Q2 2017

INTERIM REPORT

NORMA GROUP SE

Overview of Key Figures[1]

		Q2 2017	Q2 2016	H1 2017	H1 2016
Order situation					
Order book (June 30)	EUR millions	**–**	–	**310.7**	283.8
Income statement					
Revenue	EUR millions	**264.1**	236.2	**519.0**	462.8
Gross profit	EUR millions	**157.8**	144.3	**310.0**	282.0
Adjusted EBITA	EUR millions	**46.6**	43.8	**91.7**	83.9
Adjusted EBITA margin	%	**17.7**	18.5	**17.7**	18.1
EBITA	EUR millions	**45.7**	42.1	**88.8**	81.6
Adjusted profit for the period	EUR millions	**28.7**	25.3	**55.8**	47.9
Adjusted EPS	EUR	**0.90**	0.79	**1.75**	1.50
Profit for the period	EUR millions	**24.6**	21.7	**47.1**	41.1
EPS	EUR	**0.77**	0.68	**1.47**	1.29
Cash flow					
Operating cash flow	EUR millions	**32.9**	41.6	**42.2**	61.0
Net operating cash flow	EUR millions	**36.0**	42.1	**40.5**	53.9
Cash flow from investing activities	EUR millions	**–22.2**	–12.6	**–44.5**	–23.7
Cash flow from financing activities	EUR millions	**–28.0**	–32.8	**–29.0**	–34.4
Balance sheet		**June 30, 2017**	Dec 31, 2016		
Total assets	EUR millions	**1,323.4**	1,337.7		
Equity	EUR millions	**476.0**	483.6		
Equity ratio	%	**36.0**	36.2		
Net debt	EUR millions	**423.9**	394.2		
Employees					
Core workforce		**5,705**	5,450		
Non-financial control parameters		**H1 2017**	H1 2016		
Number of new invention applications		**15**	n/a		
Defective parts per million (PPM)		**18**	31		
Quality-related customer complaints per month		**9**	8		
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 2017[2]	EUR	50.78			
Lowest price H1 2017[2]	EUR	39.70			
Closing price as of June 30, 2017[2]	EUR	45.51			
Market capitalization as of June 30, 2017[2]	EUR billions	1,450			
Number of shares		31,862,400			

[1] Adjustments are described in the notes to the consolidated financial statements. → Notes, p. 35.

[2] Xetra price

Date of publication: August 9, 2017

INTERIM REPORT FOR THE SECOND QUARTER OF 2017

EXPLANATION OF SYMBOLS

@ Internet

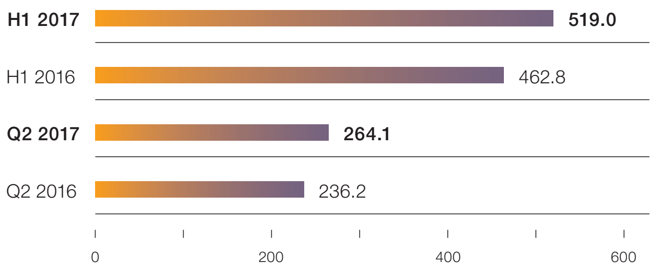
→ Cross Reference

Reference to the 2016 Annual Report

Highlights First Half Year 2017

DEVELOPMENT OF SALES H1 2017

in EUR millions

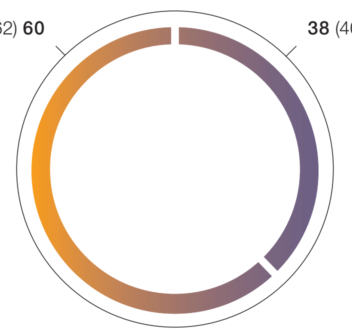


EFFECTS ON GROUP SALES

	in EUR millions	share in %
Sales H1 2016	462.8	
Organic growth	22.1	4.8
Acquisitions	28.6	6.2
Currency effects	5.5	1.2
Sales H1 2017	**519.0**	**12.2**

DISTRIBUTION OF SALES BY SALES CHANNELS

in % H1 2016 in brackets

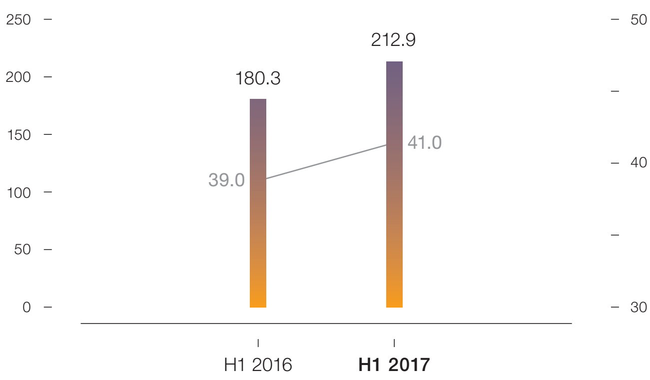


DEVELOPMENT OF SALES CHANNELS

	EJT		DS	
	H1 2017	H1 2016	**H1 2017**	H1 2016
Group sales (in EUR millions)	**321.9**	276.2	**193.9**	184.5
Growth (in %)	**16.6**		**5.1**	

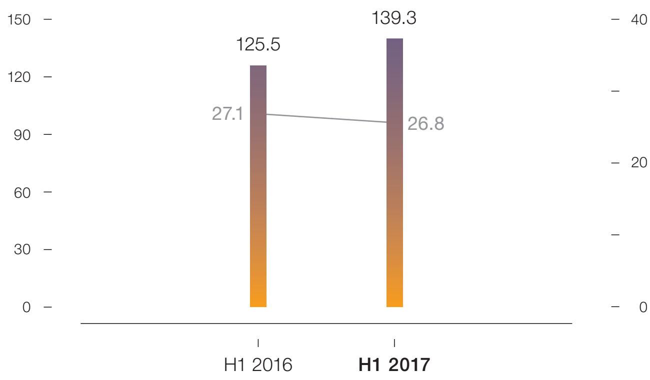
ADJUSTED COSTS OF MATERIALS AND ADJUSTED COST OF MATERIALS RATIO[1]

Materials used (in EUR millions) — Cost of materials ratio (in %)



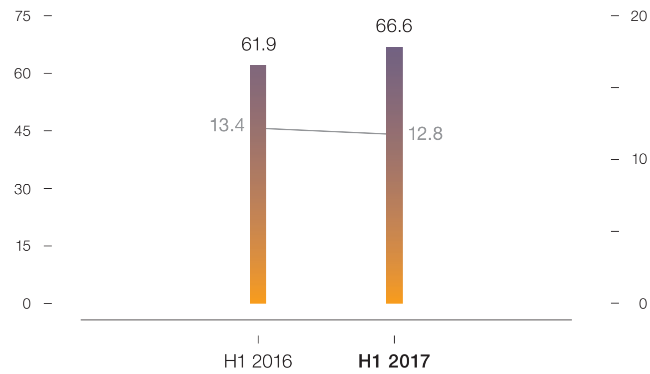
ADJUSTED PERSONNEL EXPENSES AND ADJUSTED PERSONNEL COST RATIO[1]

Personnel expenses (in EUR millions) — Personnel cost ratio (in %)



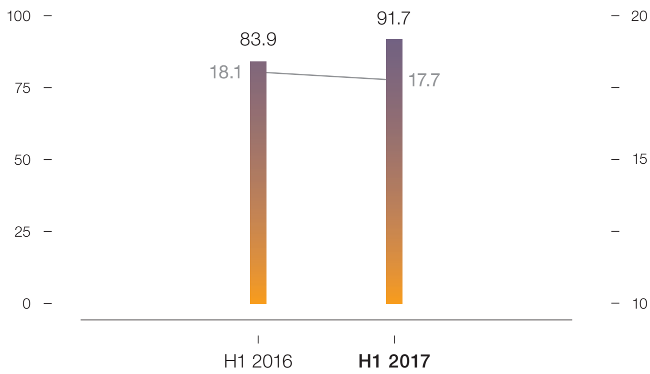
ADJUSTED OTHER OPERATING INCOME AND EXPENSES IN RELATION TO SALES[1]

Other operating income and expenses (in EUR millions) — In relation to sales (in %)



ADJUSTED EBITA AND ADJUSTED EBITA MARGIN[1]

Adjusted EBITA (in EUR millions) — Adjusted EBITA margin (in %)

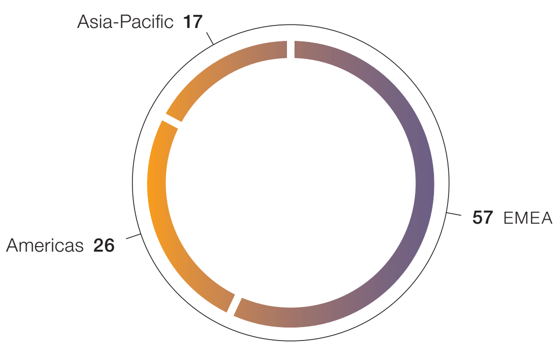


NET OPERATING CASH FLOW

in EUR millions	H1 2017	H1 2016
(Adjusted) EBITDA[1]	104.1	94.6
Change in working capital	−45.4	−21.8
Investments from operating business	−18.2	−18.9
Net operating cash flow	**40.5**	**53.9**

CORE WORKFORCE BY SEGMENT

in %



[1] Adjustments are described in the notes. → Notes, p. 35

NORMA Group on the Capital Market

STRONG ECONOMIC DATA DRIVES THE INTERNATIONAL FINANCIAL MARKETS IN THE FIRST HALF OF 2017

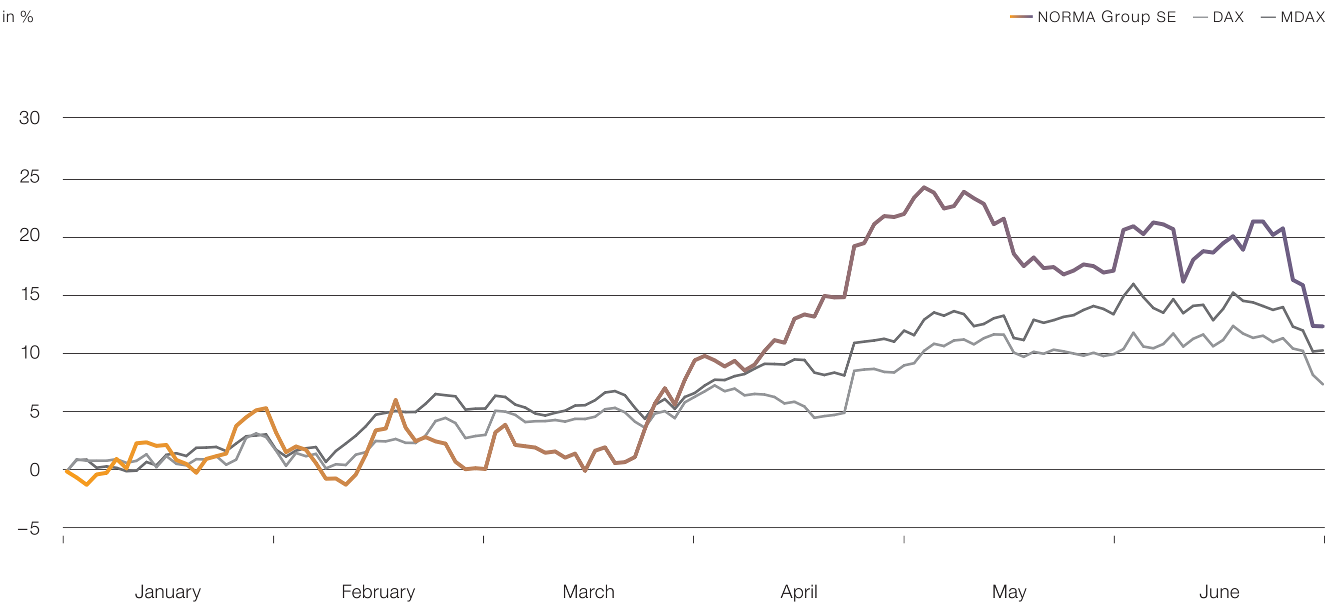
The good economic development, in the euro zone in particular, Macron's election as the new President of France, lively M&A activities and the promises US President Trump made to cut taxes provided positive tailwind on the international capital markets in the first half of 2017. The decline in oil prices, the protectionist course of the US, terrorist attacks in Manchester and London, as well as the persistent geopolitical risks in North Korea, Syria, Turkey and Qatar temporarily caused setbacks.

Driven by the strong economic performance in the euro zone, the German stock market showed strength in the first half of 2017. After reaching a new all-time high of 12,952 points in mid-June, the leading German index DAX ended the first half of the year 7.4% higher compared to the end of the year at 12,325 points. The MDAX closed at 24,452 points, an increase of 10.2% compared to the end of December 2016. The US indices also reached new highs in mid-June and ended the half-year in positive territory. The S&P 500 rose by 8.2%, while the Dow Jones gained 8.0% compared to the end of 2016.

DEVELOPMENT OF NORMA GROUP SHARE

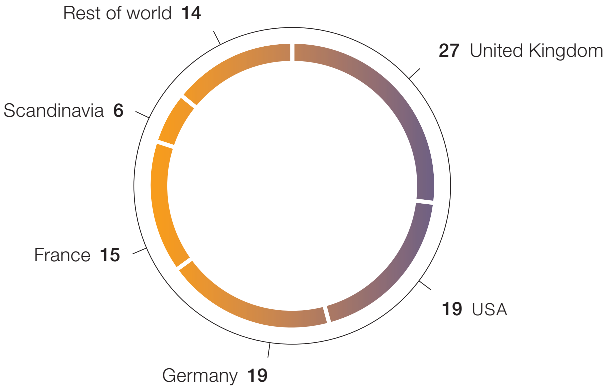
NORMA Group's share price was positively influenced by the strong economic environment, particularly in the euro zone, in the first half of 2017, and outperformed the MDAX index (+ 10.2%) by rising 12.2% since the end of December 2016. The NORMA Group share closed at EUR 45.51 on June 30, 2017, (Dec 31, 2016: EUR 40.55).

INDEX-BASED COMPARISON OF NORMA GROUP'S SHARE PRICE PERFORMANCE WITH THE MDAX AND THE DAX IN THE FIRST HALF OF 2017



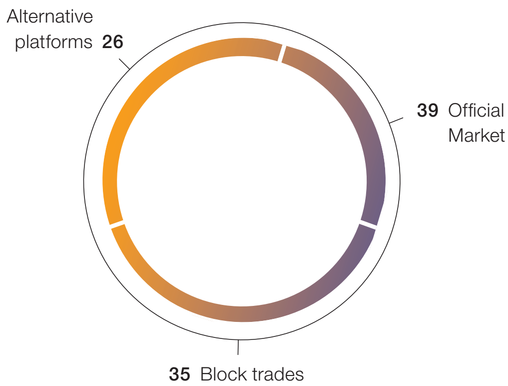
FREE FLOAT BY REGION

in % as of June 30, 2017



DISTRIBUTION OF TOTAL TRADING ACTIVITIES

in % as of June 30, 2017



NORMA Group's market capitalization amounted to EUR 1.45 billion (Dec 31, 2016: EUR 1.29 billion) as of June 30, 2017, and thus ranked 44th out of 50 in the MDAX based on market capitalization of the free float, relevant to the determination of index membership.

TRADING VOLUME INCREASED

In the period January to June 2017, the average Xetra trading volume of the NORMA Group share was 108,480 shares per day (H1 2016: 63,449 shares). In terms of value, this equates to approximately EUR 4.88 million (H1 2016: EUR 2.92 million). The NORMA Group share thus ranked 45th 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 United Kingdom, the US, France and Scandinavia. → Graphic: Free float by region.

According to the voting rights notifications received as of the end of July 2017, shares of NORMA Group designated as free floating are held by the following institutional investors:

VOTING RIGHTS NOTIFICATIONS

Investor	Share in %
Allianz Global Investors Europe GmbH, Frankfurt, Germany	10.00
Ameriprise Financial, Inc., Wilmington, USA	5.02
AXA S.A., Paris, France	4.98
BNP Paribas Investment Partners S.A., Paris, France	4.91
Mondrian Investment Partners, Ltd., London, United Kingdom	4.85
NN Group N.V., Amsterdam, The Netherlands	3.55
T. Rowe Price Group, Inc., Baltimore, USA	3.11
Impax Asset Management, London, United Kingdom	3.08
The Capital Group Companies, Inc., Los Angeles, US	3.05

As of July 31, 2017. All voting rights notifications are published on the Company's website @ http://investors.normagroup.com.

Institutional investors currently hold around 95% of the 31,862,400 NORMA Group shares. The Management and Supervisory Board also hold 2.3% of the shares. Another 2.5% are held by private shareholders. The number of private shareholders decreased from 4,231 to 3,743 as of June 30, 2017, compared with the end of 2016.

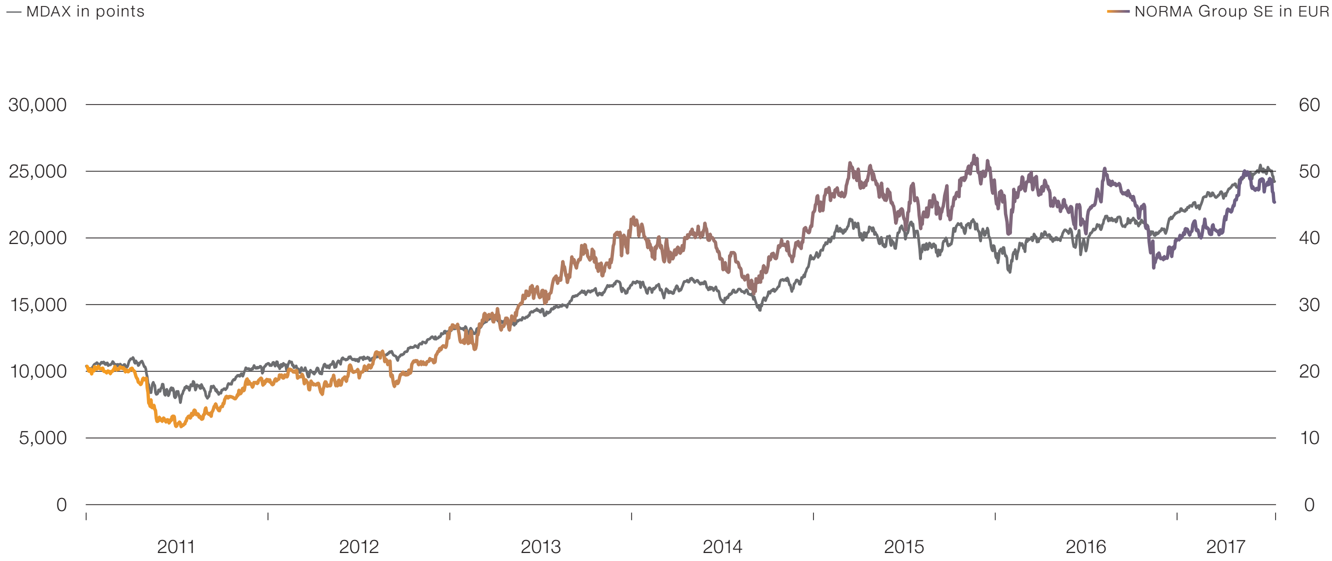
DIRECTORS' DEALINGS

In the first half of 2017, one transaction was reported as notification of Directors' Dealings. This can be found in the following table.

DIRECTORS' DEALINGS

Buyer/seller	Dr. Michael Schneider, CFO
Type of transaction	Buy
Financial instrument	Share (DE000A1H8BV3)
Date of transaction	April 3, 2017
Price per share in EUR	45.00
Total value in EUR	50,760.00

DEVELOPMENT OF THE NORMA GROUP SHARE PRICE SINCE THE IPO IN 2011 COMPARED TO THE MDAX



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.

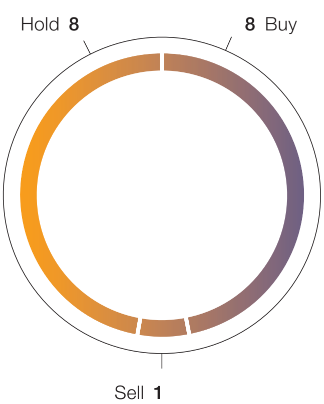
Maintaining an ongoing and transparent dialogue with analysts represents one key element of investor relations work. 17 analysts are currently following the company. Of these, there were eight recommendations to 'buy,' one to 'sell' and eight to 'hold' the NORMA Group share. The average price target was EUR 50.76 (Dec. 31, 2016: EUR 45.72).

ANNUAL GENERAL MEETING 2017: DIVIDEND OF EUR 0.95 RESOLVED

The Annual General Meeting of NORMA Group was held in Frankfurt/Main on May 23, 2017. The proposal by the Management Board and Supervisory Board to pay a dividend of EUR 0.95 per share (2016: EUR 0.90) was approved by the general assembly with a majority of 99.99%. 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.

ANALYST RECOMMENDATIONS

as of June 30, 2017



KEY FIGURES OF THE NORMA GROUP SHARE

	H1 2017
Closing price (in EUR)	45.51
Highest price (in EUR)	50.78
Lowest price (in EUR)	39.70
Number of unweighted shares	31,862,400
Market capitalization (in EUR billions)	1.45
Average daily Xetra volume	
Shares	108,480
EUR millions	4.88
Earnings per share (in EUR)	1.47
Adjusted earnings per share (in EUR)	1.75

As of June 30, 2017

CONSOLIDATED INTERIM MANAGEMENT REPORT

Consolidated Interim Management Report

Principles of the Group

The 2016 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 2017.

The developments of the most important financial and non-financial performance indicators in the first half of 2017 are shown in the following tables.

FINANCIAL CONTROL PARAMETERS

	H1 2017	H1 2016
Group sales (in EUR millions)	519.0	462.8
Adjusted EBITA margin (in %)	17.7	18.1
Net operating cash flow (in EUR millions)	40.5	53.9

NON-FINANCIAL CONTROL PARAMETERS

	H1 2017	H1 2016
Number of new invention applications	15	n/a
Defective parts per million (PPM)	18	31
Quality-related customer complaints per month	9	8

RESEARCH AND DEVELOPMENT

The main activities of the Research and Development department of NORMA Group are described in detail in the 2016 Annual Report. 2016 Annual Report, p. 57 to 59.

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 projects to be planned and carried out. The Innovation Councils initiated by the R&D department drive the work that is being done on the projects that have been identified. For example, the Innovation Council 'E-Mobility' coordinates all of the information and global activities on the topic of electric mobility, develops a strategy that is geared to all regions and divisions and sees to it that it is implemented.

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 certain areas, in the area of cooling water and thermal management solutions for electric vehicles, for example. In this case, the emphasis was mainly on the application-related properties of materials and material combinations. Furthermore, the R&D department provided support for various customer projects by conducting basic research.

R&D KEY FIGURES

	H1 2017	H1 2016
Number of R&D employees	345	292
R&D employees ratio in relation to permanent staff (in %)	6.1	5.5
R&D expenses in the area of EJT (in EUR millions)	15.8	12.1
R&D ratio in relation to EJT sales (in %)	4.9	4.3

Economic Report

GENERAL ECONOMIC AND INDUSTRY-SPECIFIC CONDITIONS

Booming global economy thanks to high industrial production

Driven by the upturn in world trade and an improved industrial economy, the global economy grew strongly in the first half of 2017. The People's Republic of China, whose economy was very dynamic thanks to government impulses, was the main driving force behind global growth. In the first half of 2017, Chinese industrial production and GDP each rose by 6.9% in real terms. US industry lagged behind this positive trend, however. Excluding the energy sector, industrial production in the US developed only moderately (Q1 2017: +2.4%, Q2 2017: +1.3%). Nevertheless, capacity utilization increased to 76.6% by June (same month of the previous year: 75.8%). According to the first official estimates, the GDP in the US grew by an annualized 2.6% (Q1 2017: +1.2%) in the second quarter. The upturn in the euro zone, on the other hand, was robust. Utilization of industrial capacities rose to 82.6% (Q2 2016: 81.5%) in the second quarter. According to data provided by the ECB, industrial production (excl. construction) rose by 1.4% in the second quarter of 2017 (Q1 2017: 1.4%). According to the first Eurostat data, GDP in the euro zone rose by 2.1% (Q1 2017: +1.9%) in the quarter just ended.

Increasingly dynamic growth in Germany, significantly improved industrial economy

The basic trend of the German economy is stronger than previously expected (German Central Bank). The revival of world trade and exports has had a positive effect on industrial production, which gained momentum in the course of the first half of 2017 (Q1 2017: +1.3%, April 2017: +2.2%, May 2017: +4.8%). The significant increase in investment activity is also driving the upturn. According to Eurostat, capacity utilization increased to 86.2% in the second quarter compared to the first quarter of 2017 (same quarter of the previous year: 87.8%). The Ifo Institute expects cumulated and adjusted GDP to be 1.7% higher in real terms in the first half of the year.

Mechanical engineering and construction overcome stagnation

The global economy is still picking up in the capital goods sector, despite continued major uncertainties. As a result, the investment backlog is gradually easing. According to the VDMA, German mechanical engineering and plant construction managed to expand production by 3.5% in real terms in the first five months of 2017 (sales in real terms: +2.9%, nominal: +4.0%) in this environment. Besides higher domestic demand, significantly higher exports to China, Russia and the ASEAN countries are the main reasons for the upswing that is being felt after several years of stagnation. By the end of May, total exports had increased by 4.1% in real terms (nominal: +5.3%). Capacity utilization, which has been steadily increasing since October, improved to 87.8% in May (long-term average: 85.9%).

Automobile industry comes to a noticeable halt

According to LMC Automotive, global sales of light vehicles (LV up to 6 tons) increased by 2.8% (Q1: +5.2%) to 46.8 million units in the first half of the year, but lost momentum. The sales and production trends varied regionally. While sales of light vehicles in China and Japan rose, sales in the US declined (–2.2%). Russia and South America (Argentina, Brazil) posted marked recoveries. In Europe, new registrations of passenger cars rose by 4.6% (commercial vehicles: +4.3%) in the first half of the year, according to the ACEA (European Automobile Manufacturers Association).

After a very strong increase in production initially (Q1 2017: +5.9%), global LV production fell in the second quarter of 2017 according to LMC Automotive (Q2 2017: –0.5%). Production in North America (Q1 2017: +2.3%, Q2 2017: –1.0%) and Europe (Q1 2017: +6.2%, Q2 2017: –3.7%) came to a noticeable halt. Growth also slowed in China, where production rose by only 3.2% in the first half of the year (sales: +1.6%), according to the CAAM (China Association of Automobile Manufacturers).

According to LMC Automotive, global sales of commercial vehicles reached a record level of 724,000 units in the first quarter of 2017. This equates to growth of 26% compared to the previous year. China was the driving force behind this development. The European commercial vehicle market also grew dynamically (Q1 2017: +6.0%), driven by higher freight traffic and high fleet utilization. The situation in North America was mixed. While the market for commercial vehicles (6–15 t) is growing steadily, sales of heavy vehicles (> 15 t) continue to decline (Q1 2017: –7.0%). Nevertheless, the momentum here is picking up again, which is reflected by the gradual increase in incoming orders since January. As a result, LMC Automotive has revised its production volume forecast (> 15 tons) in North America → Forecast Report, p. 22. From a global perspective, commercial vehicle production rose in the first quarter of 2017, albeit not to the same extent as demand. China was the main driver here as well. Commercial vehicle production in Europe grew strongly.

Global construction industry predominantly with a strong upturn

The construction industry is experiencing backwind in many regions due to the improved economic situation, low interest rates and, in some cases, government programs. US construction spending rose by a nominal 4.8% in the first half of 2017, 11.1% of which pertained to residential construction (US Consensus Bureau). According to the National Bureau of Statistics (NBS), investments in construction in China rose by a nominal 8.5% and by 10.2% in residential construction over the same period. The construction industry also continued its upswing in the euro zone. According to Eurostat, construction output rose by 1.8% in real terms in the first quarter, by 3.3% in April and by 2.6% in May. Growth was also strong in the Netherlands, Scandinavia and France. Construction activity in Italy and the UK fluctuated without a clear trend, whereas it was on the decline in Spain. German construction output increased by 2.0% in real terms in the first quarter, despite a weak January due to adverse weather conditions. From February to May, real annual growth rates of over 4% and up to around 7% were achieved every month. According to Destatis, the total sales of the German construction sector had risen by 4.7% by the end of April.

SIGNIFICANT DEVELOPMENTS IN THE SECOND QUARTER OF 2017

On March 28, 2017, NORMA Group signed the purchase contract to acquire 80% of the shares in Fengfan Fastener (Shaoxing) Co., Ltd. (Fengfan), headquartered in Shaoxing City, China. The transaction was completed and the company was included in the scope of consolidation in the second quarter of 2017. Fengfan manufactures joining products made of stainless steel, nylon and special materials. Its portfolio includes, among other products, cable ties, fastening elements and specially coated, fire-resistant textiles. With the acquisition of Fengfan, NORMA Group has expanded its product portfolio and strengthened its position in the Chinese market.

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

With Group sales of EUR 519.0 million and growth of 12.2% (organic: 4.8%) compared to the previous year, NORMA Group developed better than expected in the first half of 2017. Based on this as well as the expected sales development for the second half of 2017, the Management Board of NORMA Group revised its sales forecast upwards for the year as a whole on July 13, 2017. → Forecast Report, p. 23.

The dynamic macroeconomic environment and the gradual recovery of the American commercial vehicle market led to backwind in the first half of 2017 and resulted in good growth in sales in all three regional segments and both distribution channels. While the high demand for joining technology, especially in the automotive sector, had a positive impact on organic growth in the EJT sector, the recent acquisitions (Lifial and Fengfan) boosted the growth in sales for DS.

In the first six months of 2017, the overall cost situation developed in line with the Management Board's expectations. While the (adjusted) cost of materials ratio increased compared to the previous year as a result of higher raw material prices, the (adjusted) personnel cost ratio fell as a result of the good sales performance. (Adjusted) other operating income and expenses increased at a disproportionately lower rate than sales in the first half of the year.

At EUR 91.7 million, adjusted EBITA was 9.3% above the level of the previous year (H1 2016: EUR 83.9 million). In relation to sales, this resulted in a sustained adjusted EBITA margin of 17.7% (H1 2016: 18.1%). All in all, the Management Board is satisfied with how the business developed in the first half of 2017.

COMPARISON OF THE ACTUAL DEVELOPMENT OF BUSINESS WITH THE FORECAST

Due to the solid organic growth in sales of 4.8% in the first half of 2017 and based on how sales are expected to develop in the second half of 2017, the Management Board has increased its forecast for Group sales growth from originally around 1% to 3% to now around 4% to 7%. The underlying assumptions and corresponding forecast adjustments for the growth in sales in the regions and individual sales channels are presented in the Forecast Report. → Forecast Report, p. 22.

EARNINGS, ASSETS AND FINANCIAL POSITION

Adjustments

In the first six months of 2017, net expenses totaling EUR 0.8 million were adjusted in EBITDA (earnings before interest, taxes, depreciation and amortization of intangible assets). These relate to material expenses (EUR 0.6 million) in connection with the valuation of the inventories carried out within the purchase price allocation of the acquisition of the Autoline business. In addition, expenses for the integration of the Autoline business (EUR 0.8 million) were adjusted within other operating expenses. Furthermore, an adjustment of income from a reimbursement of transaction taxes paid in the context of the acquisition in the amount of EUR 0.5 million was made within other operating income. In the same period of the previous year, expenses totaling EUR 1.2 million were adjusted within EBITDA in connection with the acquisition of the Autoline business.

In addition, depreciation of tangible assets from purchase price allocations in the amount of EUR 2.0 million (H1 2016: EUR 1.1 million) were adjusted within EBITA (earnings before interest, taxes and amortization of intangible assets) and amortization of intangible assets from purchase price allocations in the amount of EUR 10.3 million (H1 2016: EUR 8.1 million) were adjusted within EBIT, as in previous years.

Fictitious income taxes resulting from the adjustments are calculated using the tax rates of the respective local companies affected and taken into account in the adjusted result after taxes.

ADJUSTMENTS*

in EUR millions	H1 2017 adjusted	Total adjustments	H1 2017 reported
Revenue	519.0	0	519.0
Changes in inventories of finished goods and work in progress	2.5	0	2.5
Other own work capitalized	1.4	0	1.4
Raw materials and consumables used	– 213.5	0.6	– 212.9
Gross profit	**309.4**	**0.6**	**310.0**
Other operating income and expenses	– 66.8	0.2	– 66.6
Employee benefits expense	– 139.3	0	– 139.3
EBITDA	**103.3**	**0.8**	**104.1**
Depreciation	– 14.5	2.0	– 12.5
EBITA	**88.8**	**2.8**	**91.7**
Amortization	– 14.6	10.3	– 4.2
Operating profit (EBIT)	**74.3**	**13.2**	**87.4**
Financial costs – net	– 7.9	0	– 7.9
Earnings before taxes	**66.4**	**13.2**	**79.6**
Income tax	– 19.3	– 4.4	– 23.8
Profit for the period	**47.1**	**8.7**	**55.8**
Non-controlling interests	0.1	0	0.1
Profit attributable to shareholders of the parent	**47.0**	**8.7**	**55.7**
Earnings per share (in EUR)	1.47	0.28	1.75

* Deviations in decimal places are the result of commercial rounding.

In the following the adjusted values are shown. Further information on the unadjusted values is provided in the notes to the consolidated financial statements. → Notes, p. 22.

Earnings Position

Order backlog

The order backlog (excluding Autoline, Lifial and Fengfan) was EUR 310.7 million on June 30, 2017, and thus 9.5% higher than the level of the comparison period of the previous year (June 30, 2016: EUR 283.8 million). As the conversion of the order book is carried out at closing rates, currency effects (translation) among other factors had a slightly negative impact on the level of the order book as of June 30, 2017.

Solid organic growth in sales in the first half of 2017

Consolidated sales increased by 12.2% to EUR 519.0 million in the first half of 2017 (H1 2016: EUR 462.8 million). Organic growth amounted to 4.8%. Sales revenue from acquisitions contributed 6.2% to growth. There were also slightly positive currency effects of 1.2%, particularly in connection with the US dollar.

In the second quarter of 2017, Group sales amounted to EUR 264.1 million, an 11.8% increase compared to the same quarter of the previous year (Q2 2016: EUR 236.2 million). Compared to the first quarter of 2017, the slightly higher organic growth of 4.9% in the period from April to June resulted mainly from the good order situation in all three regions. The recovery of the US business in the commercial vehicle and agricultural machinery segment also had a positive effect here. In the second quarter, acquisitions contributed 5.9% and currency effects 1.0% to total sales growth.

Strong growth in EJT, DS strengthened by acquisitions

Through its EJT distribution channel, NORMA Group generated sales revenue of EUR 321.9 million in the first half of 2017, which equates to growth of 16.6% compared to the previous year (H1 2016: EUR 276.2 million). This was due to not only strong organic growth, but also additional revenue from the acquisition of the Autoline business. Currency effects had a slightly positive effect.

In the second quarter of 2017, sales in the EJT segment amounted to EUR 158.7 million, 15.7% more than in the same quarter of the previous year (Q2 2016: EUR 137.2 million). Strong Asian business and the improving situation in the commercial vehicle and agricultural machinery sector in the US were drivers for this development.

Sales in the DS distribution channel amounted to EUR 193.9 million in the period from January to June, rising by 5.1% compared to the previous year (H1 2016: EUR 184.5 million). The slight organic growth of 0.5% was strengthened by additional sales revenue from the acquisition of the Portuguese company Lifial and Fengfan in the second quarter of 2017. Currency effects also had a positive impact.

In the second quarter of 2017, DS sales amounted to EUR 103.8 million, an increase of 6.0% compared to the same quarter of the previous year (Q2 2016: EUR 97.9 million). Besides the above mentioned reasons, this was mainly due to the growth in the water business in the US at the end of the second quarter of 2017.

Increase in the adjusted cost of materials ratio

Adjusted costs of materials amounted to EUR 212.9 million in the first half of 2017 and were thus 18.1% higher than in the previous year (H1 2016: EUR 180.3 million). Based on the sales revenue achieved in the first half of 2017, this resulted in an adjusted materials cost ratio of 41.0% (H1 2016: 39.0%), an increase compared to the previous year.

The main reason for the increase in the adjusted cost of materials ratio was the increase in inventories in the first half of 2017 by EUR 2.5 million (H1 2016: reduction of EUR – 1.5 million) and the higher prices for alloy surcharges and plastic components.

In the second quarter of 2017, adjusted costs of materials amounted to EUR 105.1 million, 16.6% higher than in the same quarter of the previous year (Q2 2016: EUR 90.2 million). This resulted in an adjusted cost of materials ratio of 39.8% (Q2 2016: 38.2%). The slight improvement in the cost of materials ratio in the second quarter compared to the first quarter is due, among other factors, to slightly declining commodity prices in the period from April to June 2017.

Adjusted gross margin

NORMA Group generated gross profit of EUR 310.0 million in the first half of 2017 (revenue less cost of materials and changes in inventories plus other own work capitalized). This represents an increase of 9.9% compared to the previous year's figure (H1 2016: EUR 282.0 million) and an adjusted gross margin (based on sales) of 59.7% (H1 2016: 60.9%).

In the second quarter of 2017, NORMA Group recorded gross profit of EUR 157.8 million, an increase of 9.4% compared to the previous year (Q2 2016: EUR 144.3 million). The gross margin was 59.7% (Q2 2016: 61.1%).

Lower adjusted personnel cost ratio

On June 30, 2017, NORMA Group had 7,414 employees worldwide, 5,705 of whom are permanent staff. Thus, the number of permanent employees rose by 8.0% compared to June 30, 2016.

The increase in the number of employees compared to the reporting date of the previous year is mainly the result of the acquisitions of Autoline, Lifial and Fengfan. The Asia-Pacific region recorded the strongest growth.

PERSONNEL DEVELOPMENT

	Jun 30, 2017	Jun 30, 2016	Δ
EMEA	**3,250**	3,053	6.5%
Americas	**1,482**	1,447	2.4%
Asia-Pacific	**973**	780	24.7%
Core workforce	**5,705**	5,280	8.0%
Temporary workers	**1,709**	1,155	48.0%
Total number of employees including temporary workers	**7,414**	**6,435**	**15.2%**
	H1 2017	H1 2016	Δ
Average number of employees (core workforce)	**5,584**	5,207	7.2%

The 7.2% higher average number of employees resulted in an 11.0% increase in expenses for employee benefits to EUR 139.3 million in the first half of 2017 (H1 2016: EUR 125.5 million). With respect to sales, personnel costs thus developed slightly disproportionately in the first half of 2017 and resulted in a lower personnel cost ratio of 26.8% compared to the previous year (H1 2016: 27.1%).

Adjusted personnel expenses amounted to EUR 70.0 million in the second quarter of 2017 and thus increased by 12.4% compared to the second quarter of 2016 (EUR 62.3 million). The adjusted personnel expenses ratio was 26.5% in the second quarter of 2017 (Q2 2016: 26.4%).

Adjusted other operating income and expenses

The balance from adjusted other operating income and expenses amounted to EUR –66.6 million in the first half of 2017 and thus 7.5% above the previous year's level of EUR –61.9 million. The share of sales declined to 12.8% (H1 2016: 13.4%) compared to the previous year period.

Adjusted other operating income and expenses amounted to EUR –35.0 million in the second quarter of 2017 and were thus 6.6% higher than in the same quarter of the previous year (Q2 2016: EUR –32.8 million). This corresponds to 13.2% of sales (Q2 2016: 13.9%). → Notes, p. 37.

Operating income significantly higher

Adjusted earnings before interest, taxes, depreciation and amortization (adjusted EBITDA) amounted to EUR 104.1 million in the first half of 2017 and were thus 10.1% higher than in the previous year (H1 2016: EUR 94.6 million). This results in an adjusted EBITDA margin of 20.1% (H1 2016: 20.4%) for the first half of 2017.

In the second quarter of 2017, adjusted EBITDA amounted to EUR 52.8 million, 7.4% above the previous year's figure (Q2 2016: EUR 49.2 million).

Adjusted EBITA amounted to EUR 91.7 million for the period January to June 2017, which was an increase of 9.3% compared to the previous year (H1 2016: EUR 83.9 million). In relation to sales, this equates to an adjusted EBITA margin of 17.7% for the first half of 2017 (H1 2016: 18.1%).

In the second quarter of 2017, adjusted EBITA was EUR 46.6 million, which represents a 6.6% increase compared to the same quarter of the previous year (Q2 2016: EUR 43.8 million). The adjusted EBITA margin remained at the usual sustainable high level of 17.7% (Q2 2016: 18.5%).

Financial result improved

The financial result for the first six months of the year was EUR –7.9 million. It thus improved by 7.3% compared to the same period of last year (H1 2016: EUR –8.5 million). → Notes, p. 37. The financial result contains net exchange gains/losses (including income/expenses from the valuation of currency hedging derivatives) amounting to EUR 0.6 million (H1 2016: EUR –1.9 million). At EUR 6.9 million, net interest expense increased by EUR 1.1 million in the first six months of 2017 compared to the same period of the previous year (EUR 5.8 million).

The financial result amounted to EUR –3.9 million in the second quarter of 2017, which represents a 2.6% increase over the same quarter of the previous year (Q2 2016: EUR –3.8 million).

Higher adjusted earnings after taxes

Adjusted income taxes for the first six months of 2017 amounted to EUR 23.8 million (H1 2016: EUR 22.8 million). This resulted in a slightly lower tax rate of 29.9% compared to the same period last year (H1 2016: 32.3%). Adjusted for the above-mentioned special effects and depreciation from purchase price allocations, earnings after taxes amounted to EUR 55.8 million in the reporting period and were thus 16.5% higher than the previous year's level of EUR 47.9 million.

Adjusted income taxes amounted to EUR – 12.0 million in the second quarter of 2017 (Q2 2016: EUR 12.1 million), which resulted in a tax rate of 29.5% (Q2 2016: 32.4%). This means an adjusted period result of EUR 28.7 million in the second quarter, a 13.3% increase compared to the same quarter of the previous year (Q2 2016: EUR 25.3 million).

Higher adjusted earnings per share

Adjusted earnings per share were EUR 1.75 in the first half of 2017 and thus 16.6% higher than in the same period of last year (H1 2016: EUR 1.50).

Earnings per share amounted to EUR 0.90 in the second quarter of 2017, an increase of 13.5% over the previous year's figure of EUR 0.79. → Notes, p. 37. The number of shares that the calculation is based on remained unchanged at 31,862,400.

Asset position

Total assets

Total assets of NORMA Group SE amounted to EUR 1,323.4 million on June 30, 2017, and were thus 1.1% lower than at the end of 2016 (EUR 1,337.7 million). This was mainly due to a decrease in non-current assets caused by currency effects and a decrease in cash and cash equivalents.

Assets affected by currency effects

Non-current assets amounted to EUR 850.7 million on June 30, 2017. They thus decreased slightly by 2.8% compared to December 31, 2016 (EUR 875.0 million). This was mainly due to currency effects that pertained to the US dollar. An opposing trend came from the acquisition-related accrual especially affecting the intangible assets. → Notes, p. 38.

The share of non-current assets in total assets was 64.3% on June 30, 2017 (Dec 31, 2016: 65.4%, Jun 30, 2016: 66.1%).

Current assets amounted to EUR 472.7 million on June 30, 2017, and were thus 2.2% higher compared to the end of 2016 (EUR 462.7 million). Compared to the same period of last year (Jun 30, 2016: EUR 398.2 million), they rose by 18.7%.

This increase compared to the end of 2016 mainly resulted from the EUR 41.0 million or 33.0% increase in receivables from goods and services to EUR 165.2 million (Dec 31, 2016: EUR 124.2 million) due to increased business activity in the first half of 2017 compared to the end of 2016. In addition, inventories and other non-financial assets increased by EUR 6.7 million (+ 4.8%) and EUR 3.3 million (+ 21.0%) respectively compared to the end of the year. On the other hand, cash and cash equivalents decreased by EUR 35.3 million (– 21.3%) to EUR 130.3 million (Dec 31, 2016: EUR 165.6 million).

(Trade) working capital

(Trade) working capital (inventories plus receivables minus liabilities, respectively mainly trade payables) amounted to EUR 190.4 million on June 30, 2017, an increase of 31.7% compared to December 31, 2016 (EUR 144.5 million). Compared to June 30, 2016 (EUR 172.9 million), trade working capital increased by 10.1%. This is mainly due to the disproportionate increase in trade and other receivables compared to trade and other payables in the first half of 2017 compared to the previous year. The increase in the trade working capital resulted from the higher business activities in the first half of 2017 compared to the previous year.

Equity ratio decreased

Group equity amounted to EUR 476.0 million on June 30, 2017, and was thus 1.6% or EUR 7.6 million lower compared to December 2016 (EUR 483.6 million). Equity was positively impacted by the earnings for the period. The dividend payment in May 2017 as well as negative currency translation differences reduced equity in the reporting period. Furthermore, the option related to the acquisition of Fengfan reduced the equity by EUR 4.5 million. → Notes, p. 39.

The equity ratio amounted to 36.0% on June 30, 2017 (Dec 31, 2016: 36.2%, Jun 30, 2016: 36.9%).

Net debt increased

Net debt amounted to EUR 423.9 million on June 30, 2017, which represents an increase of 7.5% or EUR 29.6 million compared to December 31, 2016 (EUR 394.2 million). This was due in particular to the decrease in cash and cash equivalents as a result of the net cash outflows from the sum of investing and financing activities, which more than compensated for the cash inflow from operating activities. → Notes, p. 39. Furthermore, net debt also increased as a result of the non-cash increase in other financial liabilities in connection with the acquisition of Fengfan. The cash-neutral currency effects on foreign currency loans in particular had the opposite effect on net debt.

Gearing (net debt in relation to equity) was 0.9 and thus slightly above the level at the end of 2016 (Dec 31, 2016: 0.8). Leverage (net debt excluding hedging instruments in relation to the EBITDA of the last 12 months) remained unchanged at the end of 2016 at 2.1.

Decreased non-current liabilities, higher current liabilities

Non-current liabilities amounted to EUR 618.5 million on June 30, 2017, and therefore declined by 3.4% compared to the end of 2016 (Dec 31, 2016: EUR 640.3 million). This decrease is due to exchange rate effects related to the US dollar tranche of the syndicated loan and the promissory note. → Notes, p. 39.

Current liabilities increased by EUR 15.1 million or 7.1% compared to the balance sheet date at the end of the year. The increase in short-term loan liabilities which increased by EUR 6.4 million or 15.2% mainly due to the borrowing liabilities assumed in connection with the acquisition of Fengfan contributed to this development.

Current liabilities thus amounted to 17.3% of total assets (Dec 31, 2016: 16.0%).

Financial position

Group-wide financial management

A detailed overview of NORMA Group's overall financial management can be found in the 2016 Annual Report. 2016 Annual Report, p. 68.

Net operating cash flow affected by working capital

Net operating cash flow decreased to EUR 40.5 million in the first half of 2017 (H1 2016: EUR 53.9 million), mainly due to the substantial increase in (trade) working capital.

The investments amounting to EUR 18.2 million mainly relate to plants in Germany, Serbia, Poland, China, Mexico and the US.

In terms of revenues, net operating cash flow in the first half of 2017 amounted to 7.8% (H1 2016: 11.7%).

Cash flow from operating activities

NORMA Group generated cash flow from operating activities of EUR 42.2 million in the first six months of the fiscal year. The decrease compared to the same period of the previous year (H1 2016: EUR 61.0 million) was mainly influenced by the increase in working capital during the reporting period, which was the result of strong second quarter sales. While inventories and trade receivables increased significantly as of the balance sheet date, trade payables rose only marginally, resulting in a negative effect on cash flow of EUR 37.3 million in the first half compared to EUR 12.6 million in the previous year. This also includes the payment flows from reverse factoring, factoring and the ABS program. → Notes, p. 45.

In addition, cash flow from operating activities in the first half of 2017 mainly includes payments for share-based payments (EUR 4.0 million), corrections for income from the valuation of derivatives (EUR –3.1 million), expenses for currency translation of external financing liabilities as well as intra-Group monetary items (EUR 3.6 million), but also non-cash interest income and expenses from the application of the effective interest method (EUR 0.2 million).

In the second quarter of 2017, cash flow from operating activities amounted to EUR 32.9 million compared to EUR 41.6 million in the second quarter of 2016.

Cash flow from investing activities

In the first half of 2017, NORMA Group posted cash outflow from investing activities of EUR 44.5 million (H1 2016: EUR 23.7 million). This includes mainly investments made to acquire intangible and tangible assets (EUR 21.1 million), that mainly pertained to the plants in Germany, Poland, Serbia, China, Mexico and the United States. Furthermore, cash flow from investing activities includes net payments for acquisitions in the amount of EUR 23.7 million. These relate to payments for the acquisition of Fengfan in the second quarter of 2017 (EUR 12.2 million), the acquisition of Lifial in the first quarter of 2017 (EUR 11.9 million) and payments related to the Autoline business acquired in the fourth quarter of 2016 (EUR 1.1 million). In the same period of the previous year, the net payments for acquisitions amounted to EUR 4.9 million and pertained to the repayment of the conditional purchase price liability resulting from the acquisition of Fivestar's business in 2014 as well as to outstanding purchase liability from the acquisition of NDS.

This resulted in an investment ratio in relation to sales (excluding the payments for acquisitions as well as the proceeds from the sale of assets) of 4.1% for the first half of 2017 (H1 2016: 4.1%).

Cash outflow from investing activities amounted to EUR 22.2 million in the second quarter of 2017 (Q2 2016: EUR 12.6 million) and included, in addition to the investments in property, plant and equipment and intangible assets (EUR 9.7 million), mainly the cash outflow in connection with the acquisition of Fengfan.

Cash flow from financing activities

In the first half of 2017, NORMA Group showed cash flow from financing activities of EUR –29.0 million (H1 2016: EUR –34.4 million). The cash flow from financing activities, which was slightly lower than in the previous year, was impacted in particular by the dividend payment of EUR 30.3 million (H1 2016: EUR 28.7 million) in the second quarter. → Notes, p. 45.

In the second quarter of 2017, cash flow from financing activities amounted to EUR –28.0 million (H1 2016: EUR –32.8 million).

SEGMENT REPORTING

In the first six months of 2017, the share of Group sales revenue generated abroad amounted to around 80% (H1 2016: 78%).

Good sales growth in the EMEA region, margin influenced by higher raw material prices

External sales in the EMEA region amounted to EUR 251.6 million in the first half of 2017 and rose by 10.7% compared to the previous year (H1 2016: EUR 227.3 million). The reasons for this were solid organic growth in sales as well as acquisition-related growth from the consolidation of Autoline and Lifial.

The EMEA region accounted for around 48% of total sales in the first half of 2017 (H1 2016: 49%).

Adjusted EBITDA in the EMEA region amounted to EUR 53.3 million in the reporting period, up 3.4% on the previous year (H1 2016: EUR 51.6 million). The adjusted EBITDA margin was 19.7% (H1 2016: 21.5%). Adjusted EBITA amounted to EUR 47.7 million in the six-month period (H1 2016: EUR 46.5 million) and thus rose by 2.6%. The adjusted EBITA margin in the EMEA region was 17.6% (H1 2016: 19.4%). In the EMEA region, the increased costs for alloy surcharges and plastic components in the first half of 2017 had a negative impact on the margin.

Investments in the EMEA region amounted to EUR 8.6 million (H1 2016: EUR 7.7 million) as of June 30, 2017, and were related to the plants in Germany, Serbia and Poland, in particular. On the balance sheet date, assets amounted to EUR 565.3 million, an increase of 1.5% compared to the end of 2016 (EUR 556.9 million) due in part to the acquisition of Lifial. As of June 30, 2017, liabilities amounted to EUR 183.6 million (Dec 31, 2016: EUR 184.2 million) and thus remained almost constant.

Sales growth in the Americas region gaining momentum again

In the Americas region, NORMA Group generated external sales of EUR 212.6 million (H1 2016: EUR 198.5 million) in the first half of 2017, a year-on-year increase of 7.1%. The slow recovery in the US market for commercial vehicles and agricultural machinery and good water business in the second quarter of 2017 revived organic growth. Furthermore, sales revenues came from the acquisition of Autoline and positive currency effects related to the US dollar. The Americas region accounted for 41% of total sales in the first half of 2017 (H1 2016: 43%).

Adjusted EBITDA amounted to EUR 45.4 million in the first half of 2017, an increase of 1.0% compared to the same period of the previous year (EUR 45.0 million). The adjusted EBITDA margin was 20.7% (H1 2016: 22.1%). Adjusted EBITA fell slightly by 0.6% to EUR 40.9 million compared to the same period of the previous year (H1 2016: EUR 41.1 million). At 18.7%, the adjusted EBITA margin was lower than in the previous year (H1 2016: 20.3%). In the Americas, the cost increases for alloy surcharges also had a negative effect on the margin, in particular.

Investments in the Americas region amounted to EUR 6.5 million (H1 2016: EUR 4.0 million) in the six-month period and were mainly related to plants in the US and Mexico. As of June 30, 2017, assets amounted to EUR 639.8 million, a decrease of 5.0% compared to the end of 2016 (EUR 673.2 million), mainly due to exchange rate effects in connection with the US dollar. Exchange rate effects also had an impact on the amount of debt as of June 30, 2017, which was thus reduced by 8% from EUR 355.0 million on December 31, 2016, to EUR 326.5 million.

Asia-Pacific region grows dynamically

External sales revenues in the Asia-Pacific region amounted to EUR 54.9 million in the first half of 2017, an increase of 48.1% compared to the previous year (H1 2016: EUR 37.0 million). Successful localizations, high demand for joining technology, particularly in the EJT segment, as well as additional sales from the acquisition of Autoline and Fengfan, are the reasons for the good development of sales in the region. The segment's share of revenue increased from 8% to 11% compared to the previous year.

Adjusted EBITDA in the Asia-Pacific region amounted to EUR 10.0 million in the first half of 2017 and rose by 125.1% compared to the same period of the previous year (EUR 4.4 million). The adjusted EBITDA margin for this region amounted to 17.6%. (H1 2016: 11.5%). At the same time, adjusted EBITA increased to EUR 8.3 million (H1 2016: EUR 3.2 million), resulting in an adjusted EBITA margin of 14.7% (H1 2016: 8.2%).

DEVELOPMENT OF SEGMENTS

	EMEA			Americas			Asia-Pacific		
in EUR millions	**H1 2017**	H1 2016	Δ	**H1 2017**	H1 2016	Δ	**H1 2017**	H1 2016	Δ
Total segment revenue	**270.9**	239.8	13.0	**219.0**	203.0	7.9	**56.9**	38.5	47.6
Revenue from external customers	**251.6**	227.3	10.7	**212.6**	198.5	7.1	**54.9**	37.0	48.1
Contribution to consolidated Group sales (in %)	**48**	49		**41**	43		**11**	8	
Adjusted EBITDA[1]	**53.3**	51.6	3.4	**45.4**	45.0	1.0	**10.0**	4.4	125.1
Adjusted EBITDA margin (in %)[2]	**19.7**	21.5		**20.7**	22.1		**17.6**	11.5	
Adjusted EBITA[1]	**47.7**	46.5	2.6	**40.9**	41.1	−0.6	**8.3**	3.2	162.4
Adjusted EBITA margin (in %)[2]	**17.6**	19.4		**18.7**	20.3		**14.7**	8.2	

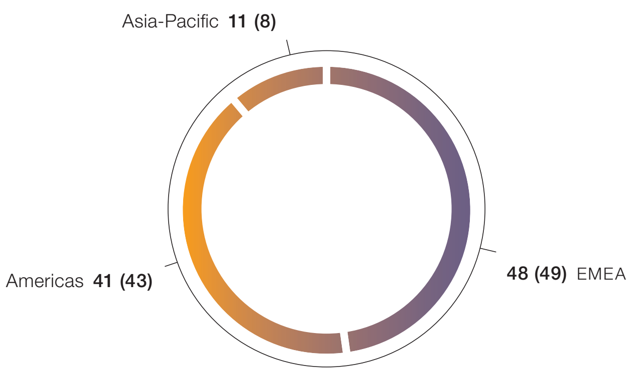
[1] The adjustments are described in the notes → Notes, p. 35.

[2] In relation to segment sales

Investments amounted to EUR 2.0 million in the first half of 2017 (H1 2016: EUR 2.3 million). Assets increased by 24.8% compared to the end of 2016 as of June 30, 2017, from EUR 119.3 million to EUR 148.9 million. This was mainly due to the increased business activities in the first half of the year. Debt rose by 36.3% to EUR 47.4 million (Dec 31, 2016: EUR 34.8 million) mainly due to the acquisition of Fengfan.

SALES BY SEGMENT

in % H1 2016 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 behavior and the sustainable overall development of NORMA Group. The development of these performance indicators in the first half of 2017 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 2016 Annual Report and NORMA Group's CR website contain a more detailed description of these performance indicators. → 2016 Annual Report, p. 69 ff and @ http://normagroup.com/cr.

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 the market average. 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 development of new products that are based on the changed requirements of end markets, customers and legal regulations is indispensable. NORMA Group therefore encourages the inventor spirit of its employees through targeted incentive systems, and has recorded, managed and reported the number of annual invention applications in the Group since January 2017. This new performance indicator replaces the previously used number of new annual patent registrations. 15 invention applications were filed in the first half of 2017.

An invention applicaton is made within the framework of a formalized internal process, which is upstream of the external process of filing for a patent. Invention applications thus arise within the company and are independent of whether or not they lead to a patent application. 2016 Annual Report, pp. 58 und 85.

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 2017, the number of defective parts (PPM) was 18 (H1 2016: 31). The average number of quality-related complaints per month was 9 (H1 2016: 8).

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 on NORMA Group's CR website. @ http://normagroup.com/cr.

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 asset, financial and earnings positions. 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 2016 Annual Report contains a detailed description of the risks and opportunities NORMA Group currently faces. 2016 Annual Report, p. 83.

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

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

The interval of the risk's or the opportunity's impact generally relates to the EBITA of the Group. Provided that an individual assessment relates solely to a specific segment, the EBITA of the respective segment is used instead. 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 countermeasures initiated.

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

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

Compared to the risk and opportunity assessment published in the 2016 Annual Report, no major changes were observed in the first half of 2017. The risk and opportunity portfolio of NORMA Group is therefore as follows:

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	
Operational 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	
Risks related to standards and contracts	Risks
Social and environmental standards	Risks
	Opportunities
Property rights	Risks
	Opportunities

* If not indicated otherwise, the risk assessment applies for all regional segments.

	Probability						Financial impact					
	Very unlikely	Unlikely	Possible	Likely	Very likely	Change to Dec 2016	Insignificant	Minor	Moderate	Significant	High	Change to Dec 2016
			•			→	•					→
	•					→					•	→
			•			→		•				→
			•			→			•			→
			•			→			•			→
			•			→		•				→
		•				→	•					→
			•			→			•			→
			•			→		•				→
			•			→			•			→
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Forecast Report

GENERAL ECONOMIC AND INDUSTRY-SPECIFIC CONDITIONS

Improved growth prospects for the global economy

After years of comparatively moderate upturn, the world economy is growing again in 2017. The prospects for industrialized and emerging economies have improved in the wake of livelier world trade. The IMF has therefore confirmed its forecast for global economic growth of 3.5% for 2017. Although the IMF lowered its estimate for the US from 2.3% to 2.1%, the outlook for China is now more positive with projected growth of 6.7% (previously: + 6.6%). Buoyed by low interest rates, a favorable euro exchange rate and rising employment, the IMF expects economic growth of 1.9% (previously: + 1.7%) for the euro zone. Burdens from the UK's withdrawal from the EU (Brexit) are expected to be noticeable from next year on.

FORECASTS FOR GDP GROWTH (REAL)

in %	2016	**2017e**	2018e
World[1]	+ 3.2	**+ 3.5**	+ 3.6
USA[1, 2]	+ 1.6	**+ 2.1**	+ 2.1
China[1, 2]	+ 6.7	**+ 6.7**	+ 6.2
Euro region[1]	+ 1.8[1, 3]	**+ 1.7**	+ 1.6
Germany			
IMF[2]	+ 1.8	**+ 1.8**	+ 1.6
Ifo Institute	+ 1.9	**+ 1.8**	+ 2.0

[1] IMF, [2] USA, China, Germany IMF updates from June/July 2017, [3] Eurostat

German economy with strong momentum

The IMF is forecasting a sustained positive economic development for Germany due to its strong internationalization. High and rising employment figures, a strong domestic economy and strong exports are driving the upturn, despite continuing uncertainties (including the Brexit). The current IMF forecast for GDP growth in 2017 is 1.8% (previously: + 1.6%). This is in line with the assessment of the Ifo Institute. Important economic indicators developed positively in the first half of the year. Although the ZEW Index fluctuated at a high level, the Ifo Business Climate Index rose steadily and reached new record levels by June. The Ifo Institute thus sees the German economy rallying impressively. In this respect, the Institute is also optimistic for 2018 and forecasts GDP growth of 2.0% (IMF + 1.6%).

Mechanical engineering: Strong backwind, more optimistic VDMA annual forecast

According to the VDMA, order intake in the German engineering sector rose by 4% in real terms in the first half of the year (domestic: + 1%, foreign: + 5%). The orders from the euro zone in particular increased sharply by + 12% in real terms. In May (+ 20%) and June (+ 11%), non-euro countries were also able to place significantly higher orders, following a longer period of restraint. The revival of industrial production, which is noticeable in important regions of the world, signals an improved environment for growth in mechanical engineering. In addition, the low price of the euro is also driving competitiveness outside the region. Due to the sharp rise in incoming orders already in May, the VDMA revised its forecast for the German engineering sector (production: + 3% instead of + 1%). According to the new VDMA estimate for 2017, global industry sales of all manufacturers combined are expected to rise by 4% in real terms instead of just above 2%.

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

in %	2016	Q1 2017	**Q2 2017**
Production (real)[1]	+ 0.0	+ 1.5	**Apr: + 3.7**
VDMA[2]	+ 0.1	+ 4.5	**4M: + 2.3**
Order inflow, real[2]	− 2.0	+ 1.0	**5M: + 4.0**
Domestic	− 1.0	+ 4.0	**5M: + 2.0**
Abroad	− 3.0	+ 0.0	**5M: + 5.0**

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

Automotive industry: Robust global growth

The dynamism on the global market for light vehicles (LV, up to 6 t) is flattening. According to LMC Automotive, global demand for and production of LV will still be robust overall, despite the weakness in the US. After a world-wide leap of 4.7% in production in the previous year, LV production rose by 2.4% to 95.1 million units (demand: + 2.5%) in 2017. In terms of production, LMCA Automotive expects the following core trends on a regional basis: Europe +2.3%, Asia-Pacific +2.7%, North America –0.6%. The previous VDA annual forecast for the more narrowly defined passenger car market in 2017 predicted a sales increase of 2% to just under 84 million vehicles. This assessment is likely to be somewhat too optimistic, however, as the VDA cut its sales expectations for China for 2017 in June from +5% to at least +2%.

LMC Automotive projects that the global market for commercial vehicles and heavy machinery will grow by 4.8% in 2017. For Asia, production growth is projected to be 5.1%, driven by China, and 2.3% for Western Europe. For North America, LMC Automotive expects to see rising production figures (+2.9%) again in 2017 following a rather weak year, which means that the market is expected to recover much more quickly than originally assumed.

AUTOMOTIVE INDUSTRY:
GLOBAL PRODUCTION AND SALES DEVELOPMENT

in %	2016	**2017e**	2018e
Light vehicles			
Global sales[1]	+4.6	**+2.5**	+1.4
Global production[1]	+4.7	**+2.4**	+1.7
Commercial vehicles			
Global sales[2]	+11.4	**–**	–
Global production[1]	+7.7	**+4.8**	–1.4

[1] LMC Automotive, [2] ACEA (Europa = EU28+EFTA)

Construction industry:
boom in Europe gaining breadth and momentum
Despite the interest rate turnaround in the US, the climate remains positive for the construction industry. China is continuing with its state-subsidized investments in housing construction. The industry network Euroconstruct raised its construction forecast for Europe's core markets in June. According to it, construction output should grow by 2.9% in real terms in 2017 (previous: +2.1%). The main impulses of +3.7% are expected to come from residential construction (new construction: +8.8%, renovation: +1.5%). The major markets of Western Europe are likely to increase their construction output by 2.8% in real terms instead of 2.1% (Germany: +2.0%) in 2017. In Eastern Europe, growth in construction output is assumed to be 5.3% (previously: 3.5%). For Germany, the Ifo Institute expects a 3.0% increase in construction investment in real terms in 2017. The construction association HDB raised its forecast in May and is now expecting nominal sales growth of 6% in the construction industry instead of 5% (residential: +7.5%, economic: +4%, public construction: +6%).

CONSTRUCTION INDUSTRY:
DEVELOPMENT OF EUROPEAN CONSTRUCTION INDUSTRY

in %	2016	**2017e**	2018e
Europe, real[1]	+2.5	**+2.9**	+2.5
Western Europe (EU15)	+3.1	**+2.8**	+2.2
Eastern Europe (EU4)	–7.2	**+5.3**	+7.0

[1] Ifo/Euroconstruct

FUTURE DEVELOPMENT OF NORMA GROUP SE

NORMA Group currently has no plans to make significant changes to either its goals or its strategy. The 2016 Annual Report contains a detailed description of its strategic goals. 2016 Annual Report, p. 53 ff.

NORMA Group raised the forecast for Group sales that it published in the 2016 Annual Report on July 13, 2017, due to the better than expected development of sales and the consolidated sales revenues the company expected for the second half of 2017.

The Management Board now expects organic growth of around 4% to 7% for 2017 compared to 2016, excluding currency and acquisition effects (previous forecast: moderate organic growth of around 1% to 3%). The Board also expects revenues of around EUR 55 million from the acquisitions of Autoline, Lifial and Fengfan (previous forecast: around EUR 45 million).

The increase in the sales growth forecast is based on better than expected sales growth in all three regional segments:

For the EMEA region, the Management Board expects organic growth in the medium single-digit percentage range (previous forecast: moderate organic growth) due to additional short-term orders received.

FORECAST FOR FISCAL YEAR 2017 (REVISED)

Consolidated sales	organic growth of around 4% to 7%, additionally around EUR 55 million from acquisitions
	EMEA: organic growth in the mid-single digit percentage range
	Americas: organic growth in the mid-single digit percentage range
	Asia-Pacific: organic growth in the double-digit percentage range
	EJT: growth in the mid-single digit percentage range
	DS: growth in the mid-single digit percentage range
Adjusted cost of materials ratio	roughly at the same level as in previous years
Adjusted personnel cost ratio	roughly at the same level as in previous years
Adjusted EBITA margin	sustainable at the same level as in previous years of more than 17.0%
Net financial income	up to EUR –13 million
Adjusted tax rate	around 31% to 33%
Adjusted earnings per share	moderate increase
Investment rate (without acquisitions)	operational investments of around 5% of Group sales
Net operating cash flow	around EUR 130 million
Dividend	approximately 30% to 35% of adjusted annual Group earnings
Number of invention applications	20
Defective parts (Parts per Million, PPM)	under 20
Quality-related complaints/month	further reduction compared to the previous year

In the Americas region, the Management Board now also expects organic growth in the medium single-digit percentage range (previous forecast: moderate organic growth) due to the good growth in the second quarter of 2017 and based on the fact that the US market for commercial vehicles and agricultural machinery is recovering faster than expected.

For the Asia-Pacific region, the Management Board now expects organic growth in the double-digit percentage range (previous forecast: organic growth in the high single-digit range). Reasons for the increase in the sales forecast in this region are, in particular, the localizations that are successfully being made faster than originally planned, especially in China, which will continue to have a positive effect on organic growth in the second half of 2017.

Due to the generally improved growth prospects in the regions, NORMA Group also expects growth in the medium single-digit percentage range for its two distribution channels EJT and DS (previous forecast: moderate growth).

NORMA Group reconfirms its forecast on its adjusted EBITA margin as well as all other financial figures.

The forecast that includes the financial figures and the most important non-financial indicators for fiscal year 2017 is summarized in the table above.

GENERAL STATEMENT BY THE MANAGEMENT BOARD ON PROBABLE DEVELOPMENT

The Management Board reconfirms its revised sales forecast for the Group for fiscal year 2017 as described above and remains committed to all of the other figures contained in the forecast.

Report on Significant Transactions with Related Parties

In the reporting period from January to June 2017, there were no significant transactions with related parties subject to reporting.

Maintal, August 9, 2017

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 June 30, 2017

ASSETS

in EUR thousands	Note	June 30, 2017	Dec 31, 2016	June 30, 2016
Non-current assets				
Goodwill	(10)	**364,608**	368,859	340,308
Other intangible assets	(10)	**277,275**	295,427	257,414
Property, plant and equipment	(10)	**199,563**	201,177	168,728
Other non-financial assets		**321**	261	156
Derivative financial assets	(17)	**1,155**	1,576	0
Income tax assets		**111**	106	458
Deferred income tax assets		**7,636**	7,563	8,911
		850,669	**874,969**	**775,975**
Current assets				
Inventories		**146,618**	139,885	126,384
Other non-financial assets		**19,006**	15,701	13,880
Other financial assets		**4,757**	5,685	4,055
Derivative financial assets	(17)	**771**	1,157	230
Income tax assets		**6,041**	10,479	6,425
Trade and other receivables	(11)	**165,213**	124,208	146,000
Cash and cash equivalents	(18)	**130,343**	165,596	101,186
		472,749	**462,711**	**398,160**
Total assets		**1,323,418**	**1,337,680**	**1,174,135**

EQUITY AND LIABILITIES

in EUR thousands	Note	June 30, 2017	Dec 31, 2016	June 30, 2016
Equity attributable to equity holders of the parent				
Subscribed capital		**31,862**	31,862	31,862
Capital reserve		**210,323**	210,323	210,323
Other reserves		**5,483**	27,077	12,424
Retained earnings		**225,695**	213,504	177,904
Equity attributable to shareholders		**473,363**	**482,766**	**432,513**
Non-controlling interests		**2,657**	819	923
Total equity	(12)	**476,020**	**483,585**	**433,436**
Liabilities				
Non-current liabilities				
Retirement benefit obligations		**11,755**	11,786	11,825
Provisions	(13)	**8,975**	9,668	9,158
Borrowings	(14)	**493,323**	513,105	437,605
Other non-financial liabilities	(15)	**534**	610	1,116
Other financial liabilities	(16)	**5,494**	1,240	870
Derivative financial liabilities	(14), (17)	**1,872**	2,014	4,840
Deferred income tax liabilities		**96,534**	101,845	102,328
		618,487	**640,268**	**567,742**
Current liabilities				
Provisions	(13)	**7,351**	9,489	11,650
Borrowings	(14)	**48,579**	42,176	9,687
Other non-financial liabilities	(15)	**32,447**	31,212	32,327
Other financial liabilities	(16)	**4,853**	1,119	1,123
Derivative financial liabilities	(14), (17)	**76**	167	1,168
Income tax liabilities		**14,124**	10,087	17,490
Trade and other payables		**121,481**	119,577	99,512
		228,911	**213,827**	**172,957**
Total liabilities		**847,398**	**854,095**	**740,699**
Total equity and liabilities		**1,323,418**	**1,337,680**	**1,174,135**

Consolidated Statement of Comprehensive Income

for the period from January 1 to June 30, 2017

in EUR thousands	Note	Q2 2017	Q2 2016	H1 2017	H1 2016
Revenue	(5)	264,116	236,221	519,041	462,786
Changes in inventories of finished goods and work in progress		–2,225	–2,256	2,490	–1,522
Other own work capitalized		1,026	480	1,402	975
Raw materials and consumables used	(5)	–105,014	–90,182	–213,494	–180,263
Gross profit		157,903	144,263	309,439	281,976
Other operating income	(6)	5,280	7,005	9,886	10,790
Other operating expenses	(6)	–40,273	–40,972	–76,692	–73,854
Employee benefits expense	(7)	–69,944	–62,264	–139,303	–125,492
Depreciation and amortization		–14,383	–12,492	–29,061	–24,563
Operating profit		38,583	35,540	74,269	68,857
Financial income		94	33	143	53
Financial costs		–3,986	–3,827	–8,006	–8,534
Financial costs – net	(8)	–3,892	–3,794	–7,863	–8,481
Profit before income tax		34,691	31,746	66,406	60,376
Income taxes		–10,062	–10,059	–19,324	–19,258
PROFIT FOR THE PERIOD		24,629	21,687	47,082	41,118
Other comprehensive income for the period, net of tax					
Other comprehensive income that can be reclassified to profit or loss, net of tax		–20,577	3,348	–21,615	–8,698
Exchange differences on translation of foreign operations		–20,194	3,609	–21,346	–7,195
Cash flow hedges, net of tax		–383	–261	–269	–1,503
Other comprehensive income for the period, net of tax		–20,577	3,348	–21,615	–8,698
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		4,052	25,035	25,467	32,420
Profit attributable to					
Shareholders of the parent		24,566	21,606	46,961	40,980
Non-controlling interests		63	81	121	138
		24,629	21,687	47,082	41,118
Total comprehensive income attributable to					
Shareholders of the parent		3,985	24,945	25,367	32,276
Non-controlling interests		67	90	100	144
		4,052	25,035	25,467	32,420
(Un)diluted earnings per share (in EUR)	(9)	0.77	0.68	1.47	1.29

Consolidated Statement of Cash Flows

for the period from January 1 to June 30, 2017

in EUR thousands	Note	Q2 2017	Q2 2016	H1 2017	H1 2016
Operating activities					
Profit for the period		24,629	21,687	47,082	41,118
Depreciation and amortization		14,383	12,492	29,061	24,563
Gain (–)/loss (+) on disposal of property, plant and equipment		–4	–1	–5	21
Change in provisions		1,469	2,921	1,123	2,431
Change in deferred taxes		–959	–498	–1,321	–274
Change in inventories, trade account receivables and other receivables, which are not attributable to investing or financing activities		–12,323	–4,833	–51,206	–27,580
Change in trade and other payables, which are not attributable to investing or financing activities		3,905	7,165	7,542	13,046
Change in reverse factoring liabilities		1,750	1,870	6,369	1,890
Payments for share-based payments		–3,981	–2,534	–3,981	–2,534
Interest expenses in the period		3,408	2,930	6,867	5,760
Income (–)/expenses (+) due to measurement of derivatives		–2,512	3,192	–3,064	552
Other non-cash expenses (+)/income (–)		3,140	–2,757	3,767	2,032
Cash flows from operating activities	(18)	32,905	41,634	42,234	61,025
thereof interest received		87	35	134	71
thereof income taxes		–10,430	–9,055	–12,795	–14,052
Investing activities					
Payments for acquisitions of subsidiaries, net		–12,702	–3,320	–23,746	–4,942
Investments in property, plant and equipment and intangible assets		–9,772	–9,380	–21,128	–18,914
Proceeds from the sale of property, plant and equipment		271	86	353	136
Cash flows from investing activities		–22,203	–12,614	–44,521	–23,720
Financing activities					
Proceeds from outstanding capital contributions to a newly acquired subsidiary from former owners		3.924	0	3.924	0
Interest paid		–1,476	–1,220	–3,458	–2,993
Dividends paid to shareholders	(12)	–30,269	–28,676	–30,269	–28,676
Dividends paid to non-controlling interests	(12)	–50	–31	–82	–119
Proceeds from borrowings		0	0	0	22
Repayment of borrowings	(14)	–2,419	–2,502	–2,426	–2,564
Proceeds from/repayment of derivatives	(17)	2,292	–246	3,413	68
Repayment of lease liabilities		–21	–94	–79	–135
Cash flows from financing activities	(18)	–28,019	–32,769	–28,977	–34,397
Net change in cash and cash equivalents		–17,317	–3,749	–31,264	2,908
Cash and cash equivalents at the beginning of the year		151,548	104,957	165,596	99,951
Effect of foreign exchange rates on cash and cash equivalents		–3,888	–22	–3,989	–1,673
Cash and cash equivalents at the end of the period	(18)	130,343	101,186	130,343	101,186

Consolidated Statement of Changes in Equity

for the period from January 1 to June 30, 2017

		Attributable to equity holders of the parent	
in EUR thousands	Note	Subscribed capital	Capital reserves
Balance as of December 31, 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 June 30, 2016	(12)	**31,862**	**210,323**
Balance as of December 31, 2016		**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			
Acquisition of non-controlling interests	(21)		
Total transactions with owners for the period		**0**	**0**
Balance as of June 30, 2017	(12)	**31,862**	**210,323**

Attributable to equity holders of the parent				
Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
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
27,077	213,504	482,766	819	483,585
	46,961	46,961	121	47,082
−21,325		−21,325	−21	−21,346
−269		−269		−269
−21,594	46,961	25,367	100	25,467
	−30,269	−30,269		−30,269
		0	−82	−82
	−4,501	−4,501	1,820	−2,681
0	−34,770	−34,770	1,738	−33,032
5,483	225,695	473,363	2,657	476,020

Segment Reporting

for the period from January 1 to June 30, 2017

	EMEA		Americas		Asia-Pacific	
in EUR thousands	**H1 2017**	H1 2016	**H1 2017**	H1 2016	**H1 2017**	H1 2016
Total revenue	**270,860**	239,755	**219,024**	203,045	**56,877**	38,522
thereof inter-segment revenue	**19,307**	12,490	**6,400**	4,557	**2,013**	1,489
Revenue from external customers	**251,553**	**227,265**	**212,624**	**198,488**	**54,864**	**37,033**
Contribution to consolidated Group sales	**48%**	49%	**41%**	43%	**11%**	8%
Adjusted gross profit[1,2]	**156,186**	142,865	**128,637**	122,212	**26,671**	18,531
Adjusted EBITDA[2]	**53,330**	**51,584**	**45,420**	**44,957**	**10,001**	**4,443**
Adjusted EBITDA margin[2,3]	**19.7%**	21.5%	**20.7%**	22.1%	**17.6%**	11.5%
Depreciation without PPA depreciation[4]	**−5,604**	−5,060	**−4,529**	−3,835	**−1,663**	−1,266
Adjusted EBITA[2]	**47,726**	**46,524**	**40,891**	**41,122**	**8,338**	**3,177**
Adjusted EBITA margin[2,3]	**17.6%**	19.4%	**18.7%**	20.3%	**14.7%**	8.2%
Assets (prior year as of Dec 31, 2016)[5]	**565,341**	556,935	**639,808**	673,203	**148,862**	119,283
Liabilities (prior year as of Dec 31, 2016)[6]	**183,594**	184,247	**326,539**	354,953	**47,442**	34,804
CAPEX	**8,555**	7,658	**6,505**	4,018	**2,045**	2,333

[1] Adjusted in 2017.
[2] For details regarding the adjustments, please refer to → Note 4.
[3] Based on segment sales.
[4] Depreciation from purchase price allocations.
[5] Including allocated goodwill, taxes are shown in the column “consolidation.”
[6] Taxes are shown in the column “consolidation.”

Total segments		Central functions		Consolidation		Consolidated Group	
H1 2017	H1 2016	H1 2017	H1 2016	H1 2017	H1 2016	H1 2017	H1 2016
546,761	481,322	11,930	16,551	–39,650	–35,087	519,041	462,786
27,720	18,536	11,930	16,551	–39,650	–35,087	0	0
519,041	462,786	0	0	0	0	519,041	462,786
100%	100%						
311,494	283,608	n/a	n/a	–1,482	–1,632	310,012	281,976
108,751	100,984	–4,486	–6,428	–147	17	104,118	94,573
						20.1%	20.4%
–11,796	–10,161	–667	–527	0	0	–12,463	–10,688
96,955	90,823	–5,153	–6,955	–147	17	91,655	83,885
						17.7%	18.1%
1,354,011	1,349,421	396,588	474,932	–427,181	–486,673	1,323,418	1,337,680
557,575	574,004	619,330	672,332	–329,507	–392,241	847,398	854,095
17,105	14,009	1,144	3,216	n/a	n/a	18,249	17,225

Notes to the Consolidated Financial Statements (condensed)

1. GENERAL INFORMATION

The condensed Consolidated Financial Statements of NORMA Group as of June 30, 2017, 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 2016, which are available on the website @ http://investors.normagroup.com. All IFRS to be applied for fiscal years beginning January 1, 2017, as adopted by the EU, have been taken into account.

The condensed Financial Statements were approved by NORMA Group management on August 8, 2017, 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 2016. A detailed description of significant accounting principles is contained in the Consolidated Annual Financial Statements for 2016 (2016 Annual Report, Note 3 'Summary of significant accounting principles') except as described in recently adopted accounting policies.

The most significant accounting policies are as follows:

Position	Valuation method
Assets	
Goodwill	Impairment-only approach
Other intangible assets (except goodwill) – finite useful lives	Amortized costs
Other intangible assets (except goodwill) – indefinite useful lives	Impairment-only approach
Property, plant and equipment	Amortized 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 realizable value
Other non-financial assets	Amortized costs
Other financial assets	Amortized costs
Trade and other receivables	Amortized costs
Cash and cash equivalents	Nominal amount
Liabilities	
Pensions	Projected unit credit method
Other provisions	Present value of future settlement amount
Borrowings	Amortized costs
Other non-financial liabilities	Amortized costs
Other financial liabilities (categories IAS 39):	
Financial liabilities at cost (FLAC)	Amortized 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	Amortized 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 fiscal 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 June 30, 2017, includes seven domestic (Dec 31, 2016: seven) and 41 foreign (Dec 31, 2016: 40) companies.

In the first quarter of 2017, NORMA Group acquired Lifial - Indústria Metalúrgica de Águeda, Lda. (‘Lifial’), based in Portugal and NORMA Pacific Asia Pte. Ltd. was merged into NORMA Group Asia Pacific Holding Pte. Ltd., both companies are based in Singapore. In the second quarter of 2017, NORMA Group acquired 80% of the shares in Fengfan Fastener (Shaoxing) Co., Ltd. (‘Fengfan’), based in China.

For further details, please refer to → Note 21 ‘Business combinations.’

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 2017, net expenses totaling EUR 788 thousand were adjusted within EBITDA (earnings before interest, taxes, depreciation and amortization). The adjustments within EBITDA are related in the amount of EUR 573 thousand to expenses for raw materials and consumables used resulting from the valuation of acquired inventories within the purchase price allocation for the acquisition of the Autoline business. In addition, expenses for the integration of the Autoline business in the amount of EUR 760 thousand were adjusted in other operating expenses. Income in the amount of EUR 531 thousand resulting from the refund of a transaction tax paid in connection with the acquisition of the Autoline business was adjusted within other operating income. In the same period of the previous year, expenses totaling EUR 1,153 thousand relating to the acquisition of the Autoline business were adjusted within EBITDA.

Furthermore, as in previous years, depreciation of property, plant and equipment from purchase price allocations of EUR 2,042 thousand (H1 2016: EUR 1,083 thousand) was adjusted within EBITA (earnings before interest, taxes and amortization). Amortization of intangible assets from purchase price allocations of EUR 10,341 thousand (H1 2016: EUR 8,139 thousand) was adjusted within EBIT.

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 2017 unadjusted	Refund transaction tax	Integration costs	Step-up effects from purchase price allocations	Total adjustments	H1 2017 adjusted
Revenue	(5)	519,041				0	519,041
Changes in inventories of finished goods and work in progress		2,490				0	2,490
Other own work capitalized		1,402				0	1,402
Raw materials and consumables used		−213,494			573	573	−212,921
Gross profit		309,439	0	0	573	573	310,012
Other operating income and expenses	(6)	−66,806	−531	760		229	−66,577
Employee benefits expense	(7)	−139,303			−14	−14	−139,317
EBITDA		103,330	−531	760	559	788	104,118
Depreciation		−14,505			2,042	2,042	−12,463
EBITA		88,825	−531	760	2,601	2,830	91,655
Amortization		−14,556			10,341	10,341	−4,215
Operating profit (EBIT)		74,269	−531	760	12,942	13,171	87,440
Financial costs – net	(8)	−7,863				0	−7,863
Profit before income tax		66,406	−531	760	12,942	13,171	79,577
Income taxes		−19,324	177	−229	−4,381	−4,433	−23,757
Profit for the period		47,082	−354	531	8,561	8,738	55,820
Non-controlling interests		121				0	121
Profit attributable to shareholders of the parent		46,961	−354	531	8,561	8,738	55,699
Earnings per share (in EUR)		1.47					1.75

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 capitalized		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
Amortization		−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

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 2017 (EUR 519,041 thousand) was 12.2% higher than revenue for the first half of 2016 (EUR 462,786 thousand). The increase in revenue resulted from organic growth, the inclusion of the companies acquired in the first half of 2017, Lifial and Fengfan amounting to EUR 4,928 thousand as well as of the Autoline business acquired in the fourth quarter of 2016 amounting to EUR 23,667 thousand and positive currency effects.

Revenue recognized during the period related to the following:

in EUR thousands	H1 2017	H1 2016
Engineered Joining Technology (EJT)	321,940	276,195
Distribution Services (DS)	193,909	184,498
Other revenue	3,192	2,093
	519,041	462,786

The raw materials and consumables used increased disproportionately higher in relation to revenues, leading to a ratio of 41.1% (H1 2016: 39.0%). Also in relation to the total value, raw materials and consumables used are, with a ratio of 40.8%, above last year's level (H1 2016: 39.0%). This development was, among other factors, a result of the build-up in stock in the first half of 2017 (previous year: reduction) and increased raw material prices.

The entities acquired in the first half of 2017 contributed EUR 3,173 thousand to raw materials and consumables used.

6. OTHER OPERATING INCOME AND OTHER OPERATING EXPENSES

Other operating income in the first half of 2017 totaled EUR 9,886 thousand, which was EUR 904 thousand lower than in the first half of 2017 (EUR 10,790 thousand). Other operating income included, in particular, operational currency gains, government grants and reversals from provisions and accruals.

Other operating expenses for the first half of 2017 (EUR 76,692 thousand) were 3.8% higher than other operating expenses for the first half of 2016 (EUR 73,854 thousand). The increase in comparison to the prior year period was influenced by higher expenses for temporary workforce due to the increase in revenues in comparison to the prior year period. In addition, higher expenses for IT and telecommunications in relation with an ERP system rollout project contributed to this increase. The composition of other operating expenses did not change significantly compared to fiscal year 2016.

Other operating income and other operating expenses included net foreign exchange losses in the amount of EUR 1,269 thousand (H1 2016: EUR 928 thousand).

In relation to the total value, other operating expenses increased disproportionately lower with a ratio of 14.7% (H1 2016: 16.0%).

The entities acquired in the first half of 2017 contributed net expenses in the amount of EUR 558 thousand to other operating income and other operating expenses.

7. EMPLOYEE BENEFITS EXPENSE

In the first half of 2017, employee benefits expense amounted to EUR 139,303 thousand compared to EUR 125,492 thousand in the first half of 2016. The increase of 11.0% is mainly due to an increase in the average headcount in the first half of 2017 compared to the first half of 2016. In relation to the total value, employee benefits expense increased disproportionately lower with a ratio of 26.6% (H1 2016: 27.1%).

Average headcount was 5,584 in the first half of 2017 (H1 2016: 5,207).

The entities acquired in the first half of 2017 contributed EUR 886 thousand to employee benefits expense.

8. FINANCIAL RESULT

The financial result for the first half of 2017 (EUR −7,863 thousand) changed by EUR −618 thousand compared to the first half of 2016 (EUR −8,481 thousand). In the first half of 2017, net foreign exchange gains / losses (including income / expense from the valuation of foreign exchange derivatives) amounted to EUR −558 thousand (H1 2016: EUR −1,871 thousand). Net interest expenses (EUR 6,902 thousand) increased by EUR 1,075 thousand in the first half of 2017 compared to the first half of 2016 (EUR 5,827 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 fiscal year 2017, the average weighted number of shares was 31,862,400 (H1 2016: 31,862,400).

Earnings per share for the first half of 2017 are as follows:

	Q2 2017	Q2 2016	H1 2017	H1 2016
Profit attributable to shareholders of the parent (in EUR thousands)	**24,566**	21,606	**46,961**	40,980
Number of weighted shares	**31,862,400**	31,862,400	**31,862,400**	31,862,400
Earnings per share (un)diluted (in EUR)	**0.77**	**0.68**	**1.47**	**1.29**

In the first half of 2017 and 2016, 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	**June 30, 2017**	Dec 31, 2016
Goodwill	**364,608**	368,859
Customer lists	**193,030**	204,358
Licenses, rights	**303**	446
Software acquired externally	**9,613**	11,197
Trademarks	**43,430**	47,176
Patents & technology	**20,692**	22,384
Internally generated intangible assets	**7,205**	6,969
Intangible assets, other	**3,002**	2,897
Total	**641,883**	**664,286**

The change in goodwill from EUR 368,859 thousand as of December 31, 2016, to EUR 364,608 thousand as of June 30, 2017, resulted from negative foreign exchange differences, mainly from the US dollar area and from opposite effects from the acquisitions of Lifial, Fengfan and the Autoline business. → Note 21 'Business combinations.'

The change in goodwill is summarized as follows:

in EUR thousands	
Balance as of December 31, 2016	**368,859**
Changes in consolidation	10,428
Lifial	2,113
Fengfan	7,894
Autoline France	198
Autoline China	237
Autoline Mexico	– 14
Currency effect	– 14,679
Balance as of June 30, 2017	**364,608**

For details regarding the historical development of the cumulative amortization and impairments, please refer to the 2016 Annual Report, p. 145.

Tangible assets are as follows:

	Carrying amounts	
in EUR thousands	**June 30, 2017**	Dec 31, 2016
Land and buildings	**60,719**	60,899
Machinery & tools	**97,761**	94,243
Other equipment	**15,661**	15,807
Assets under construction	**25,422**	30,228
Total	**199,563**	**201,177**

In the first half of 2017, EUR 18,249 thousand were invested in property, plant and equipment and intangible assets, including own work capitalized in the amount of EUR 1,402 thousand. The main focus of investments was on expansion in Germany, Poland, Serbia, China and the US. 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 2017 compared to the last quarter of 2016.

ABS program

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 June 30, 2017, domestic NORMA Group entities had sold receivables in the amount of EUR 16.1 million (Dec 31, 2016: EUR 13.5 million) under this asset-backed securities (ABS) program with a maximum volume of EUR 25 million. Of the receivables sold, EUR 3.8 million (Dec 31, 2016: EUR 3.8 million) were retained as loss reserves and were not paid out. A continuing involvement in the amount of EUR 289 thousand (Dec 31, 2016: EUR 245 thousand) was recognized 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 204 thousand (Dec 31, 2016: EUR 171 thousand), taken through profit or loss and recognized under other liabilities.

A detailed description of the ABS program can be found in the Consolidated Annual Financial Statements for 2016 → 2016 Annual Report, Note 23 'Trade and other receivables.'

12. EQUITY

Changes in equity resulted from the profit for the period (EUR 47,082 thousand), exchange differences on translation of foreign operations (EUR –21,346 thousand) and cash flow hedges (EUR –269 thousand). The acquisition of non-controlling interests related to the acquisition of Fengfan led to an increase in equity in the amount of EUR 1,820 thousand. Furthermore, a symmetrical put/call option for the remaining 20 percent shares in Fengfan was agreed. Based on the contractual structure of the option, a financial liability amounting to EUR 4,501 thousand was recognized which reduced retained earnings → Note 21 'Business combinations.'

Furthermore, NORMA Group paid out dividends to non-controlling interests in the amount of EUR 82 thousand in the first half of 2017.

A dividend of EUR 30,269 thousand (EUR 0.95 per share) was paid to the shareholders of NORMA Group SE after the Annual General Meeting in May 2017, which reduced the retained earnings.

Authorized and conditional capital

The Management Board is entitled to increase the share capital by up to EUR 12,744,960.00 until May 19, 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 May 20, 2015, with the approval of the Supervisory Board, whereby the subscription rights of shareholders may be restricted (Authorized Capital 2015).

The share capital is being increased by up to EUR 3,186,240.00 by resolution of the Annual General Meeting on May 20, 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).

13. PROVISIONS

Provisions decreased from EUR 19,157 thousand as of December 31, 2016, to EUR 16.326 thousand as of June 30, 2017, in particular due to the payout of the cash-settled share-based payments (MSP) and the payout of the Long-Term Incentive Plan (LTI).

14. FINANCIAL DEBT

NORMA Group's net debt is as follows:

in EUR thousands	June 30, 2017	Dec 31, 2016
Bank borrowings, net	541,902	555,281
Derivative financial liabilities – hedge accounting	1,948	2,181
Finance lease liabilities	196	271
Other financial liabilities	10,151	2,088
Financial debt	**554,197**	**559,821**
Cash and cash equivalents	130,343	165,596
Net debt	**423,854**	**394,225**

NORMA Group's financial debt decreased by 1.0% from EUR 559,821 thousand as of December 31, 2016, to EUR 554,197 thousand as of June 30, 2017. The decrease in the bank borrowings is due to the scheduled repayment of the syndicated bank facilities in the amount of EUR 2,426 thousand as well as effects from changes in the exchange rates on the US dollar portion of parts of the syndicated bank facilities and the promissory note. Borrowings assumed in connection with the acquisition of Fengfan amounting to EUR 4,942 thousand have opposite effects on financial debt.

The increase in other financial liabilities is due to a purchase price liability amounting to EUR 3,041 thousand as well as the liability in the amount of EUR 4,356 thousand recognized for the put option to acquire the remaining non-controlling interests of Fengfan. → Note 21 'Business combinations.'

Compared to December 31, 2016 (EUR 394,225 thousand), net debt increased by EUR 29,629 thousand or 7.5% to EUR 423,854 thousand. The main reason for this was the decrease in cash and cash equivalents resulting from the net cash outflows from investing and financing activities, which overcompensated for the increase of net cash provided by operating activities. → Note 18 'Information on the consolidated statement of cash flows.' Furthermore, net debt increased due to the non-cash increase in other financial liabilities resulting from the acquisition of Fengfan. Non-cash currency effects on the foreign currency loans had opposite effects on net debt.

The maturity of the syndicated bank facilities and the promissory note on June 30, 2017, is as follows:

in EUR thousands	up to 1 year	> 1 year up to 2 years	> 2 years up to 5 years	> 5 years
Syndicated bank facilities,net	4,852	4,852	80,059	0
Promissory note, net	32,902	26,000	234,312	149,391
Total	**37,754**	**30,852**	**314,371**	**149,391**

The maturity of the syndicated bank facilities and the promissory note on December 31, 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
Syndicated bank facilities,net	5,170	5,170	87,897	0
Promissory note, net	34,422	26,000	244,955	150,333
Total	**39,592**	**31,170**	**332,852**	**150,333**

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 net derivative liability increased from EUR 438 thousand as of December 31, 2016, to EUR 717 thousand as of June 30, 2017.

15. OTHER NON-FINANCIAL LIABILITIES

The other non-financial liabilities are as follows:

in EUR thousands	June 30, 2017	Dec 31, 2016
Non-current		
Government grants	343	521
Other liabilities	191	89
	534	610
Current		
Government grants	216	341
Non-income tax liabilities	3,600	2,892
Social liabilities	5,327	4,438
Personnel-related liabilities (e.g. holiday, bonus, premiums)	22,672	22,421
Other liabilities	271	398
Deferred income	361	722
	32,447	31,212
Total other non-financial liabilities	32,981	31,822

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 June 30, 2017**	Amortized Cost	Fair value through profit or loss	Derivatives used for hedging	Measurement basis IAS 17	**Fair value June 30, 2017**
Financial assets							
Derivative financial instruments – hedge accounting							
Interest rate swaps – cash flow hedges	n/a	**1,155**			1,155		**1,155**
Foreign exchange derivatives – cash flow hedges	n/a	**672**			672		**672**
Foreign exchange derivatives – fair value hedges	n/a	**99**			99		**99**
Trade and other receivables	LaR	**165,213**	165,213				**165,213**
Other financial assets	LaR	**4,757**	4,757				**4,757**
Cash and cash equivalents	LaR	**130,343**	130,343				**130,343**
Financial liabilities							
Borrowings	FLAC	**541,902**	541,902				**562,409**
Derivative financial instruments – hedge accounting							
Interest rate swaps – cash flow hedges	n/a	**1,872**			1,872		**1,872**
Foreign exchange derivatives – cash flow hedges	n/a	**49**			49		**49**
Foreign exchange derivatives – fair value hedges	n/a	**27**			27		**27**
Trade and other payables	FLAC	**121,481**	121,481				**121,481**
Other financial liabilities							
Other liabilities	FLAC	**10,151**	10,151				**10,151**
Finance lease liabilities	n/a	**196**				196	**194**
Totals per category							
Loans and receivables (LaR)		**300,313**	300,313				**300,313**
Financial liabilities at amortized cost (FLAC)		**673,534**	673,534				**694,041**

in EUR thousands	Category IAS 39	Carrying amount Dec 31, 2016	Measurement basis IAS 39: Carrying amount Dec 31, 2016	Measurement basis IAS 39: Fair value through profit or loss	Measurement basis IAS 39: Derivatives used for hedging	Measurement basis IAS 17	Fair value Dec 31, 2016
Financial assets							
Derivative financial instruments – hedge accounting							
Interest rate swaps – cash flow hedges	n/a	**1,576**			1,576		**1,576**
Foreign exchange derivatives – cash flow hedges	n/a	**685**			685		**685**
Foreign exchange derivatives – fair value hedges	n/a	**472**			472		**472**
Trade and other receivables	LaR	**124,208**	124,208				**124,208**
Other financial assets	LaR	**5,685**	5,685				**5,685**
Cash and cash equivalents	LaR	**165,596**	165,596				**165,596**
Financial liabilities							
Borrowings	FLAC	**555,281**	555,281				**567,028**
Derivative financial instruments – hedge accounting							
Interest rate swaps – cash flow hedges	n/a	**2,014**			2,014		**2,014**
Foreign exchange derivatives – cash flow hedges	n/a	**115**			115		**115**
Foreign exchange derivatives – fair value hedges	n/a	**52**			52		**52**
Trade and other payables	FLAC	**119,577**	119,577				**119,577**
Other financial liabilities							
Other liabilities	FLAC	**2,088**	2,088				**2,088**
Finance lease liabilities	n/a	**271**				271	**266**
Totals per category							
Loans and receivables (LaR)		**295,489**	295,489				**295,489**
Financial liabilities at amortized cost (FLAC)		**676,946**	676,946				**688,693**

Financial instruments that are recognized in the balance sheet at amortized 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 recognized at amortized 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.

As of June 30, 2017, other financial liabilities include acquisition liabilities for outstanding purchase price payments in the amount of EUR 3,041 thousand as well as liabilities from the option to acquire the outstanding non-controlling interests in the amount of EUR 4,356 thousand from the acquisition of Fengfan Fastener (Shaoxing) Co., Ltd. in the second quarter of 2017. → Note 21 'Business combinations.'

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 categorized 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 June 30, 2017, and of December 31, 2016:

in EUR thousands	Level 1[1]	Level 2[2]	Level 3[3]	Total as of June 30, 2017
Recurring fair value measurements				
Assets				
Interest rate swaps – cash flow hedges		1,155		**1,155**
Foreign exchange derivatives – cash flow hedges		672		**672**
Foreign exchange derivatives – fair value hedges		99		**99**
Total	**0**	**1,926**	**0**	**1,926**
Liabilities				
Interest rate swaps – cash flow hedges		1,872		**1,872**
Foreign exchange derivatives – cash flow hedges		49		**49**
Foreign exchange derivatives – fair value hedges		27		**27**
Total	**0**	**1,948**	**0**	**1,948**

[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 Dec 31, 2016
Recurring fair value measurements				
Assets				
Interest rate swaps – cash flow hedges		1,576		**1,576**
Foreign exchange derivatives – cash flow hedges		685		**685**
Foreign exchange derivatives – fair value hedges		472		**472**
Total	**0**	**2,733**	**0**	**2,733**
Liabilities				
Interest rate swaps – cash flow hedges		2,014		**2,014**
Foreign exchange derivatives – cash flow hedges		115		**115**
Foreign exchange derivatives – fair value hedges		52		**52**
Total	**0**	**2,181**	**0**	**2,181**

[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 2017 and in the year 2016, no transfers between the different levels occurred.

The fair value of interest rate 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.

As of June 30, 2017, and December 31, 2016, no financial liabilities were classified in level 3 of the fair value hierarchy.

17. DERIVATIVE FINANCIAL INSTRUMENTS

The derivative financial instruments were as follows:

	June 30, 2017		Dec 31, 2016	
in EUR thousands	Assets	Liabilities	Assets	Liabilities
Interest rate swaps – cash flow hedges	1,155	1,872	1,576	2,014
Foreign exchange derivatives – cash flow hedges	672	49	685	115
Foreign exchange derivatives – fair value hedges	99	27	472	52
Total	**1,926**	**1,948**	**2,733**	**2,181**
Less non-current portion				
Interest rate swaps – cash flow hedges	1,155	1,872	1,576	2,014
Non-current portion	**1,155**	**1,872**	**1,576**	**2,014**
Current portion	**771**	**76**	**1,157**	**167**

Foreign exchange derivatives

On June 30, 2017, foreign exchange derivatives with a positive market value of EUR 672 thousand and a negative market value of EUR 49 thousand were classified as cash flow hedges. Furthermore, foreign exchange derivatives with a positive market value of EUR 99 thousand and a negative market value of EUR 27 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 unfavorable 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 analyzes 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 June 30, 2017.

Interest rate swaps

In order to avoid interest rate fluctuations, NORMA Group has hedged parts of its loans against changes in interest rates. On June 30, 2017, interest rate swaps with a positive market value of EUR 1,155 thousand and a negative market value of EUR 1,872 thousand are recognized. The notional principal amount of the interest rate swaps amounts to EUR 85,119 thousand (Dec 31, 2016: EUR 95,210 thousand) and EUR 158,670 thousand (Dec 31, 2016: EUR 99,754 thousand). On June 30, 2017, the hedged fixed interest rate was between 1.13% and 2.485%; 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 2017, no ineffective portion of cash flow hedges was recognized in profit or loss (H1 2016: EUR 242 thousand).

The effective part recognized in other comprehensive income excluding taxes developed as follows:

in EUR thousands	Foreign exchange derivatives	Interest rate swaps	Total
Balance as of December 31, 2016	**711**	**–438**	**273**
Reclassification to profit or loss	–711	717	**6**
Net fair value changes	531	–996	**–465**
Balance as of June 30, 2017	**531**	**–717**	**–186**

Amounts due to interest rate swaps recognized in the hedging reserve in equity on June 30, 2017, will be released in profit or loss before the repayment of the loans. Amounts due to foreign exchange derivatives recognized in the hedging reserve in equity on June 30, 2017, are current and will therefore be released in profit or loss within one year.

An overview of the gains and losses arising from the hedging of fair value changes that were recognized in the financial result is shown below:

in EUR thousands	H1 2017	H1 2016
Loss (–)/gains (+) on hedged items	**–3,367**	–1,762
Gains (+)/loss (–) on hedging instruments	**3,064**	1,235
	–303	**–527**

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 amortization 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 42,234 thousand (H1 2016: EUR 61,025 thousand) represents changes in current assets, provisions and liabilities (excluding liabilities in connection with financing activities).

The Group participates in a reverse factoring program, in a factoring program and in an ABS program. The liabilities included in the reverse factoring program are included in trade and other payables. As of June 30, 2017, liabilities amounting to EUR 29,757 thousand (Dec 31, 2016: EUR 23,388 thousand) from the reverse factoring program were recorded. The payments to and from the factor and from the ABS program are included in cash flows from operating activities, as this represents the economic substance of the transactions.

Net cash provided by operating activities includes in the first half of 2017 cash outflows from the payments of the cash-settled share-based payments in the amount of EUR 3,981 thousand (H1 2016: EUR 2,534 thousand), which result from the MSP tranche 2013 (H1 2016: tranche 2012) for the Management Board of NORMA Group and in the first half of 2017 from the Long-Term Incentive Plan (LTI) for NORMA Group employees.

The correction of income due to measurement of derivatives in the amount of EUR –3,064 thousand (H1 2016: expenses in the amount of EUR 552 thousand) relates to fair value gains and losses recognized 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 3,592 thousand (H1 2016: EUR 1,883 thousand).

Furthermore, other non-cash income (–)/expenses (+) include non-cash interest expenses from the amortization of accrued costs, amounting to EUR 175 thousand (H1 2016: EUR 149 thousand).

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 20,775 thousand (H1 2016: EUR 18,778 thousand) including the change of liabilities from investments in property, plant and equipment and intangible assets amounting to EUR –2,879 thousand (H1 2016: EUR –1,966 thousand).

Furthermore, net payments for acquisitions of subsidiaries in the amount of EUR 23,746 thousand (H1 2016: EUR 4,942 thousand) which result from the payments due to the acquisition of Fengfan Fastener (Shaoxing) Co., Ltd ('Fengfan') in the second quarter of 2017 in the amount of EUR 12,185 thousand, for the acquisition of Lifial - Indústria Metalúrgica de Águeda, Lda. ('Lifial') in the first quarter of 2017 in the amount of EUR 11,909 thousand as well as from payments in connection with the acquisition of the Autoline business in the fourth quarter of 2016 in the amount of EUR 1,090 thousand are included in the cash flows from investing activities. Furthermore, net payments for acquisitions of subsidiaries consist of acquired cash and cash equivalents in the amount of EUR 1,438 thousand. → Note 21 'Business combinations.'

Cash flows from financing activities mainly comprise outflows resulting from the payment of the dividend, paid to shareholders of NORMA Group, amounting to EUR 30,269 thousand (H1 2016: EUR 28,676 thousand), cash outflows resulting from interest paid (H1 2017: EUR 3,458 thousand, H1 2016: EUR 2,993 thousand) as well as proceeds from derivatives in the amount of EUR 3,413 thousand (H1 2016: proceeds of EUR 68 thousand).

Furthermore, dividend payments to non-controlling interests in the amount of EUR 82 thousand (H1 2016: EUR 119 thousand), net repayment from loans amounting to EUR 2,426 thousand (H1 2016: net repayment of EUR 2,542 thousand) and repayments from finance lease liabilities in the amount of EUR 79 thousand (H1 2016: EUR 135 thousand) are disclosed as cash flows from financing activities.

In connection with the acquisition of Fengfan, proceeds from outstanding capital contributions to a newly acquired subsidiary from former owners in the amount of EUR 3,924 thousand (H1 2016: EUR 0 thousand) are included in the 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 June 30, 2017, cash and cash equivalents consisted of cash on hand and demand deposits of EUR 130,223 thousand (June 30, 2016: EUR 101,055 thousand) as well as cash equivalents valued at EUR 120 thousand (June 30, 2016: EUR 131 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 focused regionally and locally. EMEA, the Americas and Asia-Pacific have linked regional intercompany organizations 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 capitalized, 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	June 30, 2017	Dec 31, 2016
Property, plant and equipment	5,260	5,698
Inventory	1,017	1,383
Service contracts	81	90
	6,358	7,171

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. BUSINESS COMBINATIONS

Changes of the initial purchase price allocation of the Autoline business. acquired in the fourth quarter of 2016
The purchase price allocation was adjusted in the second quarter of 2017 based on the final determination of the Trade Working Capital Adjustment and new information regarding facts and circumstances that existed as of the acquisition date. Had this information been available at the time, it would have had an effect on the allocation of the purchase price. The following table summarizes the consideration paid and the amounts of the assets acquired and liabilities assumed recognized on the acquisition date.

	Initial purchase price allocation				Corrections within the evaluation period				Adjusted purchase price allocation			
in EUR thousands	**Total**	France	China	Mexico	**Total**	France	China	Mexico	**Total**	France	China	Mexico
Consideration on November 30, 2016	**80,624**	**49,655**	**20,610**	**10,359**	**1,084**	**195**	**542**	**347**	**81,708**	**49,850**	**21,152**	**10,706**
Acquisition-related costs (included in other operating expenses in the Consolidated Financial Statement of Comprehensive Income)	2,076	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Recognized amounts of identifiable assets acquired and liabilities assumed												
Property, plant and equipment	**15,915**	14,039	316	1,560	**–170**	–10	0	–160	**15,745**	14,029	316	1,400
Trademarks	**1,410**	1,410	0	0	**0**	0	0	0	**1,410**	1,410	0	0
Customer lists	**26,901**	5,633	15,496	5,772	**240**	–3	89	154	**27,141**	5,630	15,585	5,926
Patented technology	**10,606**	10,606	0	0	**26**	26	0	0	**10,632**	10,632	0	0
Inventory	**8,520**	2,255	4,647	1,618	**529**	285	–100	344	**9,049**	2,540	4,547	1,962
Personnel-related liabilities	**–2,200**	–1,829	–348	–23	**213**	–126	316	23	**–1,987**	–1,955	–32	0
Deferred tax assets	**550**	550	0	0	**–175**	–175	0	0	**375**	375	0	0
Total identifiable net assets	**61,702**	**32,664**	**20,111**	**8,927**	**663**	**–3**	**305**	**361**	**62,365**	**32,661**	**20,416**	**9,288**
Goodwill	**18,922**	16,991	499	1,432	**421**	198	237	–14	**19,343**	17,189	736	1,418
	80,624	**49,655**	**20,610**	**10,359**	**1,084**	**195**	**542**	**347**	**81,708**	**49,850**	**21,152**	**10,706**

Lifial - Indústria Metalúrgica de Águeda, Lda. (‘Lifial’)
On January 12, 2017, NORMA Group acquired Lifial - Indústria Metalúrgica de Águeda, Lda. (‘Lifial’), with economic effect on January 1, 2017.

Lifial, based in Águeda, Portugal, has been manufacturing metal clamps for 28 years for use in industry and agriculture. Its portfolio includes heavy duty clamps, pipe supporting clamps, and U-bolt clamps for mounting antennas and solar modules. The company employs around 100 people and sells its trademark products directly and through distributors to a wide range of customers in Europe and North Africa. Annual turnover was around EUR 8 million in 2015. With the acquisition, NORMA Group is strengthening its product offering in the Distribution Services business and its market position on the Iberian Peninsula and across Europe.

Goodwill of EUR 2,113 thousand derives from the acquisition, which mainly relates to the extended product range in the Distribution Services business and the strengthening of NORMA Group’s market position.

Of the consideration of EUR 11,909 thousand, EUR 11,909 thousand were paid in cash.

None of the goodwill recognized is expected to be deductible for income tax purposes.

The following table summarizes the consideration paid for Lifial and the amounts of the assets acquired and liabilities assumed recognized as of the acquisition date:

in EUR thousands	
Consideration on January 1, 2017	**11,909**
Acquisition-related costs (included in other operating expenses in the Consolidated Financial Statement of Comprehensive Income)	101
Recognized amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	653
Property, plant and equipment	2,519
Trademarks	246
Customer lists	3,937
Inventory	3,998
Trade and other receivables	1,143
Trade and other payables	−646
Personnel-related liabilities	−185
Other provisions	−225
Tax assets	355
Tax liabilities	−820
Deferred tax assets	53
Deferred tax liabilties	−1,232
Total identifiable net assets	**9,796**
Goodwill	2,113
	11,909

As of June 30, 2017, NORMA Group has not yet received all of the relevant information for the purchase price allocation for Lifial in its final version. Therefore, the purchase price allocation was not yet finally completed and hence provisional in the sense of IFRS 3.45 ff.

Personnel-related liabilities mainly consist of accrued salary payments.

The revenue included in the Consolidated Statement of Comprehensive Income contributed by Lifial was EUR 3,994 thousand since January 1, 2017. During this period, Lifial contributed EUR 873 thousand to the consolidated result (the reported result does not include the step-up effects from the purchase price allocation of Lifial).

Fengfan Fastener (Shaoxing) Co., Ltd. (‘Fengfan’)

NORMA Group signed a purchase agreement to acquire 80 percent of the shares in Fengfan Fastener (Shaoxing) Co., Ltd. (‘Fengfan’), based in Shaoxing City, China, on March 28, 2017. Effective May 18, 2017, NORMA Group acquired this 80 percent shareholding in Fengfan.

Founded in 1988, Fengfan manufactures joining products made of stainless steel, nylon and specialty materials. Its portfolio includes cable ties, fastening elements and specially coated, fire-resistant textiles, for example. The company uses cutting, coating, casting and injection molding processes in production. With around 190 employees, Fengfan supplies to customers in the shipbuilding and heavy industries as well as to manufacturers of transport vehicles. Its products are marketed on the domestic Chinese market and exported to other countries. Its preliminary annual sales amounted to around EUR 15 million in 2016. Fengfan has a production and sales site in Shaoxing City in the Zhejiang Province.

Goodwill of EUR 7,894 thousand derives from the acquisition, which mainly relates to the strengthening of NORMA Group’s market position, the extended product range and expected customer and distribution synergies.

Of the consideration of EUR 15,174 thousand, EUR 12,185 thousand were paid in cash and EUR 2,989 thousand consist of an acquisition liability to the previous owners. In addition, NORMA Group has the right to acquire the remaining 20 percent of the shares. Due to the contract, NORMA Group does not bear the risks and rewards. The expected future payment out of the purchase option of EUR 4,501 thousand is therefore shown in ‘other financial liabilities.’

None of the goodwill recognized is expected to be deductible for income tax purposes.

The following table summarizes the consideration paid for Fengfan and the amounts of the assets acquired and liabilities assumed recognized as of the acquisition date.

in EUR thousands	
Consideration on May 18, 2017	**15,174**
Acquisition-related costs (included in other operating expenses in the Consolidated Financial Statement of Comprehensive Income)	424
Recognized amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	785
Property, plant and equipment	1,958
Trademarks	175
Customer lists	7,072
Patented technology	519
Inventory	883
Other non-financial assets	449
Other financial assets	3,924
Other borrowings	−4,942
Deferred tax assets	81
Deferred tax liabilties	−1,805
Total identifiable net assets	**9,100**
Goodwill	7,894
Acquired non-controlling interests	−1,820
	15,174

Fengfan was acquired with effect from May 18, 2017. As of June 30, 2017, NORMA Group has not yet received all of the relevant information for the purchase price allocation for Fengfan in its final version. Therefore, the determination of the fair values of the acquired assets and liabilities on the balance sheet date could not be completed and the consolidation is based on a preliminary purchase price allocation. This concerns in particular the fair value of the acquired identifiable intangible assets in the amount of EUR 7,766 thousand; this position mainly includes customer relationships.

The acquired other financial assets consist of outstanding capital contributions of the previous owners which were settled as of June 30, 2017. In the Statement of Cash Flows, this position was shown within cash flows from financing activities.

The revenue included in the Consolidated Statement of Comprehensive Income contributed by Fengfan was EUR 934 thousand since May 18, 2017.

No information can be provided on Fengfan's sales and earnings prior to the company being acquired by NORMA Group since it was a newly founded company formed by the seller to which certain assets and processes were sold by the seller in advance of the acquisition.

22. RELATED PARTY TRANSACTIONS

In the first half of 2017, NORMA Group had no reportable transactions with related parties.

23. EVENTS AFTER THE BALANCE SHEET DATE

As of August 9, 2017, 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 June 30, 2017.

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 fiscal year.

Maintal, August 9, 2017

NORMA Group SE
Management Board

Werner Deggim

Dr. Michael Schneider

Bernd Kleinhens

John Stephenson

Financial Calendar

August 9, 2017	Publication of Q2 Interim Report 2017
November 8, 2017	Publication of Q3 Interim Statement 2017
May 17, 2018	Annual General Meeting 2018

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

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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 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.

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