of 2016.

Furthermore, the topic of joining technology for use in pipeline systems was also a main focus during the reporting period. Here, technologies that are not yet in use are being investigated scientifically more closely.

With respect to its core competencies, NORMA Group has advanced the identification and validation of new plastic materials even further and optimized its testing processes. This has significantly improved the informative value for its applications in specific areas, in the area of cooling water, for example. In this case, the emphasis was on the component- and manufacturing-related properties of materials and material combinations.

R&D KEY FIGURES

	H1 2016	H1 2015
Number of R&D employees	**292**	260
R&D employees ratio in relation to permanent staff (in %)	**5.5**	5.2
R&D expenses in the area of EJT (in EUR millions)	**12.1**	15.8
R&D ratio in relation to EJT sales (in %)	**4.3**	5.7

Economic Report

GENERAL ECONOMIC AND INDUSTRY-SPECIFIC CONDITIONS

The global economy showed little momentum again in the summer of 2016

The global economy picked up in the spring, however the momentum has remained weak. Even excluding the energy sector, US industrial production was weak (Q1 2016: +0.1%, Q2 2016: –1.1%), so that the capacity utilization rate in June was lower at 75.4% than in June of the previous year (76.4%). In the second quarter, US GDP achieved an annualized increase of 1.2% (Q1 2016: +0.8%) according to the first official estimates. China's economy remains on an increasingly flatter expansionary course. In the first half of the year, industrial production here rose by 6.0% and GDP by 6.7%. In the euro zone, on the other hand, the recovery remained robust. Capacity utilization was 81.5% in the second quarter (Q2 2015: 81.4%). The Ifo Institute estimates the increase in industrial production to be 1.7% in the second quarter (Q1 2016: +1.5%). The GDP in the euro zone grew by an estimated 1.6% (Q1 2016: 1.7%) in the same period, according to Eurostat.

Domestic demand behind the upswing in Germany, industrial activity remains weak

According to the Bundesbank, the German economy is experiencing a rather positive economic fundamental trend due to lively domestic demand. The winter quarter also benefited from very mild weather. Nevertheless, industrial activity remained subdued due to the lack of global stimulus and increased uncertainty despite a strong start to the year (industrial production in Q1 2016: +2.0%) and continued to lose momentum (April +1.0%, May: –0.3%). According to Eurostat's data, the capacity utilization of German industry reached 84.8% in June, the same level as in the previous year (84.7%). According to estimates by the Ifo Institute, GDP grew cumulatively by 2.1% in the first half of 2016 (Q1 2016: +1.3%).

Machinery and plant construction: Heterogeneous industry environment without any noticeable tailwind

The weak global growth and uncertainties are having a negative impact on the German machine building industry. In the first five months of 2016, the industry recorded low real growth of about 1% (sales: +1.3%, production: +1.1%) according to the VDMA. This was supported by domestic demand. Moreover, exports to Europe increased slightly, but also to North America and the ASEAN countries. This was offset by declines in China, Russia, Latin America and the OPEC region, however. Exports therefore declined by 2.4% in total in real terms by the end of May. Capacity utilization in the German mechanical engineering industry remained at 83.3% (July), still below the long-term average of 85.9%.

Automotive production grows moderately

Global sales of light vehicles (LV up to 6 tons) rose by 3.6% to 45.9 million units in the first half of the year, according to LMC Automotive (LMCA), and thus faster than global production (Q1 2016: +1.2%, Q2 2016: +2.1%). Demand on the US market was only moderate (LV: +1.5%) and Japan's market even declined by 6.4%. Furthermore, the losses in Brazil and Argentina remained in double digits. In contrast, China and Western Europe grew strongly. According to the Chinese association CAAM, car production rose by 6.5% by the end of June (sales: +8.1%). Production of passenger cars increased by 7.3% – with a more than 40% increase in SUVs – and by 1.5% for commercial vehicles. In Europe (EU + EFTA), sales of passenger cars rose by 9.1% and commercial vehicles by 13.1% (ACEA). 7.1% more passenger cars and 10.4% more commercial vehicles were sold in Germany during the same period. Domestic passenger car production rose by 4% in the first half of 2016, according to the VDA.

Construction output on the upswing internationally despite regional differences

US construction spending increased by 6.2% nominally by the end of June 2016 (US Consensus Bureau). Following the weak prior year, China also increased its spending on housing construction (H1 2016: nominal +5.6%, NBS). Construction output in the euro zone rose by 3.0% in real terms in the first quarter of 2016, according to Eurostat (2015: –0.8%). This dynamic trend did not continue in the second quarter, however (April: –1.0%, May: –0.8%). The Netherlands and Spain recorded strong growth while construction output continued to decline in France. On an EU basis, strong gains were posted in Scandinavia while Eastern Europe and the UK showed declines. Germany's construction industry is benefiting from the low interest rates and increased government investment in construction. Construction output rose sharply due to the good weather conditions (Q1 2016: +3.6%, April: +0.8%, May: –1.6%). The total sales of the German construction industry rose by 8.1% through May (Destatis).

SIGNIFICANT DEVELOPMENTS IN THE SECOND QUARTER

Exclusive agreement to acquire the global Autoline Quick connector business from Parker

NORMA Group SE signed an agreement to acquire all assets of the Autoline business from Parker's Fluid Systems Connectors Division ('Parker Autoline') on 23 June 2016.

Parker Autoline designs, manufactures and markets quick connectors for fluid line applications. These plastic push-to-connect components are used in all vehicle types in fuel lines, cooling lines, vapor lines, braking assistance lines and SCR (Selective Catalytic Reduction) circuit lines. The connecting products are manufactured at production sites in France, Mexico and China and sold to customers around the world.

With the acquisition of Parker Autoline, NORMA Group is expanding its product portfolio in the area of quick connectors and strengthening its market position. The completion of the transaction depends on the customary closing conditions and is therefore expected in the second half of 2016.

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

With Group sales of EUR 462.8 million and growth of 1.9% over the previous year, NORMA Group developed mainly in line with the expectations of management in the first half of 2016. The still hardly dynamic macroeconomic environment, the persistent weakness of the American commercial vehicle market and negative currency effects influenced thereby NORMA Group's sales growth.

The EMEA region, where the good order situation in the automotive business had a positive impact on organic growth, was a main growth driver in the first half. Sales growth in the Americas was lower, however, due to the continued weak environment in the area of commercial vehicles and agricultural and construction machines and could only be partially offset by the strong business performance of National Diversified Sales, Inc. (NDS). The Asia-Pacific region recorded good organic growth, which was partially offset by negative currency effects, however.

The main cost items developed in line with the Management Board's expectations in the first six months of 2016. While the personnel cost ratio increased slightly to 27.1% compared to the previous year due to the higher number of employees, the material cost ratio improved significantly, also thanks to an optimized strategy in the area of stainless steel purchases. The ratio of adjusted other operating income and expenses to revenue remained almost constant (13.3%) compared to last year (13.4%).

Adjusted EBITA was EUR 83.9 million in the first half of 2016, 3.1% above the level of the previous year (EUR 81.4 million). This again resulted in a high adjusted EBITA margin of 18.1% (H1 2015: 17.9%).

Considering the current market environment, the Management Board is satisfied with the performance in the first half of 2016 as a whole.

COMPARISON OF THE ACTUAL DEVELOPMENT OF BUSINESS WITH THE FORECAST

All in all, the business developed as expected in the first half of 2016, therefore none of the relevant company figures deviated significantly from the projected values.

EARNINGS, ASSETS AND FINANCIAL POSITION

Adjustments

In the first six months of 2016, expenses totaling EUR 1.2 million were adjusted in EBITDA (H1 2015: EUR 2.8 million). They result from acquisition-related costs in connection with the signing of the exclusive agreement to acquire the Parker Autoline business. The costs were adjusted in the other operating expenses. In addition, depreciation of tangible assets from purchase price allocations in the amount of EUR 1.1 million (H1 2015: EUR 1.1 million) were adjusted within EBITA (earnings before interest, taxes and amortization of intangible assets). Furthermore, amortization of intangible assets from purchase price allocations in the amount of EUR 8.0 million (H1 2015: EUR 8.8 million) were adjusted within EBIT, as in previous years. → Notes, p. 33.

ADJUSTMENTS

in EUR millions	H1 2016 adjusted	Adjustments	H1 2016 reported
Group sales	462.8		462.8
EBITDA	94.6	1.2	93.4
EBITDA margin (in %)	20.4		20.2
EBITA	83.9	2.3	81.6
EBITA margin (in %)	18.1		17.6
EBIT	79.2	10.3	68.9
Financial income	−8.5	0	−8.5
Profit for the period	47.9	6.8	41.1
EPS (in EUR)	1.50	0.21	1.29

Earnings Position

Order backlog

The order backlog was EUR 283.8 million on 30 June 2016 and thus 6.2% lower than the level of the comparison period of the previous year (30 June 2015: EUR 302.4 million). As the conversion of the order book is carried out at closing rates, currency effects (translation) among other factors had a negative impact on the level of the order book as of 30 June 2016.

Sales growth in the first half of 2016

At EUR 462.8 million, consolidated sales revenues were 1.9% higher in the first half of 2016 than in the respective period of the previous year (H1 of 2015: EUR 454.3 million). Organic growth amounted to 2.8% while negative currency effects were reflected by a 0.9% decline.

Consolidated sales amounted to EUR 236.2 million in the second quarter of 2016, which represents an increase of 1.4% compared to the previous year's quarter (Q2 2015: EUR 232.9 million). Compared to the first quarter of 2016 (EUR 226.6 million), sales increased by 4.3%.

Growth in the EJT sector bolstered by the European automotive market, solid growth in the area of DS

NORMA Group posted sales of EUR 276.2 million in the area of EJT in the first half of 2016 and thus a slight increase of 0.3% compared to the first half of 2015 (EUR 275.4 million). At EUR 137.2 million, the second quarter of 2016 was slightly weaker than the first quarter (EUR 139.0 million). The EJT business was impacted by the positive development of business in the EMEA region, in particular, while the business in the Americas continued to develop weakly.

Sales in the area of DS amounted to EUR 184.5 million in the first half of 2016 and were thus 4.1% higher than in the first six months of the previous year (H1 of 2015: EUR 177.2 million). Sales growth was supported mainly by NDS's strong business and by the positive development in the Asia-Pacific region. Compared to the second quarter of 2015 (EUR 95.4 million), the Group achieved sales growth of 2.6% in the area of DS (Q2 2016: EUR 97.9 million). Compared to the first quarter of the current year (EUR 86.6 million), sales revenue increased by 13.1%, partly due to the usual seasonality of NDS's business.

Improvement in the cost of materials ratio

Costs of materials amounted to EUR 180.3 million in the first half of 2016 and were thus 2.7% lower than in the corresponding period of the previous year (H1 2015: EUR 185.2 million adjusted). Based on the revenue generated in the first half of 2016, this means an improved cost of materials ratio of 39.0% compared to last year (H1 2015: 40.8% adjusted). This can be attributed to an optimized strategy in the area of steel purchasing, which had a positive impact on the cost of materials in the Americas, in particular. In addition, the reduction in inventories (previous year: increase) affected the cost of materials ratio positively in the first six months of 2016.

In the second quarter of 2016, costs of materials were EUR 90.2 million and thus nearly at the same level as in the previous quarter (Q1 2016: EUR 90.1 million). The cost of materials ratio amounted to 38.2% (Q1 2016: 39.8%). Costs of materials were 4.3% lower compared to the second quarter of the previous year (EUR 94.2 million adjusted).

In relation to total output, the cost of materials ratio in the first half of 2016 was also 39.0% (H1 2015: 40.5% adjusted). → Notes, p. 35.

The adjustments in the cost of materials in 2015 (EUR 2.5 million) were related to material expenses that resulted from the valuation of acquired inventories that was carried out within the purchase price allocation of the acquisition of NDS. The unadjusted cost of materials ratio in the first half of 2015 amounted to 41.3%.

Higher gross margin

NORMA Group generated gross profit (revenue less cost of materials and changes in inventories plus other own work capitalized) of EUR 282.0 million in the first half of 2016, which represents an increase of 3.8% compared to the adjusted prior-year figure (EUR 271.6 million) and an increased gross margin (in relation to sales) of 60.9% (H1 2015: 59.8% adjusted).

In the second quarter of 2016, NORMA Group generated gross profit of EUR 144.3 million and was thus 4.1% above the level of the second quarter of 2015 (EUR 138.5 million adjusted). The gross margin was 61.1% (Q2 2015: 59.5% adjusted).

Personnel cost ratio

On 30 June 2016 NORMA Group had 6,435 employees worldwide, including temporary workers, 5,280 of whom are permanent staff. Thus, the number of permanent employees rose by 6.1% compared to 30 June 2015. The EMEA region recorded the largest increase of 9.0%, which is mainly attributable to the employee build up at the Serbian site. 2015 Annual Report, p. 70. In the Americas region, the number of employees increased by 4.5% due to the permanent employment of temporary staff. In the Asia-Pacific region, it decreased slightly by 1.4%.

The higher average number of employees resulted in a 5.1% increase in expenses for employee benefits to EUR 125.5 million in the first half of 2016 (H1 2015: EUR 119.4 million). With respect to sales, personnel costs thus developed slightly disproportionately in the first half of 2016 and resulted in a higher personnel cost ratio of 27.1% compared to the previous year (H1 2015: 26.3%).

Personnel expenses amounted to EUR 62.3 million in the second quarter of 2016 and thus increased by 5.8% compared to the second quarter of 2015 (EUR 58.9 million). The personnel expenses ratio was 26.4% and thus higher than in the prior-year period (Q2 2015: 25.3%).

The personnel expenses that were incurred in the period April to June decreased by 1.5% compared to the first quarter of the year (EUR 63.2 million). → Notes, p. 35.

PERSONNEL DEVELOPMENT

	H1 2016	H1 2015
EMEA	**3,053**	2,802
Americas	**1,447**	1,385
Asia-Pacific	**780**	791
Core workforce	**5,280**	4,978
Temporary workers	**1,155**	1,408
Total number of employees including temporary workers	**6,435**	6,386

Adjusted other operating income and expenses

The balance from adjusted other operating income and expenses amounted to EUR –61.9 million in the first half of 2016 and thus 2.8% above the previous year's level of EUR –60.2 million. The share of sales thus remained relatively constant at 13.4% (H1 2015: 13.3%).

Adjusted other operating income and expenses amounted to EUR −2.8 million in the second quarter of 2016, in other words was 2.0% higher than in the same quarter of the previous year (EUR −32.2 million). This corresponds to 13.9% of sales (Q2 2015: 13.8%, Q1 2016: 12.8%). → Notes, p. 35.

Acquisition costs for the signing of an exclusive agreement to acquire the Parker Autoline business were adjusted in other operating income and expenses in the amount of EUR 1.2 million in the first six months of the year. In the same period of the previous year, however, the costs of integrating NDS, the company acquired in 2014, totaling EUR 0.3 million were presented in adjusted form.

Adjusted EBITDA and EBITA improve again

Adjusted earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to EUR 94.6 million in the first half of 2016 and were thus 2.8% higher than in the previous year (EUR 92.0 million). This results in a slightly improved adjusted EBITDA margin of 20.4% (H1 2015: 20.2%) compared to the first half of 2015.

Adjusted EBITA, which is also adjusted for depreciation of tangible assets from purchase price allocations in addition to the adjustments mentioned, amounted to EUR 83.9 million at the end of the half-year, which was an increase of 3.1% compared to the previous year (EUR 81.4 million). The good operating result led to an increased adjusted EBITA margin of 18.1% (H1 2015: 17.9%) compared with the same period of last year.

In the second quarter of 2016, adjusted EBITA was EUR 43.8 million, which represents a 3.9% increase compared to the second quarter of 2015 (EUR 42.1 million). The adjusted EBITA margin reached a very high level of 18.5% (Q2 2015: 18.1%). This increase in the adjusted EBITA margin compared to the first quarter of 2016 (17.7%) is partly attributable to the disproportionately low increase in material and personnel costs in relation to sales.

Financial result

The financial result for the first six months of the year was EUR −8.5 million. It thus remained relatively constant (+0.7%) compared to the same period of last year (EUR −8.4 million). → Notes, p. 35. The financial result contains net exchange gains/losses (including income/expenses from the valuation of currency hedging derivatives) amounting to EUR −1.9 million (H1 2015: EUR −0.2 million). Furthermore, the lower interest expenses compared to the same period of last year (H1 2016: EUR 5.8 million, H1 2015: EUR 7.8 million) also had a positive effect on the financial result.

The financial result amounted to EUR −3.8 million in the second quarter of 2016, which represents a 28.2% improvement over the prior-year quarter (EUR −5.3 million). This was mainly due to currency effects during the quarter that just ended.

Adjusted tax rate slightly lower

Adjusted income taxes for the first six months of 2016 amounted to EUR 22.8 million (H1 2015: EUR 22.9 million). This resulted in a slightly lower tax rate of 32.3% compared to the same period of last year (H1 2015: 33.1%). Adjusted income taxes amounted to EUR 12.1 million in the second quarter of 2016 (Q2 2015: EUR 11.4 million), which resulted in a tax rate of 32.4% (Q2 2015: 33.1%).

Adjusted net profit increased

Adjusted earnings after taxes after adjustments and amortization of purchase price allocations mentioned earlier amounted to EUR 47.9 million in the reporting period and were thus 3.2% higher than the previous year's figure of EUR 46.4 million.

Net profit for the second quarter amounted to EUR 25.3 million and thus increased by 7.4% compared to the same quarter of the previous year (EUR 23.6 million).

Compared to the first quarter of the current year (EUR 22.6 million), adjusted net profit increased by 11.9% in the second quarter.

(Adjusted) earnings per share increased

Adjusted earnings per share were EUR 1.50 in the first half of 2016 and thus 3.2% higher than in the same period of last year (H1 2015: EUR 1.45). They amounted to EUR 0.79 in the second quarter of 2016, an increase of 7.4% over the previous year's figure of EUR 0.74.

Earnings per share amounted to EUR 1.29 in the first half of 2016, 8.4% higher than in the same period of last year (EUR 1.19). They amounted to EUR 0.68 in the second quarter of 2016 (Q2 2015: 0.63). → Notes, p. 35.

The number of shares that the calculation is based on remained unchanged at 31,862,400.

Asset position

Total assets

Total assets amounted to EUR 1,174.1 million on 30 June 2016, and were thus 0.5% higher than at the end of 2015 (EUR 1,167.9 million). Compared to 30 June 2015 (EUR 1,157.9 million), they increased by 1.4%.

Assets affected by currency effects

Non-current assets amounted to EUR 776.0 million on 30 June 2016. They thus decreased slightly by 2.2% compared to 31 December 2015 (EUR 793.6 million), due in part to currency effects that pertained to the US dollar, in particular. → Notes, p. 36. Compared to 30 June 2015 (EUR 786.5 million), they were down 1.3%.

The share of non-current assets in total assets was 66.1% on 30 June 2016 (31 Dec 2015: 68.0%).

Current assets amounted to EUR 398.2 million on 30 June 2016, and were thus 6.4% higher compared to the end of 2015 (EUR 374.3 million) despite the dividend payment. Compared to the same period of last year (30 June 2015: EUR 371.4 million), they rose by 7.2%.

This increase compared to the end of 2015 mainly resulted from the 18.8% increase in receivables from goods and services to EUR 146.0 million (31 Dec 2015: EUR 122.9 million) that is quite typical for the first half of the year due to increased business activity in the second quarter of 2016 compared to the end of 2015. The 2.7% reduction in inventories to EUR 126.4 million (31 Dec 2015: EUR 129.9 million) essentially had the opposite effect.

(Trade) working capital

(Trade) working capital (inventories plus receivables minus liabilities, respectively mainly trade payables) amounted to EUR 172.9 million on 30 June 2016, an increase of 13.8% compared to 31 December 2015 (EUR 151.9 million). This is mainly due to the seasonal increase in receivables from goods and services. Trade working capital declined by 3.8% compared to 30 June 2015 (EUR 179.7 million), which resulted from optimized working capital management in the first half of 2016.

Improved equity ratio despite dividend payment

Group equity amounted to EUR 433.4 million on June 30, 2016, and was thus a slight 0.8% higher compared to December 2015 (EUR 429.8 million). Despite the dividend payment, this resulted in a slightly improved equity ratio of 36.9% (31 Dec 2015: 36.8%). → Notes, p. 37.

Net debt continued to improve

Net debt amounted to EUR 354.1 million on 30 June 2016, which represents a decrease of 1.9% or EUR 6.8 million compared to 31 December 2015 (EUR 360.9 million). Gearing (net debt in relation to equity) was 0.82 and thus slightly below the level at the end of 2015 (0.84).

Decreased non-current liabilities, higher current liabilities

Non-current liabilities amounted to EUR 567.7 million on 30 June 2016, and therefore fell slightly by 1.3% compared to the end of 2015 (EUR 575.4 million). This decrease is due to the reclassification of syndicated loans according to their maturities to current liabilities, but also to exchange rate effects related to the US dollar tranche of the syndicated loan and the promissory note. The increase in the negative fair values of hedging derivatives had the opposite effect. The share of non-current liabilities in total assets amounted to 48.4% on 30 June 2016 (31 Dec 2015: 49.3%).

Due to the reclassification of loan liabilities, the increase in current provisions, other non-financial liabilities and income tax liabilities, current liabilities rose by 6.4% to EUR 173.0 million in the reporting period compared to the end of 2015 (EUR 162.6 million). The decrease in other financial liabilities results from the amortization of the purchase price liability for NDS, the company acquired in fiscal year 2014, and the payment of the contingent purchase price liability from the acquisition of the operations of Five Star, which also took place in 2014. Current liabilities thus amounted to 14.7% of total assets (31 Dec 2015: 13.9%).

Financial position

Group-wide financial management

A detailed overview of NORMA Group's overall financial management can be found in the 2015 Annual Report. 2015 Annual Report, p. 53.

Increased net operating cash flow

Net operating cash flow was EUR 53.9 million in the first half of 2016 (H1 2015: EUR 49.3 million). The slightly increased expenditure on investments in the operating business was more than offset by an increase in adjusted EBITDA and improved trade working capital. The investments amounting to EUR 18.9 million mainly relate to plants in Germany, Serbia, Poland, the Czech Republic, China and the US.

In terms of revenues, the net operating cash flow in the first half of 2016 amounted to 11.6% (H1 2015: 10.9%).

Cash flow from operating activities

NORMA Group generated cash flow from operating activities of EUR 61.0 million in the first six months of 2016. The year on year (H1 2015: EUR 51.8 million) higher cash flow from operating activities was mainly influenced positively by the increase in net profit and optimized management of working capital.

In the second quarter of 2016, cash flow from operating activities was EUR 41.6 million, which means it rose sharply compared to the first quarter of 2016 (EUR 19.4 million). This was due to a higher inflow from the settlement of receivables from goods and services and a decrease in cash outflow due to the reduction in inventories in the second quarter.

Cash flow from operations remained relatively constant compared to the second quarter of the previous year (EUR 41.5 million).

NORMA Group uses a vendor-side reverse factoring program, among other approaches, to improve its working capital. The appropriate instruments are also used on the customer side to optimize working capital, by using an asset-backed securities (ABS) program, for example. The cash flows from the reverse factoring and the ABS program are presented under cash flow from operations because this best reflects the economic substance of the transactions. → Notes, p. 36.

Cash flow from investing activities

In the first half of 2016, NORMA Group posted cash outflow from investing activities of EUR −23.7 million (H1 2015: EUR −18.4 million). This includes mainly investments made to acquire intangible and tangible assets (H1 2016: EUR 18.9 million, first half of

2015: EUR 18.7 million) that pertained to the plants in Germany, Poland, Serbia, the Czech Republic, China and the United States, in particular. Furthermore, net payments for acquisitions (H1 2016: EUR 4.9 million, H1 2015: EUR 0.1 million) that pertained to repayment of the purchase price liability for NDS, the company acquired in fiscal year 2014, and the contingent purchase price liability for the operations of Five Star that were also acquired in 2014 are reflected in cash flow from investing activities.

This resulted in an investment ratio (in terms of sales) of 5.1% for the first half of 2016. Excluding the payments for acquisitions as well as the proceeds from the sale of assets, this rate was 4.1%.

Cash outflow from investing activities amounted to EUR – 12.6 million in the second quarter (Q2 2015: EUR – 7,9 million). The increase compared to the first quarter of 2016 (EUR – 11.1 million) is mainly due to higher net payments for acquisitions in the second quarter.

Cash flow from financing activities

In the first half of 2016, NORMA Group showed cash flow from financing activities of EUR – 34.4 million (H1 2015: EUR – 53.6 million). Cash flow from financing activities was particularly affected by the dividend payment in the amount of EUR 28.7 million. In addition, the repayment of loans totaling EUR 2.6 million and interest payments of EUR 3.0 million were reflected in cash from financing activities.

Compared to the first quarter of 2016 (EUR – 1.6 million), cash outflow from financing activities increased to EUR – 32.8 million during the last quarter, in particular due to the payment of the dividend to shareholders and to the scheduled repayment of loans (Q2 2015: EUR – 41.3 million).

SEGMENT REPORTING

In the first six months of 2016, the share of Group sales revenue generated abroad remained unchanged at around 78%.

Due to the Group's centrally managed financing and the exclusive availability of financing by way of approved external credit facilities by the central functions of NORMA Group, there is no need to provide a breakdown of financing by segments. In the medium term, an attempt will be made to achieve an investment ratio and cash generation that suits the Group average for each segment.

Strong sales growth in the EMEA region

External sales in the EMEA region amounted to EUR 227.3 million in the first half of 2016 and thus rose by 7.1% compared to the same period of last year (EUR 212.3 million). The EMEA region accounted for around 49% of total sales in the first half of 2016 (H1 2015: 47%).

Adjusted EBITDA in the EMEA region was EUR 51.6 million during the reporting period, which means it increased by 13.2% compared to the previous year (EUR 45.6 million). The adjusted EBITDA margin increased from 19.9% in the first half of 2015 to 21.5% in the reporting period in 2016. Adjusted EBITA amounted to EUR 46.5 million for the 6-month period and thus rose by 14.3% compared to the same period of last year (EUR 40.7 million). The adjusted EBITA margin in the EMEA region was 19.4% (H1 2015: 17.8%).

Investments in the EMEA region amounted to EUR 7.7 million in the first half of 2016 (H1 2015: EUR 5.3 million) and mainly pertained to plants in Germany, Serbia, Poland and the Czech Republic. Assets per balance sheet date totaled EUR 478.6 million and were thus 2.2% lower compared to the end of 2015 (EUR 489.2 million).

Americas region characterized by weak market environment in the commercial vehicle and agricultural machinery industries

The Americas region generated external sales of EUR 198.5 million in the first half of 2016 (H1 2015: EUR 204.9 million), which were thus 3.1% lower than in the same period of last year. This was mainly due to the continued weakness in the area of commercial vehicles and agricultural machinery, which could not be compensated for by the good growth in the area of DS. The share of sales of the Americas region thus decreased slightly and amounted to 43% (H1 2015: 45%).

DEVELOPMENT OF SEGMENTS

	EMEA			Americas			Asia-Pacific		
in EUR millions	**H1 2016**	H1 2015	Δ	**H1 2016**	H1 2015	Δ	**H1 2016**	H1 2015	Δ
Total segment sales	**239.8**	228.5	4.9%	**203.0**	209.0	– 2.9%	**38.5**	38.5	0.0%
External sales	**227.3**	212.3	7.1%	**198.5**	204.9	– 3.1%	**37.0**	37.2	– 0.4%
Contribution to consolidated sales (in %)	**49**	47		**43**	45		**8**	8	
Adjusted EBITDA[1]	**51.6**	45.6	13.2%	**45.0**	46.5	– 3.4%	**4.4**	4.3	3.9%
Adjusted EBITDA margin (in %)[2]	**21.5**	19.9		**22.1**	22.3		**11.5**	11.1	
Adjusted EBITA[1]	**46.5**	40.7	14.3%	**41.1**	42.5	– 3.3%	**3.2**	3.0	5.7%
Adjusted EBITA margin (in %)[2]	**19.4**	17.8		**20.3**	20.3		**8.2**	7.8	

[1] The adjustments are described in the notes. → Notes, p. 33.
[2] In relation to segment sales.

Adjusted EBITDA in the first half of 2016 was EUR 45.0 million, which means it dropped by 3.4% compared to the same period of last year (EUR 46.5 million). The adjusted EBITDA margin declined slightly to 22.1% in the reporting period (H1 2015: 22.3%), but is still at a very high level. Adjusted EBITA declined by 3.3% to EUR 41.1 million (H1 2015: EUR 42.5 million). The adjusted EBITA margin was 20.3%, the same level as last year.

Investments in the Americas region amounted to EUR 4.0 million in the 6-month period (H1 2015: EUR 5.8 million) and mainly pertained to the plants in the US. Assets amounted to EUR 631.2 million on 30 June 2016, and thus fell slightly by 0.8% compared to the end of 2015 (EUR 636.3 million), partly due to currency effects.

Asia-Pacific region experiencing dynamic currency adjusted growth

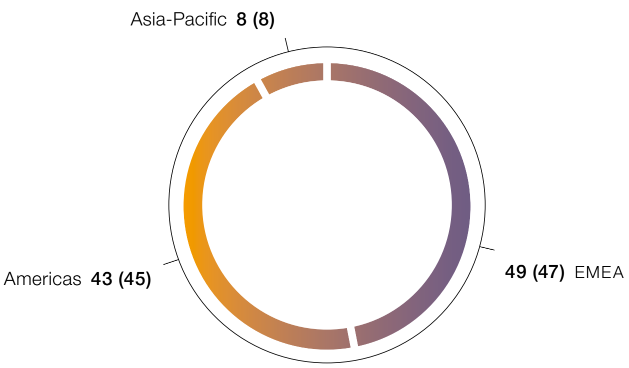
The Asia-Pacific region achieved external sales of EUR 37.0 million in the first half of 2016, which represents a decrease of 0.4% compared to the same period of last year (EUR 37.2 million). This was mainly due to negative currency effects, especially due to the performance of the Australian dollar, the Chinese yuan and the Malaysian ringit, which had a negative effect on the positive growth in the region. Overall, the business in China has developed slightly weaker than expected. The segment's share of total sales remained unchanged at 8% compared to the previous year.

Adjusted EBITDA in the Asia-Pacific region amounted to EUR 4.4 million in the first half of 2016 and increased by 3.9% compared to the same period of last year (EUR 4.3 million). The adjusted EBITDA margin for the region amounted to 11.5% (H1 2015: 11.1%). Adjusted EBITA increased to EUR 3.2 million (H1 2015: EUR 3.0 million), which resulted in a higher adjusted EBITA margin of 8.2% (H1 2015: 7.8%).

Investments amounted to EUR 2.3 million in the first half of 2016 (H1 2015: EUR 1.5 million). Assets declined by 0.7% from EUR 84.4 million to EUR 83.8 million on 30 June 2016, compared to the end of 2015. This was also mainly due to currency effects.

SALES BY SEGMENT

in % H1 2015 in brackets



NON-FINANCIAL PERFORMANCE INDICATORS

The most important non-financial control parameters for NORMA Group include the extent of market penetration, the Group's power of innovation, the employees' problem-solving behaviour and the sustainable overall development of NORMA Group. The development of these performance indicators in the first half of 2016 is described below.

Other non-financial performance indicators include employee and environmental indicators and indicators on occupational safety and healthcare within the Group. They are reported on once a year. The 2015 Annual Report contains a more detailed description of these performance indicators. 2015 Annual Report, p. 66 ff.

Maintaining the Group's market position

NORMA Group continuously works on sustainably expanding its business and achieving sales growth and profitability that is higher than average by industry comparison. By using innovative solutions and considering sustainable business practices and relationships, NORMA Group is able to add 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.

Maintaining the Group's power of innovation

Sustainably securing its technological leadership is a key driver of NORMA Group's future growth. The Group uses patents as a way of protecting its innovations. The number of patent applications per year is therefore part of the internal control system and an indicator of the company's innovative capacity. In addition, it is used to steer the long-term development strategy. NORMA Group also submitted applications for patents on new developments in the first half of 2016. 36 new patents (H1 2015: 57) in total were registered in 13 patent families.

Quality and delivery reliability

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. The Group therefore relies on the highest quality standards in developing and manufacturing its products. In order to minimize production losses and maximize customer satisfaction, NORMA Group measures and manages the problem solving behavior of its employees by using two performance indicators: the average number of quality-related 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. In the first half of 2016, the number of defective parts (PPM) was 22 (H1 2015: 22). This increase resulted from a customer returning a shipment in the second quarter. However, the average number of quality-related complaints per month was improved to 8 (H1 2015: 10).

Acting responsibly in all areas of the company

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 in the area of Corporate Responsibility (CR) are evaluated and updated on a regular basis. The current scope of action was published in the CR Roadmap 2018. A detailed description of each area of action and its strategic contents is described in the CR Report 2015, which was published recently.

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, risk and opportunity 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.

The 2015 Annual Report contains a detailed description of the Risk and Opportunity Management System. 2015 Annual Report, p. 80.

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 risk and opportunities are assessed according to the relation to EBITA. Here, the following five categories are used:

- Minor: up to 1% of current EBITA
- Low: more than 1% but less than 5% of current EBITA
- Moderate: more than 5% but less than 10% of current EBITA
- Significant: more than 10% but less than 25% of current EBITA
- Severe: more than 25% of current EBITA

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.

	Probability						Financial impact					
	Very unlikely	Unlikely	Possible	Likely	Very likely	Change to Dec. 2015	Insignificant	Minor	Moderate	Significant	High	Change to Dec. 2015
			•			→	•					→
	•					→					•	→
			•			→		•				→
			•			→			•			→
			•			→			•			→
			•			→		•				→
		•				→	•					→
			•			→			•			→
			•			→			•			→
			•			→			•			→
			•			→			•			→
		•				→			•			→
			•			→			•			→
			•			→		•				→
			•			→		•				→
			•			→		•				→
			•			→		•				→
			•			→		•				→
			•			→		•				→
			•			→		•				→
			•			→		•				→
			•			→	•					→
				•		→		•				→
			•			→		•				→
				•		→		•				→
		•				→			•			→
		•				→			•			→
			•			→		•				→
			•			→		•				→
			•			→		•				→

→ unchanged ↗ higher ↘ lower

The interval of the risk's or the opportunity's impact relates to the EBITA of the Group or segment provided that an individual assessment relates solely 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 (counter)-measures implemented.

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

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

Compared to the risk and opportunity assessment it published in its 2015 Annual Report, NORMA Group sees increased risks for the economy due to the referendum carried out in Britain on the withdrawal from the European Union, in particular, and the respective indirect effects on the economy in the EMEA region. A negative impact on earnings compared to the planning assumptions that could have a moderate financial impact is still considered to be possible as a result of the economic and cyclical risks according to the assessments made in the 2015 Annual Report. Otherwise, no significant changes have been made to the risk and opportunity assessment in the first half of 2016 compared to the 2015 Annual Report. → Table: Risk and Opportunity Portfolio of NORMA Group, p. 18 f.

Forecast Report

GENERAL ECONOMIC AND INDUSTRY SPECIFIC CONDITIONS

The global economy is showing only modest growth with higher risks

The global economy lacks tailwind and this dampens the exports of industrial and emerging countries. Structural problems and uncertainties are limiting the growth potential and investments despite the low interest rate environment. Moreover, the risks are high, also due to the referendum on the United Kingdom's membership in the European Union, the consequences of which are expected to be felt from 2017 on. The IMF has lowered its global growth forecast for 2016 from 3.2% to 3.1%. It says that the US economy is strong and expects GDP growth to be 2.2% in 2016 (previously: 2.4%). The current forecast for China is 6.6% (previously: 6.5%). For the euro zone, the IMF currently still assumes a GDP increase of 1.6% in 2016 due to the strong first quarter (previously: 1.5%). It sees future growth weakened by the United Kingdom's exit from the European Union and expects serious consequences for both the euro zone and Germany.

German economy posts solid growth – high uncertainty due to the United Kingdom's exit from the European Union

The IMF continues to expect moderate expansion dynamics for the German economy. Private consumption is the main driving force. The expansion of government spending, monetary stimulus and continued low energy prices compensate for the weakness of major trading partners, according to the IMF. The latest IMF growth forecast for GDP in 2016 is 1.6% (previously: 1.5%). The Ifo Institute estimates German economic growth to be 1.8% in 2016 (as of June). From March to June, important economic indicators (Ifo, ZEW) had improved noticeably. The indicators dropped partly in July, however, following the referendum on the United Kingdom's membership in the European Union. The uncertainties are likely to increase and affect investment activity for at least the remainder of the year.

FORECASTS FOR GDP GROWTH (REAL)

in %	2015	2016e	2017e
World	+3.1	**+3.1**	+3.4
USA	+2.4	**+2.2**	+2.5
China	+6.9	**+6.6**	+6.2
Euro region	+1.7[1]	**+1.6**	+1.4
Germany			
IWF	+1.5	**+1.6**	+1.2
Ifo Institute[2]	+1.7[3]	**+1.8**	+1.6

Sources: [1] IMF, WEO Update 19 July 2016, [2] Ifo Forecast, [3] Destatis

Mechanical engineering: VDMA expects stagnation in 2016

Incoming orders in the German machine and plant construction industries rose by 3% in real terms in the first five months of 2016, according to the VDMA (domestic: +4%, abroad: +3%). The orders from the euro zone fell by 4%. From the non-euro countries, they performed well, but the trend here is still negative following the impulses from major equipment orders at the beginning of the year. A global increase in industrial production would provide the basis for a sustained recovery of the economic situation. This is currently not in sight. In addition, the VDMA believes that the referendum on the United Kingdom's membership in the European Union will have a negative impact on investments no earlier than the fourth quarter of 2016. The association still expects stagnation in 2016 – for both global machine sales and for the industry in Germany.

MECHANICAL ENGINEERING: REAL CHANGE IN PRODUCTION AND ORDER INFLOW IN GERMANY

in %	2015	Q1 2016	Q2 2016
Production (real)[1, 2]	−0.3	+1.0	**5M: +1.1**
Order inflow (real)[2]	+1.0	+5.0	**6M: +3.0**
Domestic	+1.0	+0.0	**6M: +4.0**
Abroad	+1.0	+7.0	**6M: +3.0**

Sources: [1] German Central Bank / Destatis, [2] VDMA

The global automotive industry continues to grow at a robust pace

After achieving a production increase of 1.6% last year, the global automotive industry continues to grow. LMC Automotive (LMCA) expects global production growth in light vehicles (LV up to 6 tons) of 2.6% to nearly 91.0 million units in 2016 and of 2.4% for 2017. LV sales are expected to increase globally by 3.1% in 2016 according to the LMCA. The VDA is also forecasting a 3% increase in sales to 80.6 million units in 2016 for the more narrowly defined passenger car market. The VDA expects declines in sales for Russia (−5%), Brazil (−15%) and Japan (−2%). In contrast, the three dominant volume markets (Western Europe: +5%, USA: +1%, China: +8%) are expected to continue to grow. The VDA's sales forecast for Germany in 2016 was raised to plus 3% in May (from 1%). The association expects domestic production to increase by 1% in 2016 and foreign production by German manufacturers to increase by 3%.

AUTOMOTIVE INDUSTRY: GLOBAL PRODUCTION AND SALES DEVELOPMENT (LIGHT VEHICLES)

in %	2015	2016e	2017e
Production	+1.6	**+2.6**	+2.4
Sales	+2.2	**+3.1**	+2.2

Sources: LMC Automotive

Construction industry: Broad upturn in Europe, strong growth in Germany

The climate for the US construction industry remains weak despite a robust economy. China is investing heavily in housing construction again. The network Euroconstruct expects strong growth through 2018 for the construction industry in Europe. Construction output is projected to increase by 2.6% in real terms in 2016 (2017: +2.7%, 2018: +2.4%). This growth is being driven by residential construction, which is benefiting from renovations (60% share) and new construction. The rise in construction output remains disproportionately high in Eastern Europe, however Germany and France are responsible for the greatest absolute growth contributions. The IfW expects a dynamic upswing in construction for Germany. Real construction investments are to rise by 2.9% (2015: 0.3%) respectively in 2016 and 2017. The construction industry federation HDB now expects a 3.5% increase in construction sales in 2016 (residential construction: +6.0%, public construction: +4.0%).

CONSTRUCTION INDUSTRY: DEVELOPMENT OF EUROPEAN CONSTRUCTION INDUSTRY

in %	2015	2016e	2017e
Europe, real	+1.4	**+2.6**	+2.7
Western Europe	+1.2	**+2.5**	+2.5
Eastern Europe	+5.5	**+4.1**	+5.7

Source: Ifo Institute/Euroconstruct (total of 19 core markets)

FUTURE DEVELOPMENT OF NORMA GROUP

NORMA Group currently has no plans to make significant changes to either its goals or its strategy. Please refer to the 2015 Annual Report for a detailed description of its strategic goals. 2015 Annual Report, p. 50 ff.

NORMA Group holds fast to the forecast for the Group published in the 2015 Annual Report and expects solid organic consolidated sales growth of between 2% and 5% in 2016 compared to 2015. In addition, currency effects can have either a positive or negative effect on this growth, depending on the exchange rates to the euro.

The forecast with respect to the three regional segments EMEA, the Americas and Asia-Pacific, as well as the two distribution channels, Engineered Joining Technology and Distribution Services, is presented in great detail in the 2015 Annual Report. With respect to the sales forecast for the Asia-Pacific region, NORMA Group expects, based on its current estimates, to see stable organic sales for the full year compared to last year. This is due in particular to the postponement of localization projects in favor of stronger growth in the EMEA region. NORMA Group remains committed to the statements it has made on its development in the EMEA and Americas regions.

There were also no changes with respect to the main cost positions (material and personnel expenses). NORMA Group expects to see a continued constant development and therefore a stable material usage and personnel cost ratio compared to past years. As a result, and on the basis of continued Group-internal optimization processes, NORMA Group sees itself in a position to be able to maintain the high level of its margin in 2016 as well and will strive to achieve a sustainable (adjusted) EBITA margin at the same level of previous years of over 17.0%.

In total, NORMA Group expects a financial result of up to EUR −15 million. This will include interest charges on the Group's

2016 FORECAST (UNCHANGED)

Consolidated sales	solid organic growth of around 2% to 5%
	EMEA: solid organic growth
	Americas: solid organic growth
	Asia-Pacific: stable organic sales
	EJT: solid growth
	DS: 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 million)
Dividend	approximately 30% to 35% of adjusted annual Group earnings

gross debt with an average interest rate of approximately 2.5% to 3.0% and other expenses for currency hedging and transaction costs.

On the basis of these projections, solid growth in fiscal year 2016 is assumed with respect to adjusted earnings per share. Sales growth and a sustained margin will contribute to this, as will a slightly improved financial result. One-time effects are not considered.

NORMA Group thus confirms the forecast for the Group published in the 2015 Annual Report for fiscal year 2016. The probable development of all relevant performance indicators is presented once again in the table above.

GENERAL STATEMENT BY THE MANAGEMENT BOARD ON PROBABLE DEVELOPMENT

The Management Board holds fast to the forecast for the Group published in the 2015 Annual Report. The targeted Parker Autoline acquisition is not yet reflected in the outlook for fiscal year 2016.

Report on Transactions with Related Parties

In the reporting period from January to June 2016, there were no significant transactions with related parties subject to reporting.

Supplementary Report

NORMA Group issued a new promissory note with euro and US dollar tranches with a value equivalent to around EUR 150 million on 1 August 2016. The promissory note has terms to maturity of 5, 7 and 10 years and again includes more favorable conditions than its previous notes. The funds will be used to finance acquisitions and to repay the variable euro tranches of the promissory note from the year 2013 (EUR 49.0 million).

Maintal, 3 August 2016

NORMA Group SE
The Management Board

Werner Deggim
Dr. Michael Schneider

Bernd Kleinhens
John Stephenson

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Consolidated Statement of Financial Position

as of 30 June 2016

ASSETS

in EUR thousands	Note	30 June 2016	31 Dec 2015	30 June 2015
Non-current assets				
Goodwill	(10)	**340,308**	343,829	339,349
Other intangible assets	(10)	**257,414**	271,009	273,536
Property, plant and equipment	(10)	**168,728**	169,939	160,188
Other non-financial assets		**156**	234	291
Income tax assets		**458**	458	933
Deferred income tax assets		**8,911**	8,105	12,197
		775,975	**793,574**	**786,494**
Current assets				
Inventories	(11)	**126,384**	129,902	132,491
Other non-financial assets		**13,880**	13,711	12,657
Other financial assets		**4,055**	3,856	2,288
Derivative financial assets	(17)	**230**	248	1,618
Income tax assets		**6,425**	3,772	1,888
Trade and other receivables	(11)	**146,000**	122,865	153,017
Cash and cash equivalents	(18)	**101,186**	99,951	67,417
		398,160	**374,305**	**371,376**
Total assets		**1,174,135**	**1,167,879**	**1,157,870**

EQUITY AND LIABILITIES

in EUR thousands	Note	30 June 2016	31 Dec 2015	30 June 2015
Equity attributable to equity holders of the parent				
Subscribed capital		**31,862**	31,862	31,862
Capital reserves		**210,323**	210,323	210,325
Other reserves		**12,424**	21,128	22,343
Retained earnings		**177,904**	165,600	130,104
Equity attributable to shareholders		**432,513**	**428,913**	**394,634**
Non-controlling interests		**923**	898	865
Total equity	**(12)**	**433,436**	**429,811**	**395,499**
Liabilities				
Non-current liabilities				
Retirement benefit obligations		**11,825**	11,951	12,495
Provisions	(13)	**9,158**	10,842	11,512
Borrowings	(14)	**437,605**	443,711	362,512
Other non-financial liabilities	(15)	**1,116**	1,368	1,599
Other financial liabilities	(16)	**870**	681	4,011
Derivative financial liabilities	(14), (17)	**4,840**	2,510	2,540
Deferred income tax liabilities		**102,328**	104,380	112,440
		567,742	**575,443**	**507,109**
Current liabilities				
Provisions	(13)	**11,650**	9,972	6,048
Borrowings	(14)	**9,687**	7,056	71,163
Other non-financial liabilities	(15)	**32,327**	28,653	29,544
Other financial liabilities	(16)	**1,123**	6,019	2,273
Derivative financial liabilities	(14), (17)	**1,168**	876	20,417
Income tax liabilities		**17,490**	9,172	19,997
Trade and other payables		**99,512**	100,877	105,820
		172,957	**162,625**	**255,262**
Total liabilities		**740,699**	**738,068**	**762,371**
Total equity and liabilities		**1,174,135**	**1,167,879**	**1,157,870**

Consolidated Statement of Comprehensive Income

for the period from 1 January to 30 June 2016

in EUR thousands	Note	Q2 2016	Q2 2015	H1 2016	H1 2015
Revenue	(5)	**236,221**	232,852	**462,786**	454,338
Changes in inventories of finished goods and work in progress		**−2,256**	−391	**−1,522**	1,868
Other own work capitalised		**480**	310	**975**	645
Raw materials and consumables used	(5)	**−90,182**	−94,267	**−180,263**	−187,670
Gross profit		**144,263**	**138,504**	**281,976**	**269,181**
Other operating income	(6)	**7,005**	2,665	**10,790**	6,401
Other operating expenses	(6)	**−40,972**	−35,064	**−73,854**	−66,953
Employee benefits expense	(7)	**−62,264**	−58,858	**−125,492**	−119,415
Depreciation and amortisation		**−12,492**	−12,225	**−24,563**	−24,128
Operating profit		**35,540**	**35,022**	**68,857**	**65,086**
Financial income		**33**	45	**53**	199
Financial costs		**−3,827**	−5,329	**−8,534**	−8,624
Financial costs – net	**(8)**	**−3,794**	**−5,284**	**−8,481**	**−8,425**
Profit before income tax		**31,746**	**29,738**	**60,376**	**56,661**
Income taxes		**−10,059**	−9,718	**−19,258**	−18,735
PROFIT FOR THE PERIOD		**21,687**	**20,020**	**41,118**	**37,926**
Other comprehensive income for the period, net of tax					
Other comprehensive income that can be reclassified to profit or loss, net of tax		**3,348**	**−7,673**	**−8,698**	**19,750**
Exchange differences on translation of foreign operations		**3,609**	−8,774	**−7,195**	19,196
Cash flow hedges, net of tax		**−261**	1,101	**−1,503**	554
Other comprehensive income for the period, net of tax	**(12)**	**3,348**	**−7,673**	**−8,698**	**19,750**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**25,035**	**12,347**	**32,420**	**57,676**
Profit attributable to					
Shareholders of the parent		**21,606**	19,945	**40,980**	37,783
Non-controlling interests		**81**	75	**138**	143
		21,687	**20,020**	**41,118**	**37,926**
Total comprehensive income attributable to					
Shareholders of the parent		**24,945**	12,258	**32,276**	57,630
Non-controlling interests		**90**	89	**144**	46
		25,035	**12,347**	**32,420**	**57,676**
Undiluted earnings per share (in EUR)	(9)	**0.68**	0.63	**1.29**	1.19

Consolidated Statement of Cash Flows

for the period from 1 January to 30 June 2016

in EUR thousands	Note	Q2 2016	Q2 2015	H1 2016	H1 2015
Operating activities					
Profit for the period		**21,687**	**20,020**	**41,118**	**37,926**
Depreciation and amortisation		**12,492**	12,225	**24,563**	24,128
Gain (–)/loss (+) on disposal of property, plant and equipment		**–1**	–52	**21**	–10
Change in provisions		**2,921**	112	**2,431**	–1,014
Change in deferred taxes		**–498**	–1,157	**–274**	–1,211
Change in inventories, trade account receivables and other receivables, which are not attributable to investing or financing activities		**–4,833**	–12,995	**–27,580**	–48,398
Change in trade and other payables, which are not attributable to investing or financing activities		**7,165**	11,896	**13,046**	21,494
Change in reverse factoring liabilities		**1,870**	7,305	**1,890**	12,846
Payments for share-based payments		**–2,534**	–2,265	**–2,534**	–2,265
Interest expenses in the period		**2,930**	3,445	**5,760**	7,118
Income (–)/expenses (+) due to measurement of derivatives		**3,192**	–1,109	**552**	11,709
Other non-cash expenses (+)/income (–)		**–2,757**	4,120	**2,032**	–10,527
Net cash provided by operating activities	**(18)**	**41,634**	**41,545**	**61,025**	**51,796**
thereof interest received		**35**	16	**71**	36
thereof income taxes		**–9,055**	–5,033	**–14,052**	–10,951
Investing activities					
Payments for acquisitions of subsidiaries, net		**–3,320**	0	**–4,942**	–52
Investments in property, plant and equipment and intangible assets		**–9,380**	–8,119	**–18,914**	–18,652
Proceeds from the sale of property, plant and equipment		**86**	216	**136**	296
Net cash used in investing activities		**–12,614**	**–7,903**	**–23,720**	**–18,408**
Financing activities					
Interest paid		**–1,220**	–1,923	**–2,993**	–4,488
Dividends paid to shareholders	(12)	**–28,676**	–23,897	**–28,676**	–23,897
Dividends paid to non-controlling interests	(12)	**–31**	–40	**–119**	–150
Proceeds from borrowings		**0**	5	**22**	456
Repayment of borrowings	(14)	**–2,502**	–10,068	**–2,564**	–10,068
Proceeds from/repayment of derivatives	(17)	**–246**	–5,256	**68**	–15,238
Repayment of lease liabilities		**–94**	–137	**–135**	–173
Net cash used in financing activities	**(18)**	**–32,769**	**–41,316**	**–34,397**	**–53,558**
Net change in cash and cash equivalents		**–3,749**	**–7,674**	**2,908**	**–20,170**
Cash and cash equivalents at the beginning of the year		**104,957**	76,389	**99,951**	84,271
Effect of foreign exchange rates on cash and cash equivalents		**–22**	–1,298	**–1,673**	3,316
Cash and cash equivalents at the end of the period	**(18)**	**101,186**	**67,417**	**101,186**	**67,417**

Consolidated Statement of Changes in Equity

for the period from 1 January to 30 June 2016

in EUR thousands	Note	Attributable to equity holders of the parent	
		Subscribed capital	Capital reserves
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	(17)		
Total comprehensive income for the period		**0**	**0**
Stock options			−6,143
Dividends paid			
Dividends paid to non-controlling interests			
Total transactions with owners for the period		**0**	**−6,143**
Balance as of 30 June 2015	(12)	**31,862**	**210,325**
Balance as of 31 December 2015		**31,862**	**210,323**
Changes in equity for the period			
Result for the period			
Exchange differences on translation of foreign operations			
Cash flow hedges, net of tax	(17)		
Total comprehensive income for the period		**0**	**0**
Dividends paid			
Dividends paid to non-controlling interests			
Total transactions with owners for the period		**0**	**0**
Balance as of 30 June 2016	(12)	**31,862**	**210,323**

Attributable to equity holders of the parent				
Other reserves	Retained earnings	**Total**	Non-controlling interests	**Total equity**
2,496	116,218	367,044	969	368,013
	37,783	37,783	143	37,926
19,293		19,293	−97	19,196
554		554		554
19,847	37,783	57,630	46	57,676
		−6,143		−6,143
	−23,897	−23,897		−23,897
		0	−150	−150
0	−23,897	−30,040	−150	−30,190
22,343	130,104	394,634	865	395,499
21,128	165,600	428,913	898	429,811
	40,980	40,980	138	41,118
−7,201		−7,201	6	−7,195
−1,503		−1,503		−1,503
−8,704	40,980	32,276	144	32,420
	−28,676	−28,676		−28,676
		0	−119	−119
0	−28,676	−28,676	−119	−28,795
12,424	177,904	432,513	923	433,436

Segment Reporting

for the period from 1 January to 30 June 2016

	EMEA		Americas		Asia-Pacific	
in EUR thousands	**H1 2016**	H1 2015	**H1 2016**	H1 2015	**H1 2016**	H1 2015
Total revenue	**239,755**	228,544	**203,045**	209,006	**38,522**	38,517
thereof inter-segment revenue	**12,490**	16,284	**4,557**	4,120	**1,489**	1,325
Revenue from external customers	**227,265**	**212,260**	**198,488**	**204,886**	**37,033**	**37,192**
Contribution to consolidated Group sales	**49%**	47%	**43%**	45%	**8%**	8%
Gross profit[1]	**142,865**	134,350	**122,212**	120,685	**18,531**	17,981
Adjusted EBITDA[2]	**51,584**	**45,572**	**44,957**	**46,541**	**4,443**	**4,275**
Adjusted EBITDA margin[2, 3]	**21.5%**	19.9%	**22.1%**	22.3%	**11.5%**	11.1%
Depreciation without PPA depreciation[4]	**–5,060**	–4,864	**–3,835**	–4,016	**–1,266**	–1,270
Adjusted EBITA[2]	**46,524**	**40,708**	**41,122**	**42,525**	**3,177**	**3,005**
Adjusted EBITA margin[2, 3]	**19.4%**	17.8%	**20.3%**	20.3%	**8.2%**	7.8%
Assets (prior year as of 31 Dec 2015)[5]	**478,628**	489,161	**631,235**	636,294	**83,832**	84,422
Liabilities (prior year as of 31 Dec 2015)[6]	**115,385**	136,903	**338,454**	358,563	**27,659**	30,805
CAPEX	**7,658**	5,288	**4,018**	5,828	**2,333**	1,481

[1] Adjusted in 2015 (→ Note 4).
[2] For details regarding the adjustments, refer to → Note 4.
[3] Based on segment sales.
[4] Depreciation from purchase price allocations.
[5] Including allocated goodwill, taxes are shown within the column "consolidation."
[6] Taxes are shown within the column "consolidation."

	Total segments		Central functions		Consolidation		Consolidated Group	
	H1 2016	H1 2015	H1 2016	H1 2015	H1 2016	H1 2015	H1 2016	H1 2015
	481,322	476,067	16,551	15,869	−35,087	−37,598	462,786	454,338
	18,536	21,729	16,551	15,869	−35,087	−37,598	0	0
	462,786	454,338	0	0	0	0	462,786	454,338
	100%	100%						
	283,608	273,016	n/a	n/a	−1,632	−1,377	281,976	271,639
	100,984	96,388	−6,428	−4,042	17	−350	94,573	91,996
							20.4%	20.2%
	−10,161	−10,150	−527	−477	0	0	−10,688	−10,627
	90,823	86,238	−6,955	−4,519	17	−350	83,885	81,369
							18.1%	17.9%
	1,193,695	1,209,877	356,864	404,821	−376,424	−446,819	1,174,135	1,167,879
	481,498	526,271	530,972	556,760	−271,771	−344,963	740,699	738,068
	14,009	12,597	3,216	1,553	n/a	n/a	17,225	14,150

Notes to the Consolidated Financial Statements (condensed)

1. GENERAL INFORMATION

The condensed Consolidated Financial Statements of NORMA Group as of 30 June 2016 have been prepared in accordance with IAS 34 "Interim financial reporting" as adopted by the EU.

The condensed Consolidated Financial Statements are to be read in connection with the Consolidated Annual Financial Statements for 2015, which are available on the website @ http://investors.normagroup.com. All IFRS to be applied for financial years beginning 1 January 2016, as adopted by the EU, have been taken into account.

The condensed financial statements were approved by NORMA Group management on 2 August 2016 and released for publication.

2. BASIS OF PREPARATION

The condensed financial statements are prepared using the same accounting methods and consolidation principles as in the Notes to the Consolidated Annual Financial Statements for 2015. A detailed description of significant accounting principles is contained in the Consolidated Annual Financial Statements for 2015 (→ Note 3 "Summary of significant accounting principles") except as described at recently adopted accounting pronouncements.

The following financial reporting standards were adopted for the first time with effect from 1 January 2016:

- Amendments to IAS 19: Defined Benefit Plans: Employee Contributions
- Amendments to IFRS 11: Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to IAS 1: Disclosure Initiative
- Changes in the context of the IASB project for annual improvements (Annual Improvements Project, AIP):
    - Cycle: 2010-2012
    - Cycle: 2012-2014

The first-time adoption of these standards has had no significant effects on the Group's Consolidated Financial Statements or Notes to the Interim Financial Statements.

The most significant accounting policies are as follows:

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

The Consolidated Statement of Comprehensive Income has been prepared in accordance with the nature of expenses method.

The condensed financial statements are presented in 'euro' (EUR).

Income tax expenses are calculated with an expected tax rate for the full financial year which is based on the best estimate of the weighted average annual income tax rate.

3. BASIS OF CONSOLIDATION

The basis of consolidation for the Consolidated Financial Statements as of 30 June 2016 remains unchanged compared to 31 December 2015 and includes seven domestic and 38 foreign companies.

4. 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 first half of 2016, acquisition related expenses amounting to EUR 1,153 thousand were adjusted within EBITDA (Earnings before interest, taxes, depreciation and amortisation). These expenses are related to an exclusive agreement to acquire all assets of the Autoline business from Parker's Fluid Systems Connectors Division, ("Parker Autoline"), NORMA Group entered into in June 2016. In the same period of the previous year, expenses totalling EUR 2,782 thousand were adjusted within EBITDA in connection with the acquisition and integration of National Diversified Sales, Inc. (NDS).

Besides the adjustments described, depreciation of tangible assets from purchase price allocations in the amount of EUR 1,083 thousand (H1 2015: EUR 1,149 thousand) was adjusted within EBITA (Earnings before interest, taxes and amortisation of intangible assets) and amortisation of intangible assets from purchase price allocations in the amount of EUR 8,139 thousand (H1 2015: EUR 8,765 thousand) was adjusted within EBIT as in previous years.

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:

in EUR thousands	Note	H1 2016 unadjusted	M&A related costs	Step-up effects from purchase price allocations	Total adjustments	H1 2016 adjusted
Revenue	(5)	462,786			0	462,786
Changes in inventories of finished goods and work in progress		–1,522			0	–1,522
Other own work capitalised		975			0	975
Raw materials and consumables used		–180,263			0	–180,263
Gross profit		281,976	0	0	0	281,976
Other operating income and expenses	(6)	–63,064	1,153		1,153	–61,911
Employee benefits expense	(7)	–125,492			0	–125,492
EBITDA		93,420	1,153	0	1,153	94,573
Depreciation		–11,771		1,083	1,083	–10,688
EBITA		81,649	1,153	1,083	2,236	83,885
Amortisation		–12,792		8,139	8,139	–4,653
Operating profit (EBIT)		68,857	1,153	9,222	10,375	79,232
Financial costs - net	(8)	–8,481			0	–8,481
Profit before income tax		60,376	1,153	9,222	10,375	70,751
Income taxes		–19,258	–347	–3,235	–3,582	–22,840
Profit for the period		41,118	806	5,987	6,793	47,911
Non-controlling interests		138			0	138
Profit attributable to shareholders of the parent		40,980	806	5,987	6,793	47,773
Earnings per share (in EUR)		1.29				1.50

in EUR thousands	Note	H1 2015 unadjusted	Integration costs	Step-up effects from purchase price allocations	Total adjustments	H1 2015 adjusted
Revenue	(5)	454,338			0	454,338
Changes in inventories of finished goods and work in progress		1,868			0	1,868
Other own work capitalised		645			0	645
Raw materials and consumables used		–187,670		2,458	2,458	–185,212
Gross profit		269,181	0	2,458	2,458	271,639
Other operating income and expenses	(6)	–60,552	324		324	–60,228
Employee benefits expense	(7)	–119,415			0	–119,415
EBITDA		89,214	324	2,458	2,782	91,996
Depreciation		–11,776		1,149	1,149	–10,627
EBITA		77,438	324	3,607	3,931	81,369
Amortisation		–12,352		8,765	8,765	–3,587
Operating profit (EBIT)		65,086	324	12,372	12,696	77,782
Financial costs - net	(8)	–8,425			0	–8,425
Profit before income tax		56,661	324	12,372	12,696	69,357
Income taxes		–18,735	–107	–4,091	–4,198	–22,933
Profit for the period		37,926	217	8,281	8,498	46,424
Non-controlling interests		143			0	143
Profit attributable to shareholders of the parent		37,783	217	8,281	8,498	46,281
Earnings per share (in EUR)		1.19				1.45

Notes to the Consolidated Financial Statement of Comprehensive Income, Consolidated Statement of Financial Position and Other Notes

5. REVENUE AND RAW MATERIALS AND CONSUMABLES USED

Revenue for the first half of 2016 (EUR 462,786 thousand) was 1.9% higher than revenue for the first half of 2015 (EUR 454,338 thousand). The increase in revenue results from organic growth, negative currency effects have an opposite effect.

Revenue recognised during the period related to the following:

in EUR thousands	H1 2016	H1 2015
Engineered Joining Technology (EJT)	276,195	275,390
Distribution Services (DS)	184,498	177,247
Other revenue	2,093	1,701
	462,786	454,338

The raw materials and consumables used increased disproportionately lower in relation to revenues, leading to a ratio of 39.0% (H1 2015: 41.3%). Also in relation to the total value, raw materials and consumables used are, with a ratio of 39.9%, below last year's level (H1 2015: 41.1%). This development was, among other factors, a result of the reduction in stock within the first half of 2016 (previous year: build-up).

6. OTHER OPERATING INCOME AND OTHER OPERATING EXPENSES

Other operating income in the first half of 2016 totalled EUR 10,790 thousand, which was EUR 4,389 thousand higher than in the first half of 2015 (EUR 6,401 thousand). Other operating income included, in particular, operational currency gains in the amount of EUR 7,982 thousand (H1 2015: EUR 3,981 thousand), government grants and reversals from provisions and from accruals.

Other operating expenses for the first half of 2016 (EUR 73,854 thousand) were 10.3% higher than other operating expenses for the first half of 2015 (EUR 66,953 thousand). The increase in comparison to the prior year period was influenced by currency effects, whereby other operating expenses include currency losses in the amount of EUR 7,054 thousand (H1 2015: EUR 4,206 thousand). The composition of other operating expenses did not change significantly compared to financial year 2015.

In relation to the total value, other operating expenses increased disproportionately higher with a ratio of 16.0% (H1 2015: 14.7%).

7. EMPLOYEE BENEFITS EXPENSE

In the first half of 2016, employee benefits expense amounted to EUR 125,492 thousand compared to EUR 119,415 thousand in the first half of 2015. The increase of 5.1% is mainly due to an increase in the average headcount in the first half of 2016 compared to the first half of 2015. In relation to the total value, employee benefits expense increased disproportionately higher with a ratio of 27.1% (H1 2015: 26.1%).

Average headcount was 5,207 in the first half of 2016 (H1 2015: 4,928).

8. FINANCIAL RESULT

The financial result for the first half of 2016 (EUR −8,481 thousand) changed by EUR −56 thousand compared to the first half of 2015 (EUR −8,425 thousand). In the first half of 2016, net foreign exchange gains/losses (including income/expense from the valuation of foreign exchange derivatives) amounted to EUR −1,871 thousand (H1 2015: EUR −220 thousand). Net interest expenses (EUR 5,827 thousand) decreased by EUR 1,945 thousand in the first half of 2016 compared to the first half of 2015 (EUR 7,772 thousand).

9. 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. NORMA Group has only issued common shares. In the first half of financial year 2016, the average weighted number of shares was 31,862,400 (H1 2015: 31,862,400).

Earnings per share for the first half of 2016 are as follows:

	Q2 2016	Q2 2015	H1 2016	H1 2015
Profit attributable to shareholders of the parent (in EUR thousands)	**21,606**	19,945	**40,980**	37,783
Number of weighted shares	**31,862,400**	31,862,400	**31,862,400**	31,862,400
Effect of dilutive share-based payment	**0**	0	**0**	0
Number of weighted shares (diluted)	**31,862,400**	31,862,400	**31,862,400**	31,862,400
Earnings per share undiluted (in EUR)	**0.68**	**0.63**	**1.29**	**1.19**

In the first half of 2016 and 2015, the negative one-time issues described in → Note 4 "Adjustments" influenced earnings per share.

10. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Intangible assets are as follows:

	Carrying amounts	
in EUR thousands	30 June 2016	31 Dec 2015
Goodwill	**340,308**	343,829
Customer lists	**179,889**	190,749
Licenses, rights	**583**	717
Software	**9,135**	10,384
Trademarks	**44,105**	45,586
Patents & technology	**12,212**	13,203
Internally generated intangible assets	**5,884**	6,259
Intangible assets, other	**5,606**	4,111
Total	**597,722**	**614,838**

The change in goodwill from EUR 343,829 thousand as of 31 December 2015 to EUR 340,308 thousand as of 30 June 2016 resulted from foreign exchange differences, mainly from the US dollar.

The change in goodwill is summarised as follows:

in EUR thousands	
Balance as of 31 December 2015	**343,829**
Currency effect	−3,521
Balance as of 30 June 2016	**340,308**

For details regarding the historical development of the cumulative amortisation and impairments, please refer to Annual Report 2015. 2015 Annual Report, p. 138.

Tangible assets are as follows:

	Carrying amounts	
in EUR thousands	30 June 2016	31 Dec 2015
Land and buildings	**58,305**	59,258
Machinery & tools	**75,293**	75,318
Other equipment	**13,992**	13,320
Assets under construction	**21,138**	22,043
Total	**168,728**	**169,939**

In the first half of 2016, EUR 17,225 thousand were invested in property, plant and equipment and intangible assets, including own work capitalised in the amount of EUR 975 thousand and finance leases in the amount of EUR 277 thousand. The main focus of investments was on expansion in Germany, Poland, Serbia, the Czech Republic, China and the USA. There were no major disinvestments.

11. CURRENT ASSETS

The increase in current assets is due to an increase in trade receivables resulting from the increased sales volume in the second quarter of 2016 compared to the last quarter of 2015.

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 sells trade receivables in the context of an ABS transaction which was successfully initiated in December 2014. Receivables are sold by NORMA Group to the special purpose entity.

As of 30 June 2016, domestic NORMA Group entities had sold receivables in the amount of EUR 15.1 million (31 Dec 2015: EUR 13.9 million) under this asset-backed securities (ABS) programme with a maximum volume of EUR 25 million. Of the receivables sold, EUR 3.7 million (31 Dec 2015: EUR 3.6 million) were retained as loss reserves and were not paid out. A continuing involvement in the amount of EUR 271 thousand (31 Dec 2015: EUR 251 thousand) was recognised within other financial liabilities and 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 2 thousand (31 Dec 2015: EUR 1 thousand), taken through profit or loss and recognised under other liabilities.

A detailed description of the ABS programme can be found in the Consolidated Annual Financial Statements for 2015; (→ Note 23 "Trade receivables and other receivables."

12. EQUITY

Changes in equity resulted from the profit for the period (EUR 41,118 thousand), exchange differences on translation of foreign operations (EUR –7,195 thousand) and cash flow hedges (EUR –1,503 thousand). Furthermore, NORMA Group paid out dividends to non-controlling interests in the amount of EUR 119 thousand in the first half of 2016.

A dividend of EUR 28,676 thousand (EUR 0.90 per share) was paid to the shareholders of NORMA Group SE after the Annual General Meeting in June 2016, which reduced the retained earnings.

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.

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.

13. PROVISIONS

Provisions decreased slightly from EUR 20,814 thousand as of 31 December 2015 to EUR 20,808 thousand as of 30 June 2016.

14. FINANCIAL DEBT

NORMA Group's net debt is as follows:

in EUR thousands	30 June 2016	31 Dec 2015
Bank borrowings, net	447,292	450,705
Derivative financial liabilities – hedge accounting	6,008	3,312
Derivative financial liabilities – held for trading	0	74
Other borrowings	0	62
Finance lease liabilities	426	289
Other financial liabilities	1,567	6,411
Financial debt	**455,293**	**460,853**
Cash and cash equivalents	101,186	99,951
Net debt	**354,107**	**360,902**

NORMA Group's financial debt decreased by 1.2% from EUR 460,853 thousand as of 31 December 2015 to EUR 455,293 thousand as of 30 June 2016. The decrease within the bank borrowings is due to the scheduled repayment of the syndicated bank facilities in the amount of EUR 2,480 thousand as well as effects from changes in the exchange rates on the US dollar portion of parts of the syndicated bank facilities and of the promissory note. The increased negative market value of the hedging derivatives has opposite effects on financial debt. The decrease in other financial liabilities is due to the repayment of liabilities resulting from the acquisition of NDS in 2014 as well as the repayment of the contingent consideration resulting from the acquisition of Five Star in 2014 in the total amount of EUR 4,942 thousand.

Compared to 31 December 2015 (EUR 360,902 thousand), net debt decreased by EUR 6,795 thousand or 1.9% to EUR 354,107 thousand. The net cash inflow from operating and investing activities less the included repayment of financial liabilities in the amount of EUR 42,219 thousand had positive effects on net debt. Opposite effects resulted from dividend payments amounting to EUR 28,795 thousand, interest expenses amounting to EUR 5,920 thousand and valuation effects on derivatives.

The increase in cash and cash equivalents results from the increase of net cash provided by operating activities which overcompensated for cash outflows from investing and financing activities.

The maturity of the syndicated bank facilities and the promissory note on 30 June 2016 is as follows:

in EUR thousands	up to 1 year	> 1 year up to 2 years	> 2 years up to 5 years	> 5 years
Bank borrowings, net	4,960	4,960	86,794	0
Promissory note, net	0	33,415	212,566	100,763
Total	**4,960**	**38,375**	**299,360**	**100,763**

The maturity of the syndicated bank facilities and the promissory note on 31 December 2015 is as follows:

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**

Parts of the syndicated bank facilities and the majority of tranches of the promissory note with variable interest rates are hedged against interest rate changes. The derivative liability increased from EUR 2,510 thousand as of 31 December 2015 to EUR 4,840 thousand as of 30 June 2016.

15. OTHER NON-FINANCIAL LIABILITIES

The other non-financial liabilities are as follows:

in EUR thousands	30 June 2016	31 Dec 2015
Non-current		
Government grants	**1,071**	1,316
Other liabilities	**45**	52
	1,116	1,368
Current		
Government grants	**70**	0
Non-income tax liabilities	**2,569**	1,559
Social liabilities	**4,096**	3,547
Personnel-related liabilities (e.g. holiday, bonus, premiums)	**24,074**	21,544
Deferred income	**1,091**	1,113
Other liabilities	**427**	890
	32,327	28,653
Total other non-financial liabilities	**33,443**	**30,021**

16. FINANCIAL INSTRUMENTS

Financial instruments according to classes and categories are as follows:

			Measurement basis IAS 39				
in EUR thousands	Category IAS 39	**Carrying amount 30 June 2016**	Amortised Cost	Fair value through profit or loss	Derivatives used for hedging	Measure-ment basis IAS 17	**Fair value 30 June 2016**
Financial assets							
Derivative financial instruments – hedge accounting							
Foreign exchange derivatives – cash flow hedges	n/a	**33**			33		**33**
Foreign exchange derivatives – fair value hedges	n/a	**197**			197		**197**
Trade and other receivables	LaR	**146,000**	146,000				**146,000**
Other financial assets	LaR	**4,055**	4,055				**4,055**
Cash and cash equivalents	LaR	**101,186**	101,186				**101,186**
Financial liabilities							
Borrowings	FLAC	**447,292**	447,292				**457,251**
Derivative financial instruments – hedge accounting							
Interest rate swaps	n/a	**4,840**			4,840		**4,840**
Foreign exchange derivatives – cash flow hedges	n/a	**206**			206		**206**
Foreign exchange derivatives – fair value hedges	n/a	**962**			962		**962**
Trade and other payables	FLAC	**99,512**	99,512				**99,512**
Other financial liabilities							
Other liabilities	FLAC	**1,567**	1,567				**1,567**
Finance lease liabilities	n/a	**426**				426	**437**
Totals per category							
Loans and receivables (LaR)		**251,241**	251,241				**251,241**
Financial liabilities at amortised cost (FLAC)		**548,371**	548,371				**558,330**

in EUR thousands	Category IAS 39	Carrying amount 31 Dec 2015	Measurement basis IAS 39 Amortised Cost	Fair value through profit or loss	Derivatives used for hedging	Measure-ment 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	FAHfT	**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 (FAHfT)		**74**		74			**74**
Financial liabilities at amortised cost (FLAC)		**554,583**	554,583				**565,683**

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 on the reporting date equal their fair values, as the impact of discounting is not significant.

Trade payables and other financial liabilities have short maturities; therefore, the carrying amounts reported approximate the fair values.

On 31 December 2015, a contingent consideration measured at fair value amounting to EUR 3,472 thousand from the acquisition of the business activities of Five Star Clamps, Inc. in the second quarter of 2014 is included in the position other financial liabilities. Furthermore, this position included liabilities from the acquisition of National Diversified Sales, Inc. in the fourth quarter of 2014 in the amount of EUR 1,622 thousand. Both liabilities are fully paid as of 30 June 2016.

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 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 have been renegotiated.

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 30 June 2016 as well as of 31 December 2015:

in EUR thousands	Level 1[1]	Level 2[2]	Level 3[3]	Total as of 30 June 2016
Recurring fair value measurements				
Assets				
Foreign exchange derivatives – cash flow hedges		33		**33**
Foreign exchange derivatives – fair value hedges		197		**197**
Total	**0**	**230**	**0**	**230**
Liabilities				
Interest rate swaps – cash flow hedges		4,840		**4,840**
Foreign exchange derivatives – cash flow hedges		206		**206**
Foreign exchange derivatives – fair value hedges		962		**962**
Total	**0**	**6,008**	**0**	**6,008**

[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.

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**

[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.

In the first half of 2016 and in the year 2015, no transfers between the different levels occurred.

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.

The contingent consideration related to the acquisition of the business activities of Five Star Clamps, Inc. existing on 31 December 2015 in the amount of EUR 3,472 thousand was settled with a payment of EUR 3,320 thousand in the second quarter of 2016. The payment was equal to the outstanding fair value of the liability in euros calculated on 30 June 2016.

The development of the financial liabilities that are recognised at fair value and assigned in level 3 of the fair value hierarchy is as follows:

in EUR thousands	Contingent consideration in business combinations	Total
Balance as of 1 January 2016	**3,472**	**3,472**
Gains and losses recognised in profit (–) or loss (+)	0	0
Payments	–3,320	–3,320
Currency effects	–152	–152
Balance as of 30 June 2016	**0**	**0**
Total gains (–) or losses (+) for the period included in profit or loss, under 'Financial result'	0	0

Currency effects on this liability amounting to EUR 152 thousand were recognised in other comprehensive income.

17. DERIVATIVE FINANCIAL INSTRUMENTS

The derivative financial instruments were as follows:

	30 June 2016		31 Dec 2015	
in EUR thousands	**Assets**	**Liabilities**	Assets	Liabilities
Interest rate swaps – cash flow hedges		**4,840**		2,510
Foreign exchange derivatives – held for trading			62	74
Foreign exchange derivatives – cash flow hedges	**33**	**206**	43	41
Foreign exchange derivatives – fair value hedges	**197**	**962**	143	761
Total	**230**	**6,008**	**248**	**3,386**
Less non-current portion				
Interest rate swaps – cash flow hedges		**4,840**		2,510
Non-current portion	**0**	**4,840**	**0**	**2,510**
Current portion	**230**	**1,168**	**248**	**876**

Foreign exchange derivatives

On 30 June 2016, foreign exchange derivatives with a positive market value of EUR 33 thousand and a negative market value of EUR 206 thousand were classified as cash flow hedges. Furthermore, foreign exchange derivatives with a positive market value of EUR 197 thousand and a negative market value of EUR 962 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 USD 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. No such foreign exchange derivatives were held on 30 June 2016.

Interest rate swaps
In order to avoid interest rate fluctuations, NORMA Group has hedged parts of its loans against changes in interest rates.

The notional principal amount of the interest rate swaps amounts to EUR 156 million (31 December 2015: EUR 117 million). On 30 June 2016, the hedged fixed interest rate was between 1.13% 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 the first half of 2016, expenses in the amount of EUR 242 thousand from the ineffective portion of cash flow hedges were recognised in profit or loss. In financial year 2015, 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:

in EUR thousands	Foreign exchange derivatives	Interest rate swaps	Total
Balance as of 31 December 2015	**24**	**–2,508**	**–2,484**
Foreign currency translation effects	–1	0	–1
Reclassification to profit or loss	–22	778	756
Net fair value changes	–102	–2,868	–2,970
Balance as of 30 June 2016	**–101**	**–4,598**	**–4,699**

Amounts due to interest rate swaps recognised in the hedging reserve in equity on 30 June 2016 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 30 June 2016 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 below:

in EUR thousands	H1 2016	H1 2015
Loss (–)/gains (+) on hedged items	**–1,762**	8,027
Gains (+)/loss (–) on hedging instruments	**1,235**	–8,327
	–527	**–300**

18. 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 such as depreciation and amortisation as well as expenses and payments 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 61,025 thousand (H1 2015: EUR 51,796 thousand) represents changes in current assets, provisions and liabilities (excluding liabilities in connection with financing activities).

The Group participates in a reverse factoring programme and in an ABS programme. The liabilities included in the reverse factoring programm are included in trade and other payables. As of 30 June 2016, liabilities amounting to EUR 23,000 thousand (H1 2015: EUR 21,109 thousand) from the reverse factoring programme were recorded. 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 correction of expenses due to measurement of derivatives in the amount of EUR 552 thousand (H1 2015: expenses in the amount of EUR 11,709 thousand) relates to fair value gains and losses recognised within the income statement assigned to the cash flows from financing activities.

Other non-cash income (–)/expenses (+) in net cash provided by operating activities mainly include foreign exchange rate gains and losses on external debt and intragroup monetary items in the amount of EUR 1,883 thousand (H1 2015: EUR –11,366 thousand).

Furthermore, other non-cash income (–)/expenses (+) include non-cash interest expenses from the amortisation of accrued costs, amounting to EUR 149 thousand (H1 2015: EUR 703 thousand). In the prior year, non-cash personnel expenses from the Matching Stock Programme amounting to EUR 135 thousand were also included in this position.

Cash flows resulting from interest paid are disclosed as cash flows from financing activities.

Cash flows from investing activities include net cash outflows from the acquisition and disposal of property, plant and equipment and intangible assets amounting to EUR 18,778 thousand (H1 2015: EUR 18,356 thousand) including the change of liabilities from investments in property, plant and equipment and intangible assets amounting to EUR –1,966 thousand (H1 2015: EUR –4,613 thousand). Furthermore, net payments for acquisitions of subsidiaries in the amount of EUR 4,942 thousand (H1 2015: EUR 52 thousand) are included in the cash flows from investing activities.

Cash flows from financing activities mainly comprise outflows resulting from the payment of the dividend amounting to EUR 28,676 thousand (H1 2015: EUR 23,897 thousand), cash outflows resulting from interest paid (H1 2016: EUR 2,993 thousand, H1 2015: EUR 4,488 thousand) as well as proceeds from derivatives in the amount of EUR 68 thousand (H1 2015: repayment of EUR 15,238 thousand).

Furthermore, dividend payments to non-controlling interests in the amount of EUR 119 thousand (H1 2015: EUR 150 thousand), net repayment from loans amounting to EUR 2,542 thousand (H1 2015: net repayment of EUR 9,612 thousand) and repayments from finance lease liabilities in the amount of EUR 135 thousand (H1 2015: EUR 173 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 the net cash used in investing activities.

On 30 June 2016, cash and cash equivalents consisted of cash on hand and demand deposits of EUR 101,055 thousand (30 June 2015: EUR 67,284 thousand) as well as cash equivalents valued at EUR 131 thousand (30 June 2015: EUR 133 thousand).

19. SEGMENT REPORTING

NORMA Group identifies its segments on a regional level. The reportable segments of NORMA Group are EMEA, the Americas, and Asia-Pacific. NORMA Group's strategy includes regional growth targets. Distribution Services are focussed regionally and locally. EMEA, the Americas and Asia-Pacific have linked regional intercompany organisations with 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.

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 EBITDA, the depreciation adjusted for depreciation from purchase price allocations.

Adjustments made within EBITDA and EBITA are described in →Note 4 "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 within the consolidation. 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 within the consolidation. Liabilities of the "Central Functions" include mainly borrowings.

CAPEX equals additions to non-current assets (property, plant and equipment and other intangible assets).

Segment assets and liabilities are measured in a manner consistent with that used in the Statement of Financial Position.

20. CONTINGENCIES AND COMMITMENTS

Capital expenditure contracted for as of the balance sheet date, but not yet incurred, is as follows:

in EUR thousands	**30 June 2016**	31 Dec 2015
Property, plant and equipment	**7,400**	3,183
Inventory	**726**	817
Service contracts	**79**	85
	8,205	**4,085**

The Group has contingent liabilities with respect to legal claims arising as part of 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 that any material liabilities will arise from contingent liabilities.

21. RELATED PARTY TRANSACTIONS

In the first half of 2016, NORMA Group had no reportable transactions with related parties.

22. EVENTS AFTER THE BALANCE SHEET DATE

NORMA Group has issued a new promissory note for value date 1 August 2016 with tranches in different currencies (USD/EUR), periods (5, 7, 10 years) and interest conditions (fix, float) with a total volume of approximately EUR 150 million. The funds will be used to repay the floating euro tranches of the promissory note in the amount of EUR 49 million from 2013. The additional cash will be used for future projects and acquisitions. NORMA Group was able to achieve more attractive conditions compared to financing transactions in the past and due to new US dollar tranches, the currency exposure could be optimised as well.

As of 3 August 2016, no further events were known that would have led to a material change in the disclosures or valuation of the assets and liabilities as of 30 June 2016.

Review

The interim report was neither audited according to Section 317 HGB nor reviewed by auditors.

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the Interim Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Maintal, 3 August 2016

NORMA Group SE
Management Board

Werner Deggim

Dr. Michael Schneider

Bernd Kleinhens

John Stephenson

Financial Calendar 2016/2017

3 August 2016	Publication of Q2 Interim Results 2016
2 November 2016	Publication of Q3 Interim Results 2016
23 May 2016	Annual General Meeting 2017

The financial calendar is constantly updated. Please visit the Investor Relations section on the company website @ http://investors.normagroup.com for up-to-date information.

Contact and Imprint

If you have any questions regarding NORMA Group or would like to be included in the distribution list, please contact the Investor Relations team:

E-Mail: ir@normagroup.com

Andreas Trösch
Vice President Investor Relations
Phone: + 49 6181 6102 741 | Fax: + 49 6181 6102 7641
E-mail: andreas.troesch@normagroup.com

Vanessa Wiese
Senior Manager Investor Relations
Phone: + 49 6181 6102 742 | Fax: + 49 6181 6102 7642
E-mail: vanessa.wiese@normagroup.com

Dana Feuerberg
Manager Investor Relations
Phone: + 49 6181 6102 748 | Fax: + 49 6181 6102 7648
E-mail: dana.feuerberg@normagroup.com

EDITOR
NORMA Group SE
Edisonstraße 4
63477 Maintal
Germany
Phone: + 49 6181 6102 740
E-mail: info@normagroup.com
Internet: www.normagroup.com

CONCEPT AND LAYOUT
3st kommunikation, Mainz

Note on the interim statement
This interim 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 interim 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 the 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 the 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 report, no guarantee can be given that this will continue to be the case in the future.

NORMA Group SE
Edisonstraße 4
63477 Maintal, Germany

Phone: + 49 6181 6102 740
E– mail: info@normagroup.com
www.normagroup.com