

# NORMA Group SE

Full Year Results 2018

Maintal, March 20, 2019

# Highlights 2018 – Strategy

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## M&A

Successful acquisition of Kimplas Piping Systems Ltd., India, a manufacturer of thermoplastic connection solutions based in Nashik with own production site.

## M&A

Successful acquisition of Statek Stanzertechnik GmbH, Maintal, Germany, a producer of contact and stamped parts, housings, wave springs and other products for electrical engineering and industry purposes.

## E-Mobility

Increased business volume and development contracts with customers for electric and hybrid passenger cars and trucks.

## CR- Roadmap

Further development of environmental strategy: NORMA has set itself quantitative targets in the areas of climate, water and waste.

## Vision 2025

Further increase of market share through localization, diversification of the product portfolio and strategic acquisitions to support and extend profitable organic growth.

## Highlights 2018 – Financials (I)

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### Sales

Sales of EUR 1,084.1 million (2017: EUR 1,017.1 million) leads to growth of 6.6%.

### Adjusted EBITA

Adjusted EBITA of EUR 173.2 million (2017: EUR 174.5 million).

### Margin

Adjusted EBITA margin at 16.0% (2017: 17.2%).

### EPS

Strong adjusted EPS of EUR 3.61 (2017: EUR 3.29).  
Reported EPS declined to EUR 2.88 (2017: EUR 3.76) due to prior years US tax effect.

### NOVA

NORMA Value Added\* at EUR 60.8 million (2017: EUR 54.8 million).

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\* NOVA = [adj. EBIT x (1-t)] – (WACC x capital employed per January 1st)

## Highlights 2018 – Financials (II)

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### Equity

Strong balance sheet with an equity ratio of 40.9% (2017: 40.7% ) despite dividend and acquisition payments and higher balance sheet total.

### Net Debt

Net debt increased to EUR 399.6 million (2017: EUR 343.5 million) including dividend and acquisition payments.

### Leverage

Net debt / adj. EBITDA leverage increased to 1.9x (2017: 1.7x).

### Net Operating Cash Flow

Lower net operating cash flow of EUR 124.4 million (2017: EUR 132.9 million) due to higher CAPEX investments for future profitable growth.

### Dividend

Dividend proposal to the AGM of EUR 1.10 per share, 30.5% or EUR 35.0 million of adjusted net income of EUR 114.8 million.

### Guidance 2019

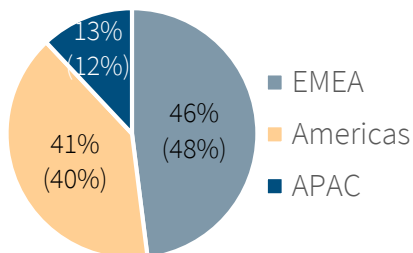
Moderate organic growth of around 1% to 3%, plus around EUR 13 million from acquisitions  
Adjusted EBITA margin between 15% and 17%.

# Sales of EUR 1,084.1 million with excellent Organic Growth of 7.7%

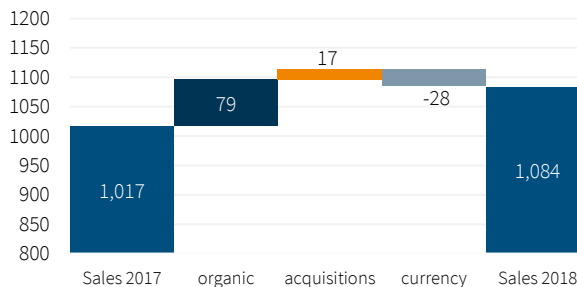


Sales Development in EUR million							
Sales	2017	2018	Change	Change in %	Thereof organic	Thereof acquisitions	Thereof currency
Q1	254.9	272.6	17.7	6.9%	13.6%	1.0%	-7.6%
Q2	264.1	276.4	12.3	4.6%	8.5%	0.7%	-4.5%
Q3	244.4	268.1	23.7	9.7%	7.1%	2.5%	0.1%
Q4	253.6	267.0	13.4	5.3%	1.7%	2.4%	1.2%
<b>FY</b>	<b>1,017.1</b>	<b>1,084.1</b>	<b>67.0</b>	<b>6.6%</b>	<b>7.7%</b>	<b>1.6%</b>	<b>-2.8%</b>

## Regional Split (in % actual vs. (prev. year))



## Sales Development

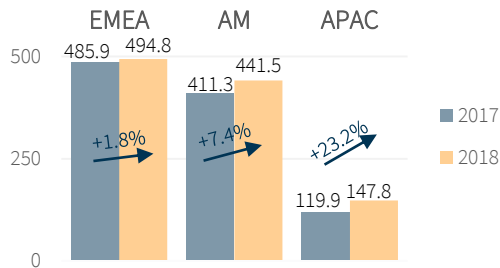


Excellent Organic Growth of 7.7% mainly due to

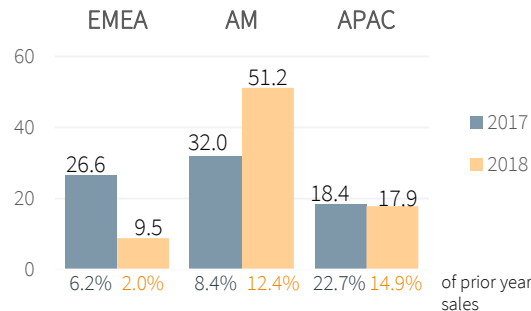
- an increase of the US production output of the commercial vehicle market
- customer and contract wins especially in APAC
- plus a very good growth in the water management segment.

# Sales by Region

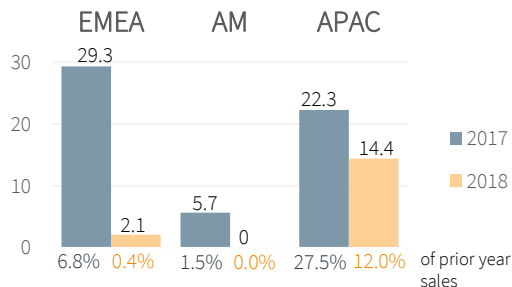
## Net Sales (in EUR million)



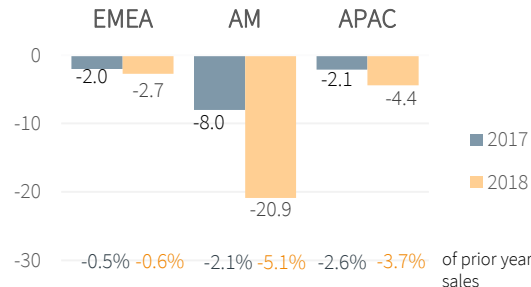
## Organic Growth (in EUR million)



## Acquisitions (in EUR million)



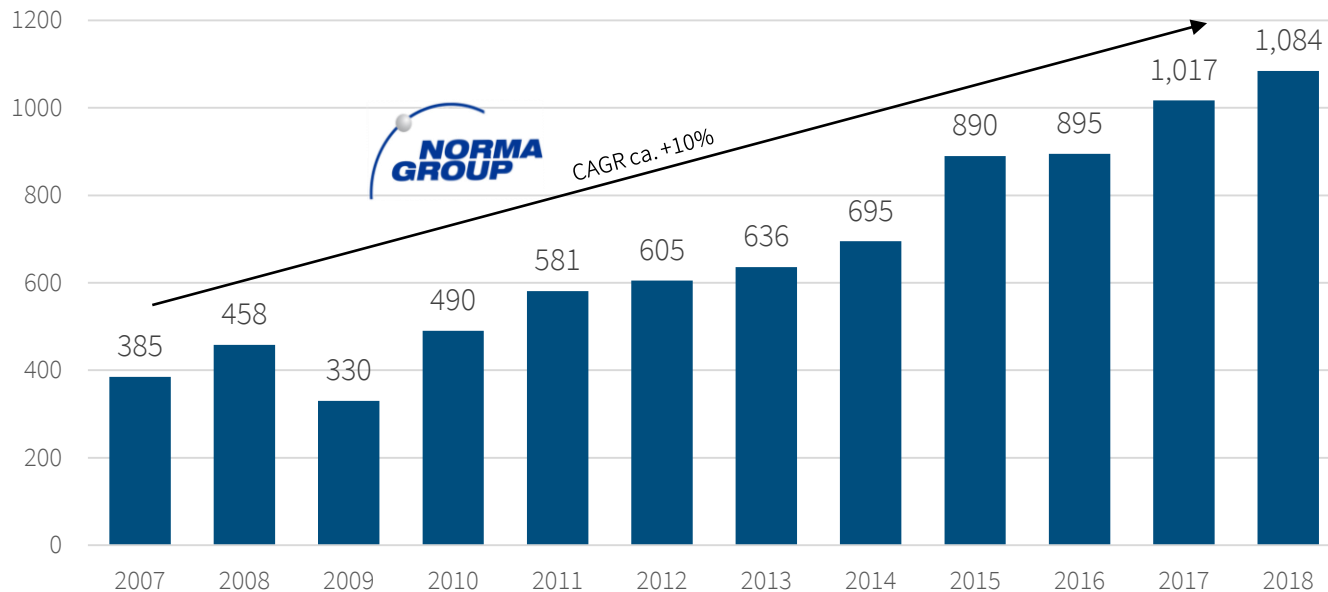
## Currency Effects (in EUR million)



- **EMEA:** Positive EJT and DS sales, negative currency effects and the consolidation of Statek led to a total growth of 1.8%.
- **AM:** Solid increase in EJT sales due to recovery of the commercial vehicle market, solid growth in water sales and negative currency effects led to a growth of +7.4%.
- **APAC:** Strong organic growth in EJT. Negative currency effects and the consolidation of Kimplas and Fengfan led to a total growth of 23.2% for the region.

# Historic Growth Track Record

## Historic Revenue Development in EUR million

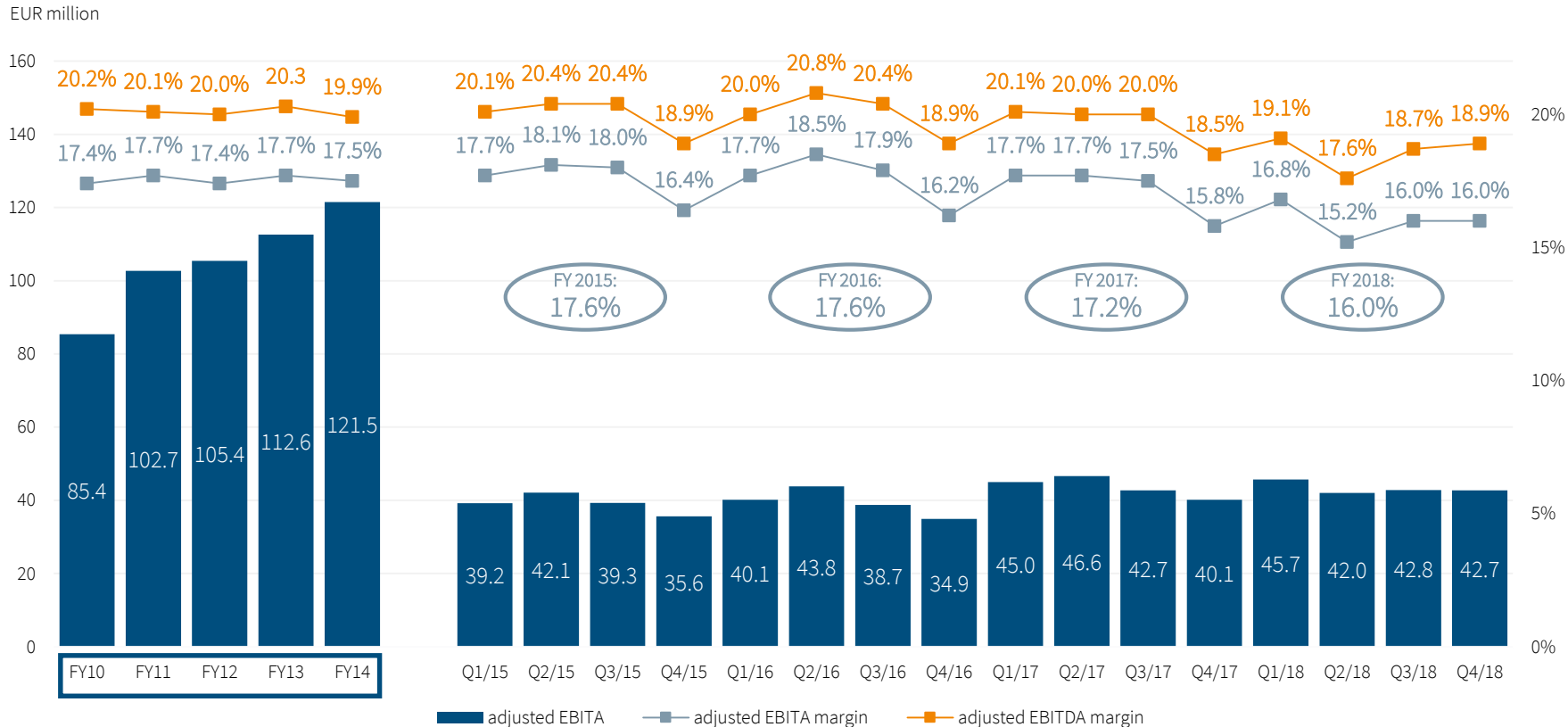


## Thereof Organic Growth in EUR million

year	€	%
2011	65.6	13.4%
2012	-10.8	-1.9%
2013	15.1	2.5%
2014	41.3	6.5%
2015	25.9	3.7%
2016	7.6	0.9%
2017	77.0	8.6%
2018	78.6	7.7%
Ø eight years		5.2%

2007 to 2018: 12 years of ca. 10% CAGR

# Margin Development



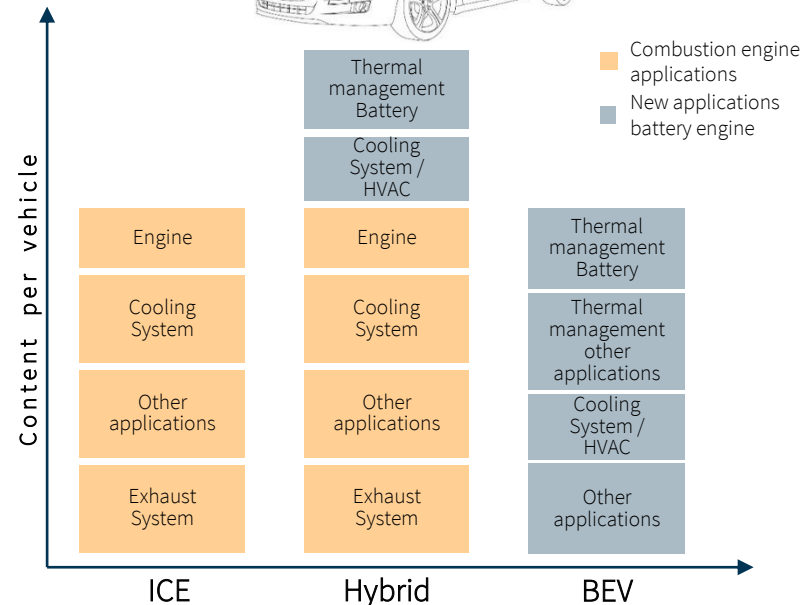
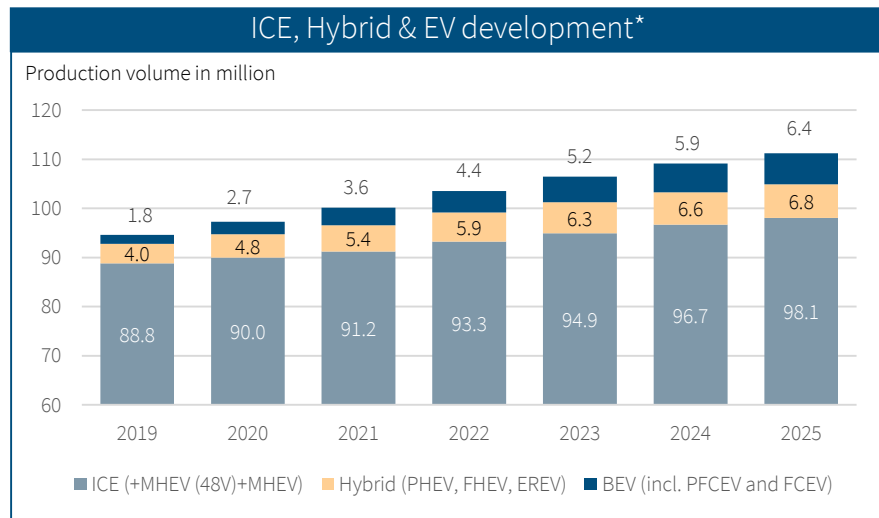


# NORMA Group well on Track for Coming E-Mobility Developments



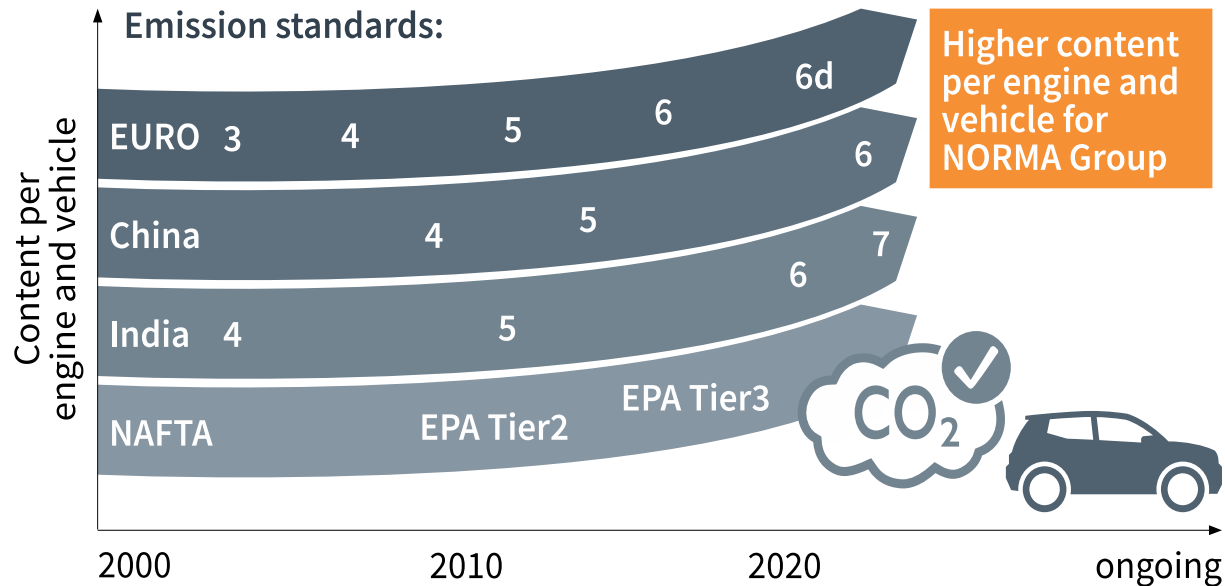
- Battery Thermal Management
- Coolant Systems
- Power Electronics and Motors Cooling
- HVAC / Heat Pump Systems

**NORMA Group will benefit from a hybridization and maintain its growth trend with ICE and BEV**



\*Source: LMC / NORMA Group as of end of January 2019

# Tighter Emission Regulations Drive Increased Joining Technology Content



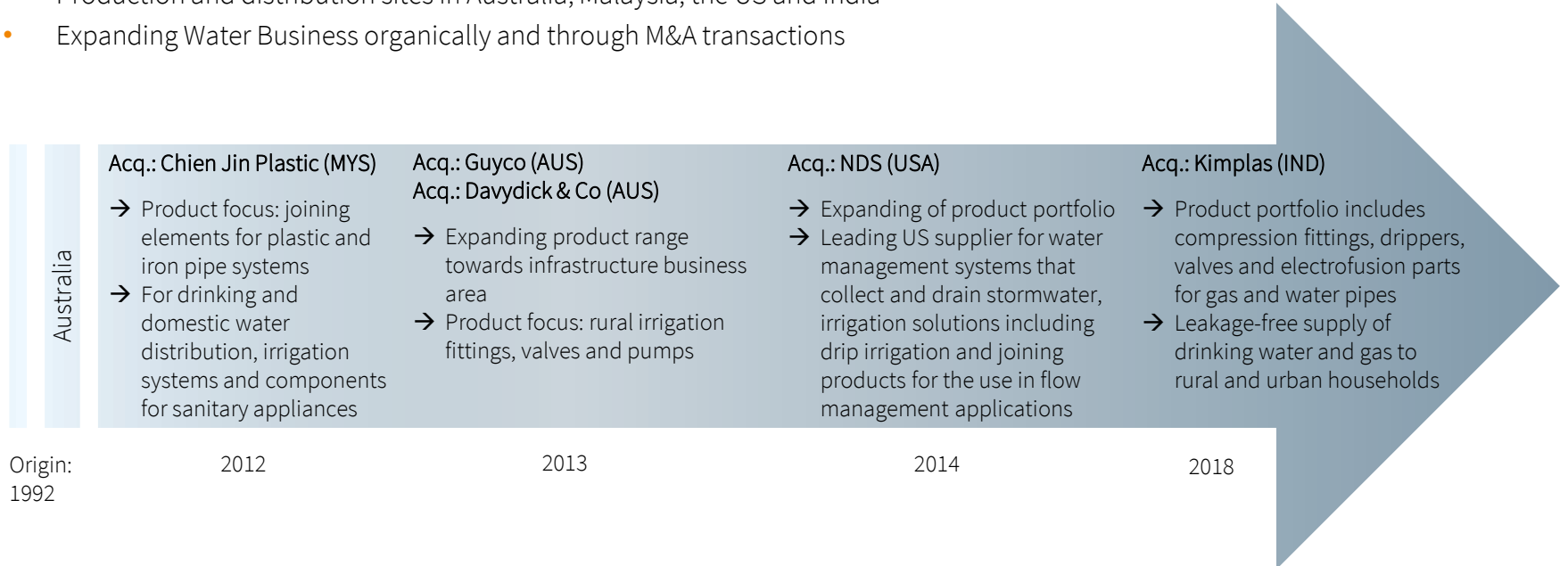
- Environmental awareness continues to drive tightening emission regulations globally, including in emerging markets.
- Low-emission alternatives require significantly higher joining technology content at a substantially increased complexity compared to existing/past technologies.

# Water Business at NORMA Group



## Scarce Resource Calling for Water Handling Products

- 17.3% of sales or EUR 187.5 million
- Production and distribution sites in Australia, Malaysia, the US and India
- Expanding Water Business organically and through M&A transactions



# Acquisition of Kimplas Piping Systems Ltd.

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## M&A

Closing of Kimplas Piping Systems Ltd., India, in July 2018.

## Business Model

Leading Indian manufacturer of thermoplastic connection solutions  
Based in Nashik, India, with own production site.

## History

Since 1996 the company has been developing and manufacturing injection-molded parts used to ensure safe and leakage-free supply of drinking water and gas to rural and urban households and provide filtered water for micro irrigation systems.

## Sales

Sales of around EUR 21 million in financial year 2018 (Apr 1, 2017 – Mar 31, 2018).

## Consolidation

First time consolidation into NORMA Group started July 2018.

## Margin

In the range of NORMA Group's margin.

## Financing

Transaction was financed with credit facilities.

# Acquisition of Statek Stanzereitechnik GmbH

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## M&A

Closing of Statek Stanzereitechnik GmbH, Maintal, Germany, in August 2018.

## Business Model

Producer of contact and stamped parts, housings, wave springs and other products for electrical engineering and industry purposes.

## History

Founded in 1980, Statek has many years of experience and a high level of production expertise in stamping, bending and forming technology for almost all commonly used metals.

## Sales

Sales of around EUR 17 million in financial year 2018, thereof around EUR 5 million of external sales.

## Consolidation

First time consolidation into NORMA Group started August 2018.

## Margin

In the range of NORMA Group's margin.

## Financing

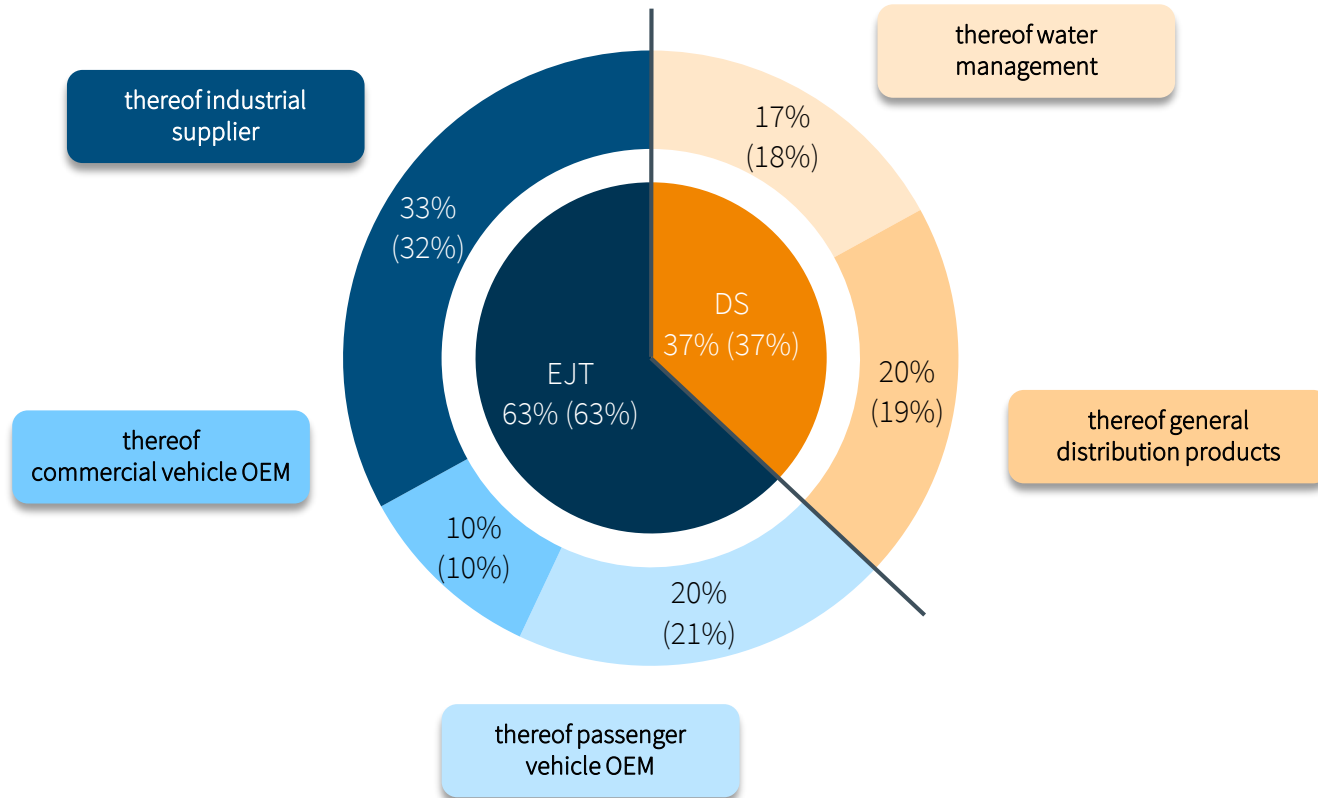
Transaction was financed with credit facilities.

# 14 Acquisitions since the IPO in 2011 representing 46% of Sales in 2011



Sales Consolidation Effects (in EUR million)	Date of Acquisition		Total Sales
CONNECTORS Verbindungstechnik AG, Switzerland	04/12	Market entry in connecting technology in Pharma & Biotech	16.6
Nordic Metalblok S.r.l., Italy	07/12	Market consolidation heating and air conditioning clamps	5.2
Chien Jin Plastic Sdn. Bhd., Malaysia	11/12	Market entry joining elements for water distribution	7.7
Groen Bevestigingsmaterialen B.V., Netherlands	12/12	Securing market with national dealer	3.4
Davydick & Co. Pty. Limited, Australia	01/13	Enforce market position with distribution of water & irrigation systems	3.4
Variant SA, Poland	06/13	Securing market with national dealer	2.3
Guyco Pty. Limited, Australia	07/13	Enforce market position with distribution of water & irrigation systems	7.2
Five Star Clamps Inc., USA	05/14	Consolidation of multi-industrial engineered clamps	4.0
National Diversified Sales, Inc., USA	10/14	Expanding water management product portfolio	129.3
Autoline, France	12/16	Expanding product portfolio and strengthening market position in the area of quick connectors	46.2
Lifial - Indústria Metalúrgica de Águeda, Lda., Portugal	01/17	Strengthening product portfolio of DS business and market consolidation	7.4
Fengfan Fastener (Shaoxing) Co., Ltd., China	05/17	Expanding product portfolio and market position	11.5
Kimplas Piping Systems Ltd., India	07/18	Expanding water management product portfolio	21.0
Statek Stanzereitechnik GmbH, Germany	08/18	Expanding value chain for stamping and forming technology	5.0
<b>Total</b>			<b>270.2</b>

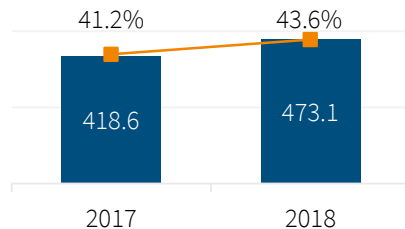
# Balanced Industry Mix with Two Strong Ways to Market\*



# Adjusted EBITA Development

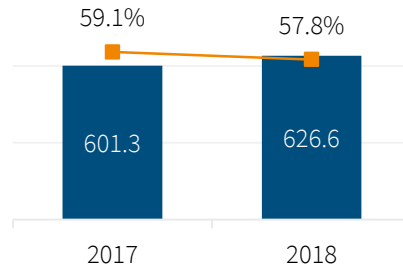
## Adjusted Material Costs

(in EUR million and % of sales)



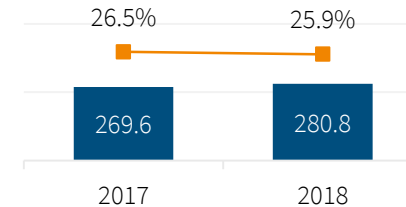
## Adjusted Gross Profit

(in EUR million and % of sales)



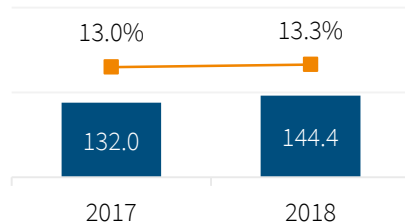
## Adjusted Personnel Expenses

(in EUR million and % of sales)



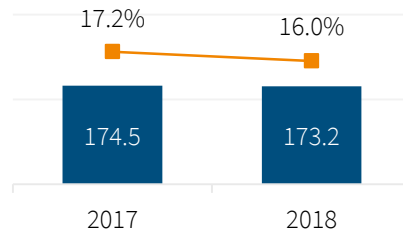
## Adj. other oper. Income and Expenses

(in EUR million and % of sales)



## Adjusted EBITA

(in EUR million and % of sales)



- Material costs ratio up by 240 BP and gross profit down by 130 BP due to increased raw material prices caused by cost inflation, forces majeures and steel tariffs.
- Personnel expenses improved by 60 BP mainly due to employee bonus cuts.
- Other operating income and expenses increased by 30 BP due to variable extra costs in the areas of purchasing, production and logistics caused by material shortages.
- As a result adjusted EBITA margin decreased by 120 BP.



# Operational Adjustments on EBIT and EBITA level

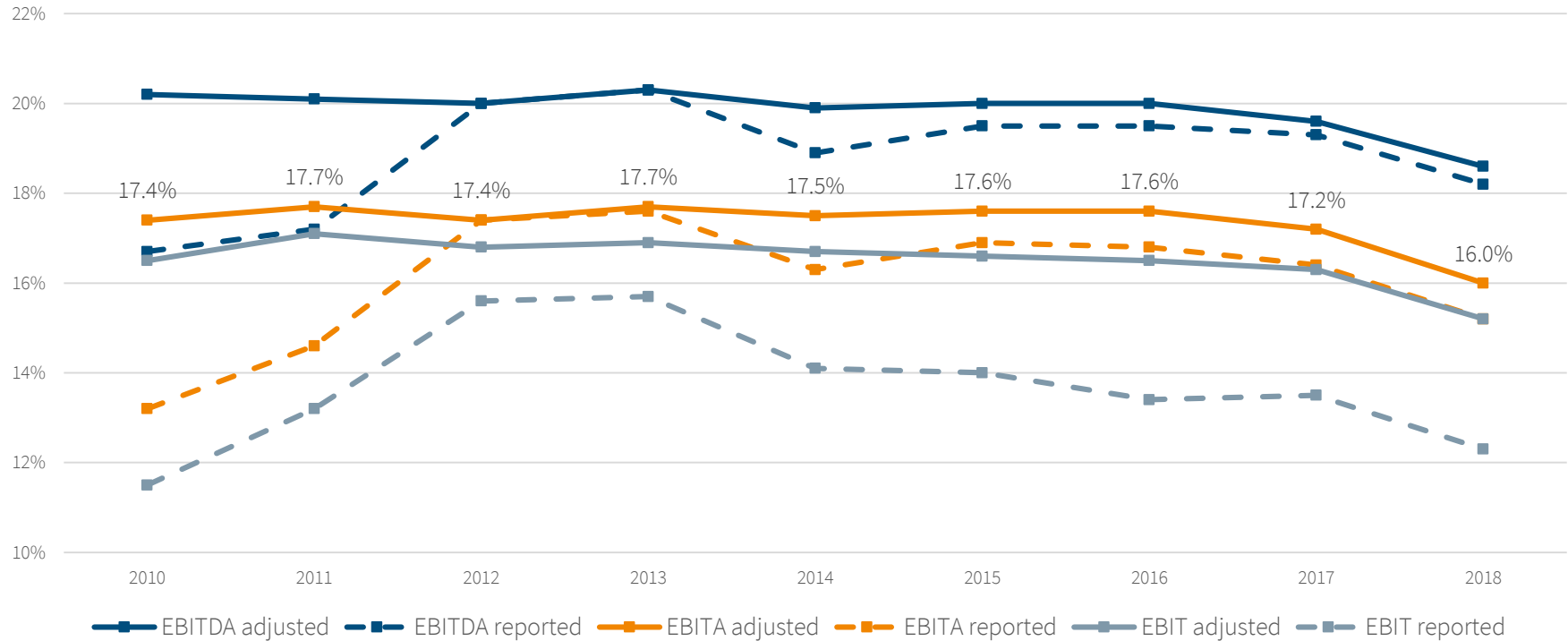
- Operational adjustments from the Kimplas and Statek acquisitions of EUR 2.2 million and rightsizing costs of EUR 2.2 million in 2018.

in EUR million	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Reported EBITA</b>	<b>64.9</b>	<b>84.7</b>	<b>105.2</b>	<b>112.1</b>	<b>113.3</b>	<b>150.5</b>	<b>150.4</b>	<b>166.8</b>	<b>164.8</b>
+ Acquisition and Rightsizing Costs*	17.5	16.8	0	0	6.9	3.6	4.8	3.5	4.4
+ PPA Depreciation	3.0	1.2	0.3	0.5	1.3	2.2	2.3	4.2	4.0
Total Adjustments	20.5	18.0	0.3	0.5	8.2	5.8	7.1	7.7	8.4
<b>Adjusted EBITA</b>	<b>85.4</b>	<b>102.7</b>	<b>105.4</b>	<b>112.6</b>	<b>121.5</b>	<b>156.3</b>	<b>157.5</b>	<b>174.5</b>	<b>173.2</b>

<b>Reported EBIT</b>	<b>56.3</b>	<b>76.6</b>	<b>94.4</b>	<b>99.5</b>	<b>97.8</b>	<b>124.8</b>	<b>120.0</b>	<b>137.8</b>	<b>133.5</b>
+ Acquisition and Rightsizing Costs*	17.5	16.8	0	0	6.9	3.6	4.8	3.5	4.4
+ PPA Depreciation	3.0	1.2	0.3	0.5	1.3	2.2	2.3	4.2	4.0
+ PPA Amortization	4.0	5.1	7.2	7.7	10.1	17.3	20.6	20.5	22.6
Total Adjustments	24.5	23.1	7.5	8.2	18.3	23.1	27.7	28.2	31.0
<b>Adjusted EBIT</b>	<b>80.9</b>	<b>99.7</b>	<b>101.9</b>	<b>107.7</b>	<b>116.2</b>	<b>147.9</b>	<b>147.7</b>	<b>166.0</b>	<b>164.5</b>

\* 2010-2011: mostly IPO related costs

# Margin Development Adjusted and Reported since IPO



# Operational Adjustments\* 2018

- Operational adjustments on EBITDA level due to the recent acquisitions and rightsizing program.
- Additional PPA adjustments including an extraordinary amortization of a capitalized customer list at Fengfan (EUR 1.4 million) leading to a total adjustment per share after tax of EUR 0.73.

<b>in EUR million</b>	<b>Reported</b>	<b>Adjustments</b>	<b>Adjusted</b>
Sales	1,084.1		1,084.1
EBITDA	197.0	4.4 (incl. EUR 0.6 million integration costs & EUR 0.4 million inventory-step-ups, EUR 1.2 million acquisition costs and EUR 2.2 million Rightsizing costs)	201.4
EBITDA margin	18.2%		18.6%
EBITA	164.8	8.4 (incl. EUR 4.0 million depreciation PPA)	173.2
EBITA margin	15.2%		16.0%
EBIT	133.5	30.9 (incl. EUR 22.6 million amortization PPA)	164.5
EBIT margin	12.3%		15.2%
Net Profit	91.8	23.0 (incl. EUR -7.9 million post tax impact)	114.8
Net Profit margin	8.5%		10.6%
<b>EPS (in EUR)</b>	<b>2.88</b>	<b>0.73</b>	<b>3.61</b>

\* Deviations may occur due to commercial rounding.

# Outlook on Adjustments 2019 – 2020

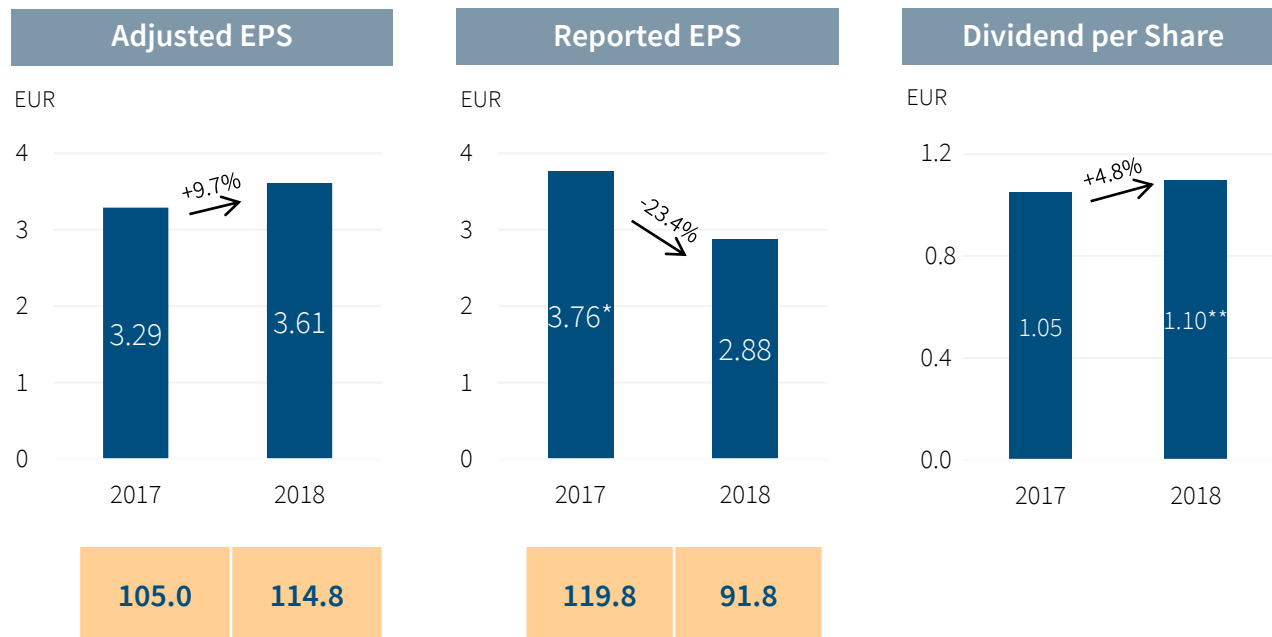


in EUR million	FY 2018	FY 2019*	FY 2020*
EBITDA level	4.4 (incl. EUR 0.6 million integration costs & EUR 0.4 million inventory-step-ups, EUR 1.2 million acquisition costs and EUR 2.2 million Rightsizing costs)	ca. 8-13	0
EBITA level	8.4 (incl. EUR 4.0 million depreciation PPA)	ca. 11-16 (incl. ca. EUR 3 million depreciation PPA)	ca. 3 (depreciation PPA)
EBIT level	30.9 (incl. EUR 22.6 million amortization PPA)	ca. 33-38 (incl. ca. EUR 22 million amortization PPA)	ca. 25 (incl. ca. EUR 22 million amortization PPA)
Net Profit	23.0 (incl. EUR -7.9 million post tax impact)	ca. 25-28	ca. 19
EPS (in EUR)	0.73	ca. 0.77-0.89	ca. 0.58

\* depending on foreign exchange rates

# EPS – Dividend Proposal of EUR 1.10 per Share

- Dividend proposal to the shareholders at the AGM on May 21, 2019: EUR 1.10 per share (2018: EUR 1.05).
- Pay-out of EUR 35.0 million for 31,862,400 shares (30.5% of adjusted Group net profit of EUR 114.8 million).
- General policy: dividend of approx. 30% to 35% of adjusted Group net profit.



\* including positive one-off non cash US tax effect of EUR 1.06 per share

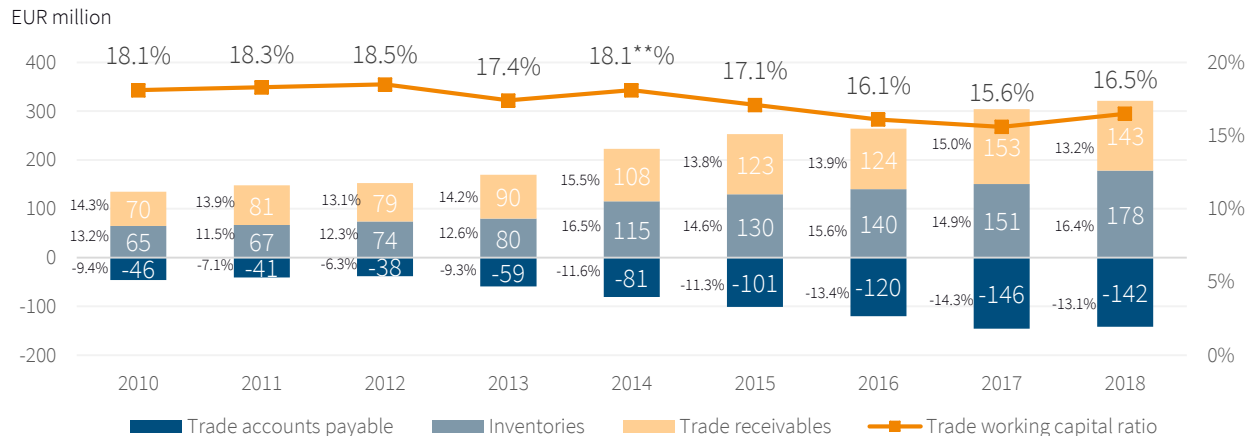
\*\* proposal to the AGM on May 21, 2019

# Profit & Loss (adjusted & reported)

in EUR million	Adjusted		Reported	
	2017	2018	2017	2018
Sales	1,017.1	1,084.1	1,017.1	1,084.1
Gross Profit	601.3	626.6	600.2	626.2
EBITDA	199.7	201.4	196.3	197.0
in % of sales	19.6%	18.6%	19.3%	18.2%
EBITA	174.5	173.2	166.8	164.8
in % of sales	17.2%	16.0%	16.4%	15.2%
EBIT	166.0	164.5	137.8	133.5
in % of sales	16.3%	15.2%	13.5%	12.3%
Financial Result	-16.1	-11.7	-16.1	-11.7
Profit before Tax	149.9	152.8	121.7	121.9
Taxes	-44.9	-38.0	-1.9	-30.1
in % of profit before tax	30.0%	24.9%	1.6%	24.7%
<b>Net Profit</b>	105.0	114.8	119.8	91.8

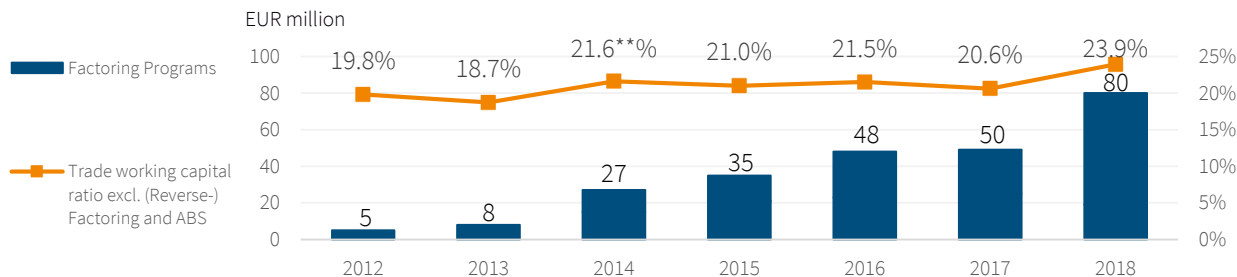
# Working Capital Development

## Working capital incl. (Reverse-) Factoring and ABS programs



- Increase in working capital to sales ratio in 2018 due to challenging environment in supplies and consequently production and inventories.
- Increase of 330 BP to 23.9% working capital to sales ratio was successfully decreased to 90 BP or 16.5% due to Factoring and ABS programs.

## Factoring Programs\*

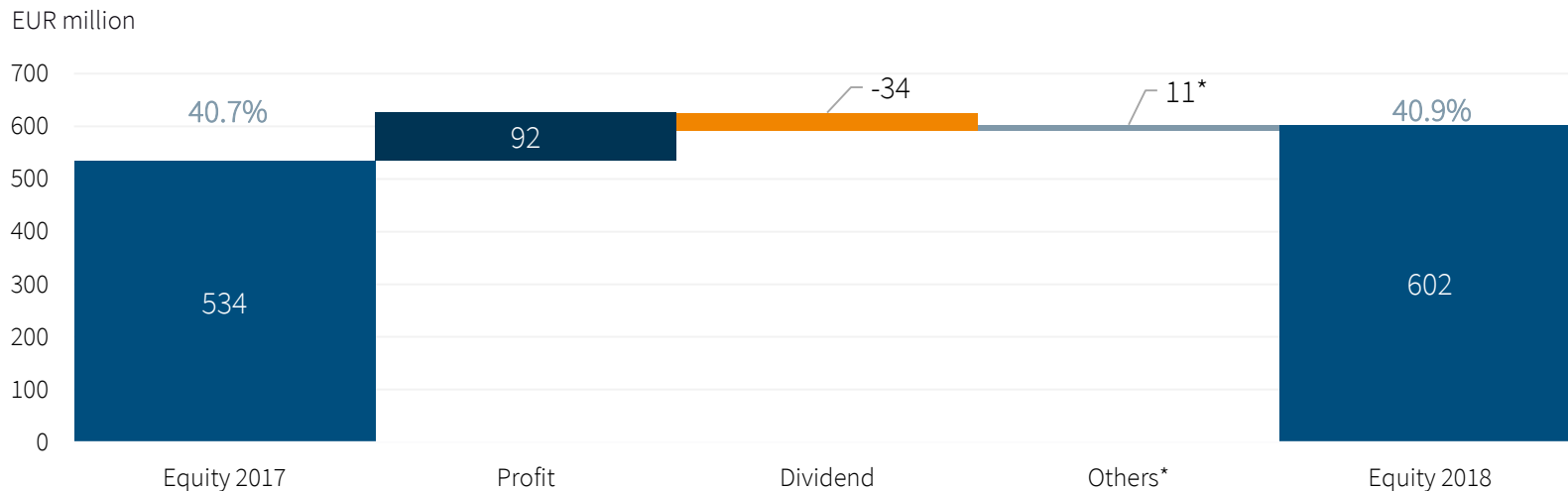


\* (Reverse-) Factoring and ABS programs

\*\* in % of sales runrate of EUR 784 million including NDS sales on full year 2014 basis

# Equity Ratio on Strong Level of 40.9%

- Equity increased by EUR 68 million with strong profit of EUR 92 million.
- Equity ratio flat despite dividend payment and higher balance sheet total caused by acquisitions.



**Balance Sheet Total (in EUR million)**

**1,312**

**1,472**

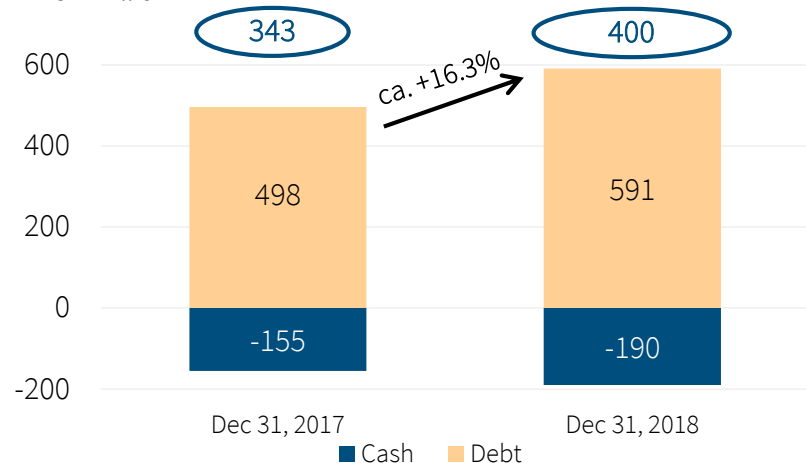


# Net Debt and Net Debt Ratios

- Leverage increases to 1.9 (2017: 1.7) and net debt increases by 16.3% to EUR 400 million including dividend payment of EUR 34 million and the acquisition payment for Kimplas and Statek.

## Net Debt\* (in EUR million)

in EUR million



## Debt Ratios

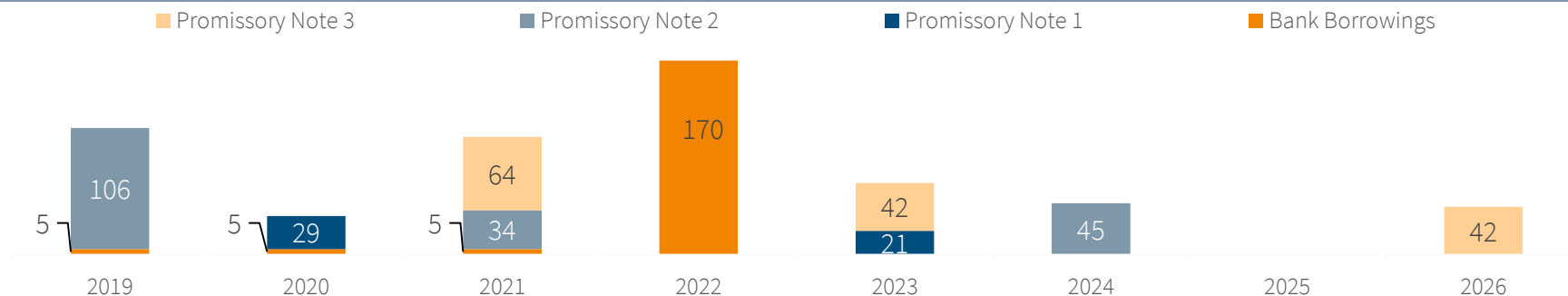
	Dec 31, 2017	Dec 31, 2018
Leverage* (Net debt / adjusted EBITDA)	1.7 x	1.9 x
Gearing (Net debt / equity)	0.6 x	0.7 x

\* EBITDA includes full year from Kimplas and Statek

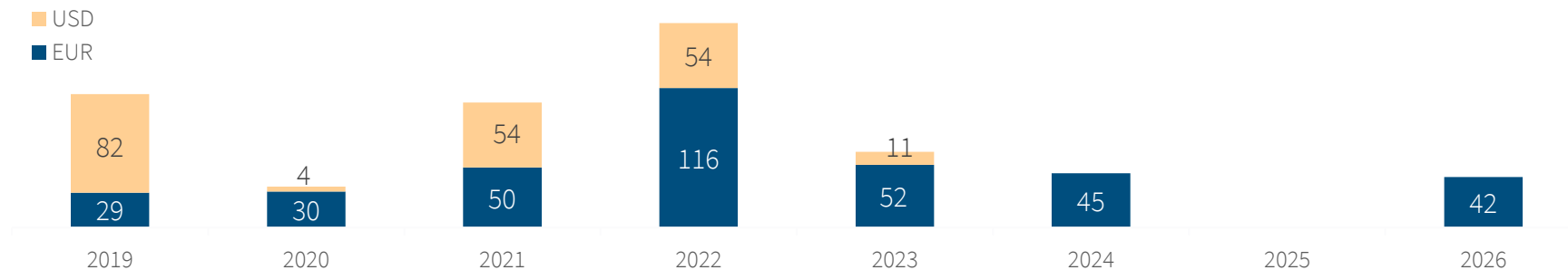
# Solid Maturity Profile



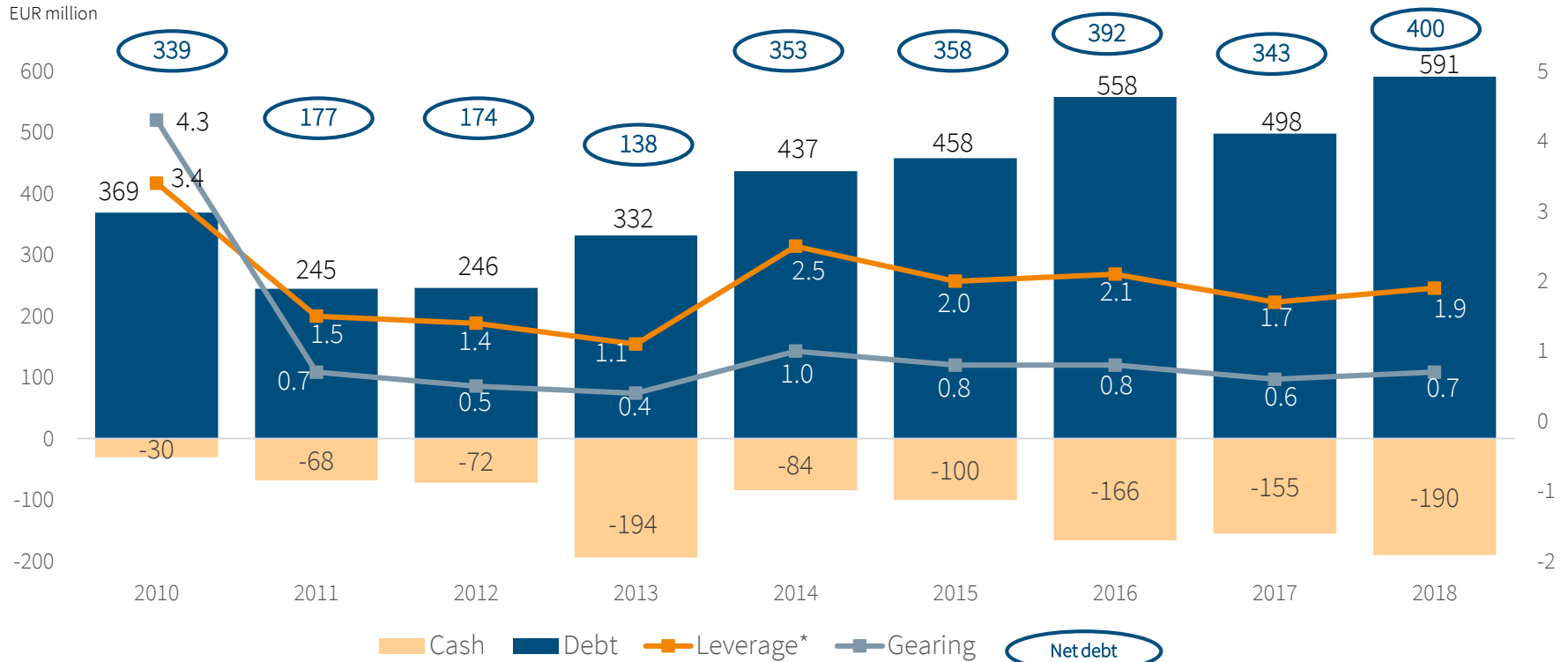
## Maturity Profile (in EUR million) – Financial Instruments



## Maturity Profile (in EUR million) – Currencies



# Longterm solid Debt, Leverage and Gearing



\* Leverage: Net debt / adj. EBITDA (incl. 12 months acquisition effects)

# Balance Sheet Total increased mainly due to Acquisitions

in EUR million	Dec 31, 2017	Dec 31, 2018	in EUR million	Dec 31, 2017	Dec 31, 2018
<b>Assets</b>			<b>Equity and liabilities</b>		
<b>Non-current assets</b>			<b>Equity</b>		
Goodwill / Other intangible assets / Property, plant & equipment	817.6	916.2	Total equity	534.3	602.4
Other non-financial assets / Derivative financial assets / Deferred- and income tax assets	7.9	11.2	<b>Non-current and current liabilities</b>		
Total non-current assets	825.5	928.3	Retirement benefit obligations / Provisions	30.9	28.8
<b>Current assets</b>			Borrowings and other financial liabilities	498.8	590.0
Inventories	151.2	178.1	Other non-financial liabilities	32.3	27.4
Other non-financial / other financial / derivative financial / income tax assets	27.3	30.6	Tax liabilities and derivative financial liabilities	69.9	80.4
Trade and other receivables	152.7	143.1	Trade payables	145.7	142.0
Cash and cash equivalents	155.3	190.4	Total liabilities	777.7	869.2
Total current assets	486.6	543.4	<b>Total equity and liabilities</b>	<b>1,312.0</b>	<b>1,471.7</b>
<b>Total assets</b>	<b>1,312.0</b>	<b>1,471.7</b>			

# Cash Flow Development 2011 - 2018



## Net Operating Cash Flow

in EUR million	2011	2012	2013	2014	2015	2016	2017	2018	Variance (2018 to 2017)
Adjusted EBITDA	117.0	120.8	129.3	138.4	177.5	179.4	199.7	201.4	+0.9%
Δ ± Trade Working capital	-19.5	-9.8	+5.1	+10.4	-0.6	+17.0	-19.1	-13.7	-28.3%
<b>Net operating cash flow before investments from operating business</b>	97.5	111.0	134.4	148.8	176.9	196.4	180.6	187.7	+3.9%
Δ ± Investments from operating business	-30.7	-30.0	-30.5	-39.6	-42.2	-47.9	-47.7	-63.3	+32.7%
<b>Net Operating Cash Flow</b>	<b>66.8</b>	<b>81.0</b>	<b>103.9</b>	<b>109.2</b>	<b>134.7</b>	<b>148.5</b>	<b>132.9</b>	<b>124.4</b>	<b>-6.4%</b>

- Due to favorable adjusted EBITDA and less outflow of working capital, net operating cash flow before investments from operating business increased by EUR 7.1 million to a total of EUR 187.7 million in 2018.
- CAPEX spendings of EUR 63.3 million mainly for manufacturing facilities in Germany, Poland, Serbia, China, the US and Mexico and the opening of new production sites.
- Net operating cash flow of EUR 124.4 million ensures dividend payment and gives flexibility for further acquisitions.

# NORMA Value Added (NOVA) and ROCE

## NORMA Value Added

in EUR million	2017	2018
Adjusted EBIT after taxes	116.2	123.5
Capital Cost (WACC x CE per January 1st)	-61.4	-62.8
<b>NOVA</b>	<b>54.8</b>	<b>60.8</b>
<b>ROCE</b> (adjusted EBIT / Ø CE)	<b>18.9%</b>	<b>17.5%</b>
<b>ROCE</b> (reported EBIT / Ø CE)	<b>15.7%</b>	<b>14.2%</b>

- NORMA Group's long term strategic target is NORMA Value Added (NOVA)
- In order to manage this, NORMA Group determines the annual value creation in the form of the so called NORMA Value Added (NOVA).
- NOVA is calculated on the basis of adjusted EBIT, tax rate and the cost of capital.
- The cost of capital is defined by the weighted average cost of capital (WACC) and the capital employed (equity plus net debt).

# Comparison of Guidance and Actual Results



	Results in 2017*	March 2018	May 2018	July 2018	Results in 2018
Organic Growth of Group Sales	8.6% organic growth, additionally acquisitions EUR 57.3 million	solid organic growth of around 3% to 5%, additionally around EUR 5 million acquisitions	organic growth of around 5% to 8%, additionally around EUR 5 million acquisitions	Solid organic growth of around 5% to 8% aiming to reach the upper end, additionally around EUR 17 million acquisitions	7.7% organic growth, additionally acquisitions EUR 16.5 million
Organic Sales Growth EMEA	6.2% organic growth	Solid organic growth	---	---	2.0%
Organic Sales Growth AM	8.4% organic growth	Solid organic growth	Strong organic growth	---	12.4%
Organic Sales Growth APAC	22.7% organic growth	Double-digit organic growth	Higher than expected double-digit organic growth	---	14.9%
Adjusted EBITA Margin	17.2%	Sustainable at the same level as in previous years of more than 17%	---	Between 16% and 17%	16.0%
Net Operating Cash Flow (in EUR million)	132.9	Around EUR 140 million	---	Around EUR 130 million	124.4
Dividend (in EUR)	1.05	Approx. 30%-35% of adjusted Group Net Profit	---	---	1.10**
Payout ratio (in %)	31.9				30.5

\* The adjustments relate to adjustments for acquisitions as well as the initiated rightsizing project announced in February 2019.

\*\* In accordance with the Management Board's proposal for the appropriation of net profit, subject to the approval by the Annual General Meeting on May 21, 2019.

# Rightsizing Program launched



<b>Rightsizing</b>	Optimization of the production landscape, which has grown rapidly as a result of acquisitions, organizational structures and further harmonization of processes and systems worldwide.
<b>Scope</b>	The optimization measures are to extend across all divisions and regions.
<b>Goal</b>	Further development of the business model to meet the requirements of future strategic growth areas such as electromobility and water management.
<b>Benefit</b>	Program is expected to result in a positive earnings contribution (adjusted EBITA) of around EUR 10 million to EUR 15 million annually from 2021 on.
<b>Costs*</b>	Total cost volume of around EUR 10 million to EUR 15 million; thereof EUR 2.2 million in 2018 and EUR 8-13 million in 2019.

\* will be adjusted



## Outlook 2019 – Strategy

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- 1 Continue to develop product and service solutions for **eMobility**
- 2 Expanding water business.
- 3 Continue to explore business opportunities particularly in Asia-Pacific to expand regional business and further improve profitability.
- 4 Continue dialogue with potential M&A targets in various industries and regions.
- 5 Execution of rightsizing projects as a foundation of further profitable growth.

# Outlook 2019 – Macroeconomic Forecast – GDP Growth\*

in %	2018	2019e	2020e
World	+3.7	+3.5	+3.6
USA	+2.9	+2.5	+1.8
China	+6.6	+6.2	+6.2
Euro zone	+1.8	+1.6	+1.7
Germany	+1.5	+1.3	+1.6

- VDMA (German Engineering Federation) expects worldwide machine sales to grow by 2% in 2019.
- Euroconstruct expects solid growth path of +2% for the European construction output.
- VDA expects 1% sales growth in global passenger cars in 2019 and LMC Automotive calculates with a 1% growth in the production of light vehicles (up to 6 metric tons).

# Outlook 2019 – Company Guidance\*

<b>Sales</b>	Moderate organic growth of around 1% to 3%, additionally around EUR 13 million from acquisitions.
<b>Adjusted EBITA Margin</b>	Between 15.0% and 17.0%.
<b>Adjusted Material Cost Ratio</b>	Roughly at the same level as in previous years.
<b>Adjusted Personnel Cost Ratio</b>	Roughly at the same level as in previous years.
<b>Financial Result</b>	Up to EUR -15 million.
<b>Tax Rate</b>	Around 25% to 27%.
<b>Adjusted EPS</b>	Moderate increase.
<b>NOVA</b>	Between EUR 50 million and EUR 60 million.

\*Changes in key figures resulting from the first application of IFRS 16 are not taken into account in the forecast

# Outlook 2019 – Company Guidance

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## Investments in R&D

Around 5% of EJT sales.

## Innovations

More than 20 invention applications.

## Quality

Proportion of defective parts in production to be below the value of 20 parts per million.

## Quality

Number of quality-related customer complaints per month to be below 8.

## CAPEX Rate

Operative investments of around 5% of Group sales.

## Net Operating Cash Flow

Around EUR 100 million.

## Dividend

Approx. 30% to 35% of adjusted net profit for the period.

# NORMA Group – Key Investment Highlights

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- 1 Market leader in attractive engineering niche markets.
- 2 Strong development and growth opportunities in e-mobility and water management.
- 3 Enhanced stability through broad diversification across products, end markets and regions.
- 4 Engineered products with premium pricing through technology and innovation leadership in mission-critical components.
- 5 Strong global distribution network with one-stop-shopping service to specialized dealers, wholesalers and distributors.
- 6 Significant growth and value creation opportunity through synergistic acquisitions.
- 7 Proven track record of operational excellence.

# Appendix



# NORMA Group's Key Facts



## Specific customer requirements driven by megatrends



Global market and technology leader in joining and fluid handling technology.



Offers more than 40,000 innovative joining solutions in three product categories: Clamp, Connect, Fluid.



Delivers to more than 10,000 customers in 100 countries.



Employees > 8,800 worldwide.



Operates a global network of more than 30 manufacturing facilities.



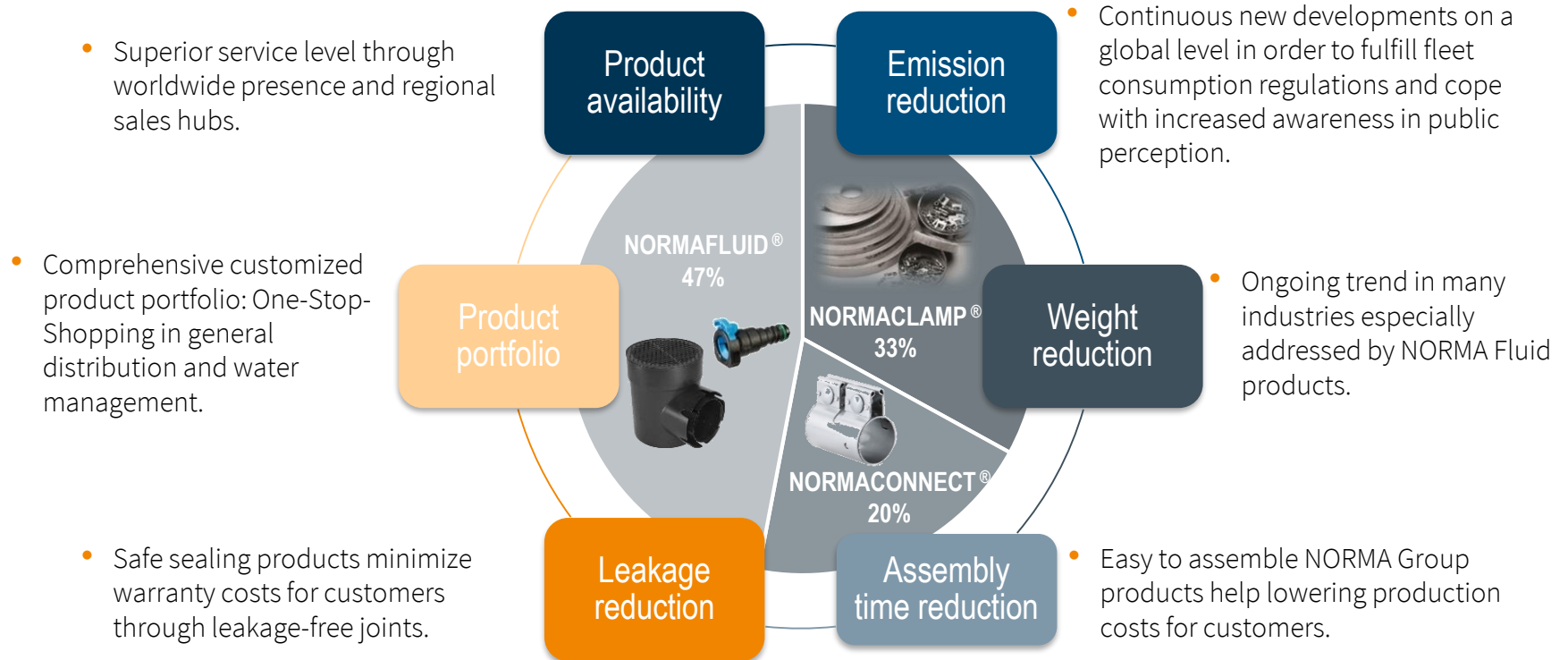
Numerous sales and distribution sites across Europe, the Americas and Asia-Pacific.



Sales of about EUR 1,084 million in 2018.

# Proven Business Model Addressing Key Megatrends

## Specific customer requirements driven by megatrends

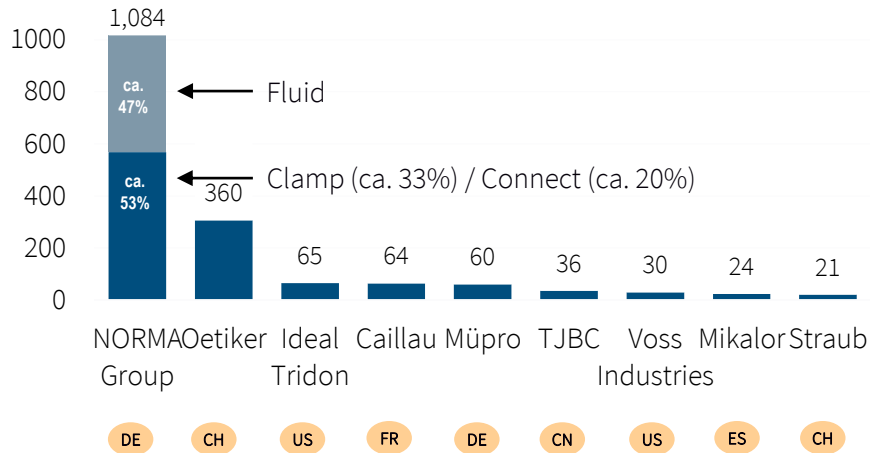




# Convincing Growth Prospects

## Clear global market leader in Clamp / Connect

Sales in EUR million (year)\*



## Excellent growth outlook across EJT market

Additional growth for Joining Technology market above market growth

- Passenger vehicles
  - Commercial vehicles
  - Agricultural equipment
  - Construction equipment
  - Engines
  - Water management
- } Add. 2-4 %

- NORMA Group expects to grow even faster than its end markets.

# Premium Pricing through Technology and Innovation Leadership in Mission-Critical Components

Mission-criticality: Small relative costs – high impact

## Basis for premium pricing

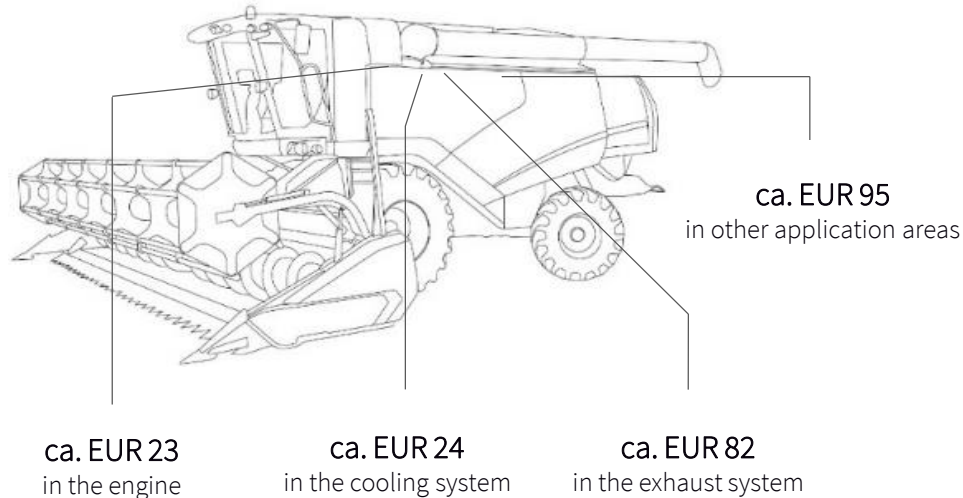
Market leadership

Technology

Quality

Innovation

Tailor-made solutions



ca. EUR 224  
content per vehicle  
in total

< 0.1%  
content per vehicle

ca. EUR 350,000  
costs an average  
harvester

High switching costs for customers

# Enhanced Stability through Broad Diversification Across Products, End Markets and Regions



## Examples of NORMA Group's key end markets



- More than 40,000 products, manufactured in 30 locations and sold to more than 10,000 customers in 100 countries.
- Top 5 customers account only for around 14% of 2018 sales.

# Good Balance in the Two Distinct Ways to Market



Distribution Services (DS)  
ca. 37% of 2018 sales

Engineered Joining Technology (EJT)  
ca. 63% of 2018 sales

High quality, branded and standardized joining products provided at competitive prices to broad range of customers.



- High quality, standardized joining technology products.
- No. 1 product portfolio & service level.
- B2C

Unique business model with two distinct ways-to-market

- Significant economies of scale in production.
- Resident engineers with close contact to international EJT customers.
  - No. 1 national and international DS service level and DS product portfolio.

Innovation and product solution partner for customers, focused on engineering expertise with high value-add.



- Customized, engineered solutions.
- 1038 patents and utility models.
- B2B

# NORMA Group Provides Mission-Critical Products and Solutions with Clear Added-Value



## A World without NORMA Group

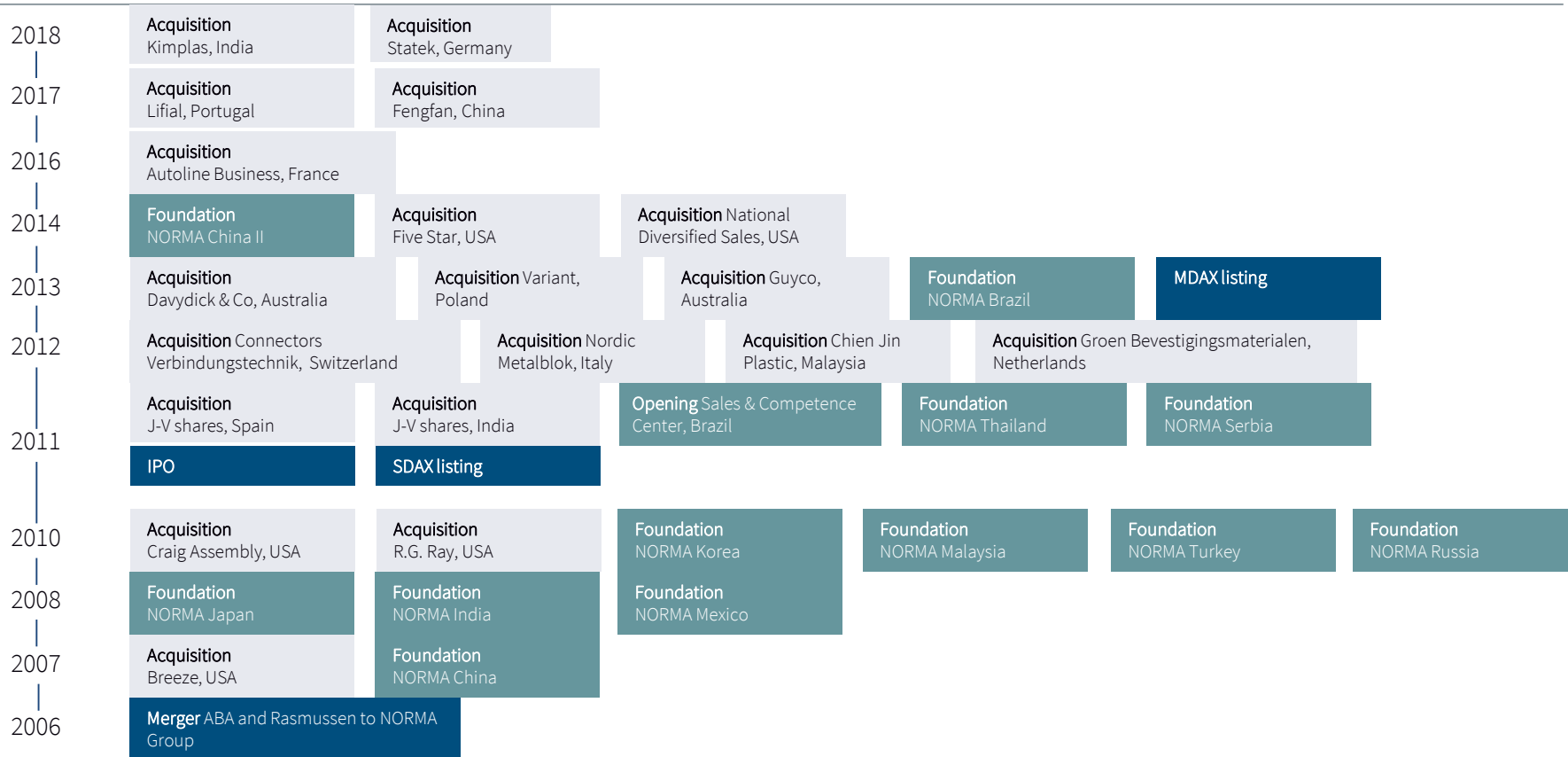


## Customer Impact

- Reputation loss
- Image loss
- Warranty costs
- Non-compliance with legal requirements/regulations

Loss of End Customers

# History of Excellence

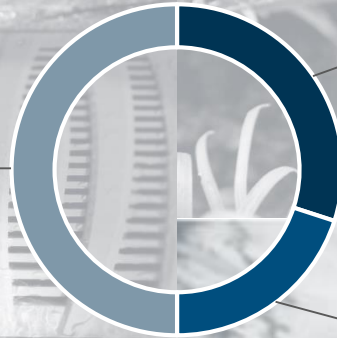


# NDS Provides Full Breadth of Water Management Solutions



Broad diversification in terms of application areas and products

**Stormwater  
Management**  
ca. 55%



**Efficient  
Landscape  
Irrigation**  
ca. 27%

**Flow Management  
and Others** ca.  
18%



Large target markets for all NDS application areas nationwide and international

International expansion with mid-term focus

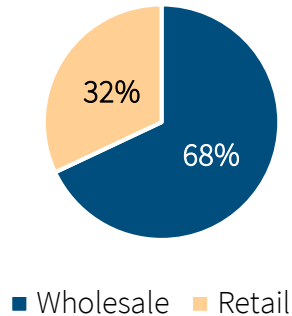
# NDS has deep and longstanding Customer Relationships



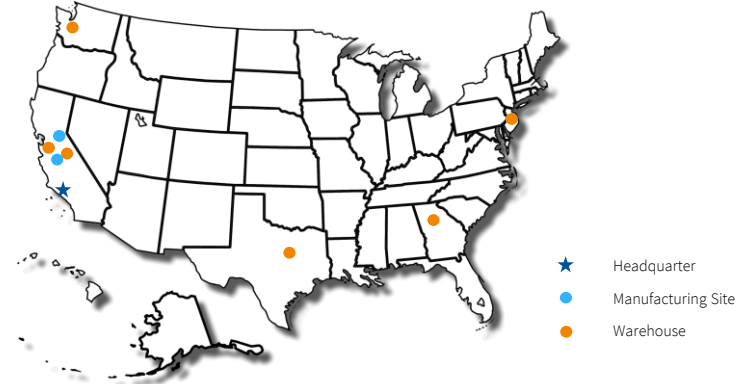
## Highly differentiated distribution and service model

- More than 4,100 products
- Over 7,500 customer locations (retail and wholesale customers)
- Two production sites (CA), six warehouses in the US, more than 500 employees
- Overnight shipment for wholesale orders
- 98% on-time delivery

## Over 7,500 customer locations



## Nation-wide presence





# Acquisition of the Autoline business from Parker Hannifin



## M&A

Acquisition of all assets of the Autoline business from Parker Hannifin in November 2016.

## Business Model

Global supplier of quick connectors for all types of automotive fluid line applications  
Based in Guichen, France, with production sites in France, Mexico and China.

## History

For more than 20 years the company has been designing, manufacturing and marketing quick connectors for fuel lines, cooling lines, vapor lines, braking assistance lines and SCR (Selective Catalytic Reduction) circuit lines.

## Sales

Sales of around EUR 40 million in financial year 2016 (Jul 1, 2015 – Jun 30, 2016).

## Consolidation

First time consolidation into NORMA Group starting December 2016.

## Margin

In the range of NORMA Group's margin.

## Financing

Transaction was financed with credit facilities.

# NORMA Group Worldwide



## EMEA

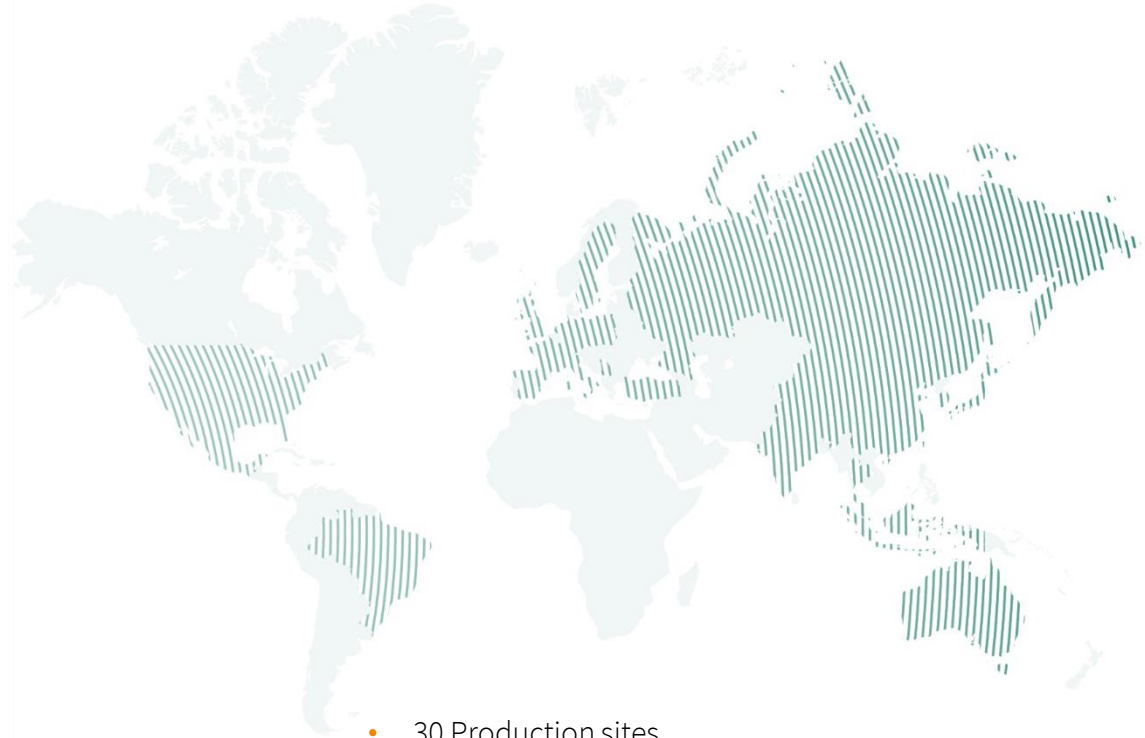
Czech Republic (P)  
France (P, D)  
Germany (P, D)  
Italy (D)  
Netherlands (D)  
Poland (P, D)  
Portugal (P)  
Russia (P, D)  
Serbia (P)  
Spain (D)  
Sweden (P, D)  
Switzerland (P, D)  
Turkey (D)  
United Kingdom (P, D)

## Americas

Brazil (P, D)  
Mexico (P, D)  
USA (P, D)

## Asia-Pacific

Australia (D)  
China (P, D)  
India (P, D)  
Indonesia (D)  
Japan (D)  
Malaysia (P, D)  
Singapore (D)  
South Korea (D)  
Thailand (D)



- 30 Production sites
- 23 Countries with Distribution, Sales & Competence Centers
- Sales into more than 100 countries

# Management Board of NORMA Group SE



## Bernd Kleinhens

- Chief Executive Officer (CEO) of NORMA Group SE since January 1, 2018



**Responsibilities:** Business Development, Group Communications, Sales, Product Development, Marketing, Personnel

### Professional background

- 2011 – 2017: Board Member Business Development at NORMA Group SE
- 2014 – 2016: President Asia-Pacific at NORMA Group
- 2010 – 2011: Managing Director of the Business Unit Business Development at NORMA Group GmbH
- 1995 – 2009: Various management positions at NORMA Group and its predecessor companies
- 1997 – 1998: Management position at Rasmussen Group in the US
- 1991 – 1995: Development Engineer at Rasmussen GmbH

### Studies/professional education

- Master's degree in Mechanical Engineering from the Technical University of Central Hessen

## Dr. Michael Schneider

- Member of the Board, CFO of NORMA Group SE since July 1, 2015



**Responsibilities:** Finance, Controlling, Investor Relations, Treasury&Insurances, Legal and M&A, Risk Management, Compliance, Internal Audit, Corporate Responsibility

### Professional background

- 2010 – 2015: Managing Director / CFO, FTE automotive Group
- 2006 – 2009: Member of the Management Board, Veritas AG
- 2003 – 2006: CFO, Aesculap AG (B. Braun Melsungen Group)
- Previous: Various international management positions, thereof 3 years in Brazil

### Studies / professional education

- Master's degree in business economics at the Justus-Liebig-University of Gießen
- PhD in Economics at the Justus-Liebig-University of Gießen

## Dr. Friedrich Klein

- Chief Operating Officer (COO) of NORMA Group SE since October 1, 2018



**Responsibilities:** Production, Purchasing, Supply Chain Management, Operational Global Excellence, Quality, ICT, ESG

### Professional background

- 2008-2018: various leading positions at Schaeffler Technologies AG & Co KG, Herzogenaurach
- 2007-2008: Head of Energy Management at Muhr und Bender KG, Attendorn
- 2005-2007: Director of Operations at Mubea Inc, Florence, USA
- 1996-2004: Various leading positions at Muhr und Bender KG, Attendorn
- 1989-1996: Various leading positions at WZL der RWTH Aachen, Aachen

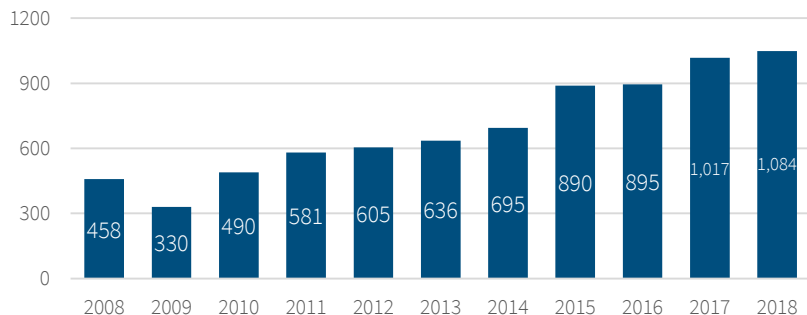
### Studies / professional education

- Master's degree in Mechanical Engineering from RWTH Aachen
- Doctorate in Engineering from RWTH Aachen

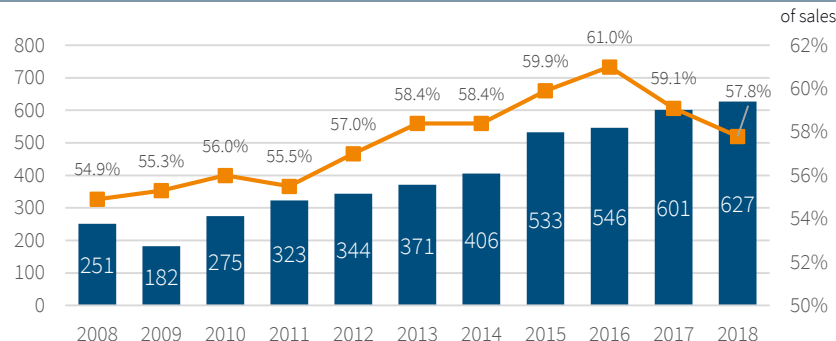
# Continuation of Growth Track and Sustainable Margin in 2018



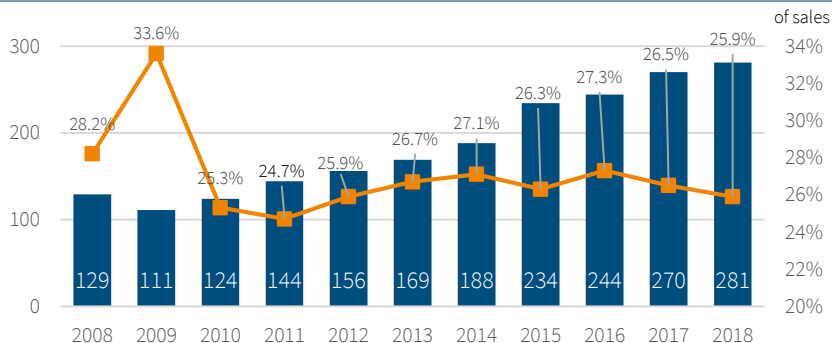
## Revenue (in EUR million)



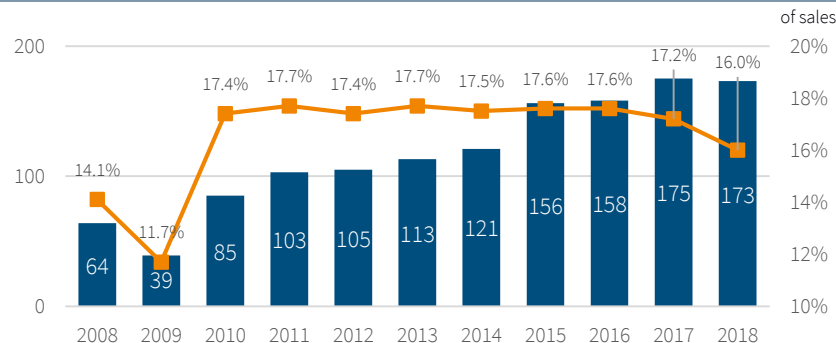
## Gross Profit (in EUR million)



## Personnel Expenses (in EUR million)

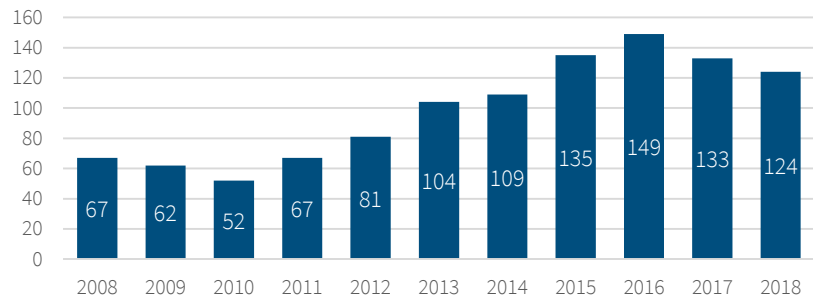


## Adjusted EBITA (in EUR million)

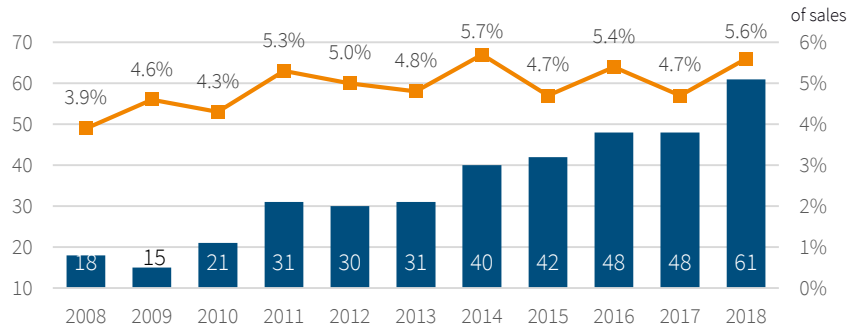


# Pro-active Cash Management Continued in 2018

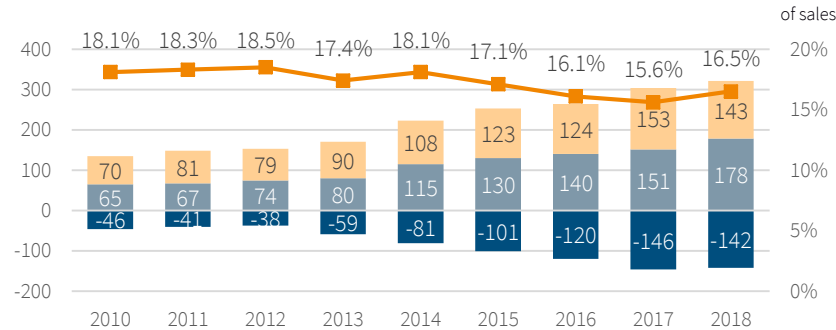
## Net Operating Cash Flow (in EUR million)



## CAPEX (in EUR million)



## Trade Working Capital (in EUR million)

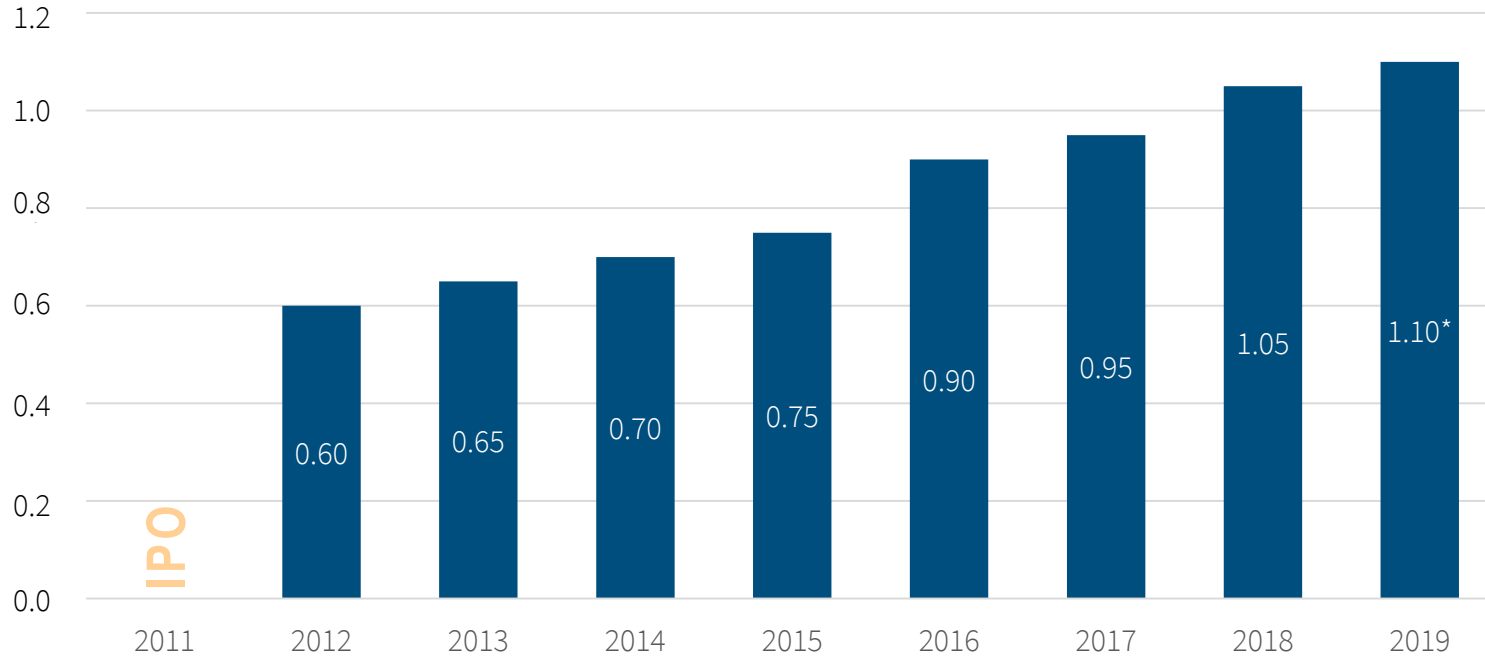


■ Trade accounts payable 
 ■ Inventories 
 ■ Trade receivables 
 —■ Trade working capital

# Longterm Dividend Policy: approx. 30% to 35% of adj. Net Profit of the Period



Dividend in EUR



\* Proposal to AGM on May 21st 2019

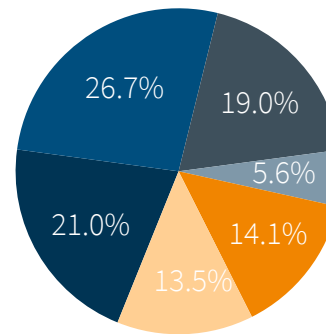
# Milestones and Current Shareholder Structure



## Milestones and Free Float Changes



## Identified Institutional Shareholders\*



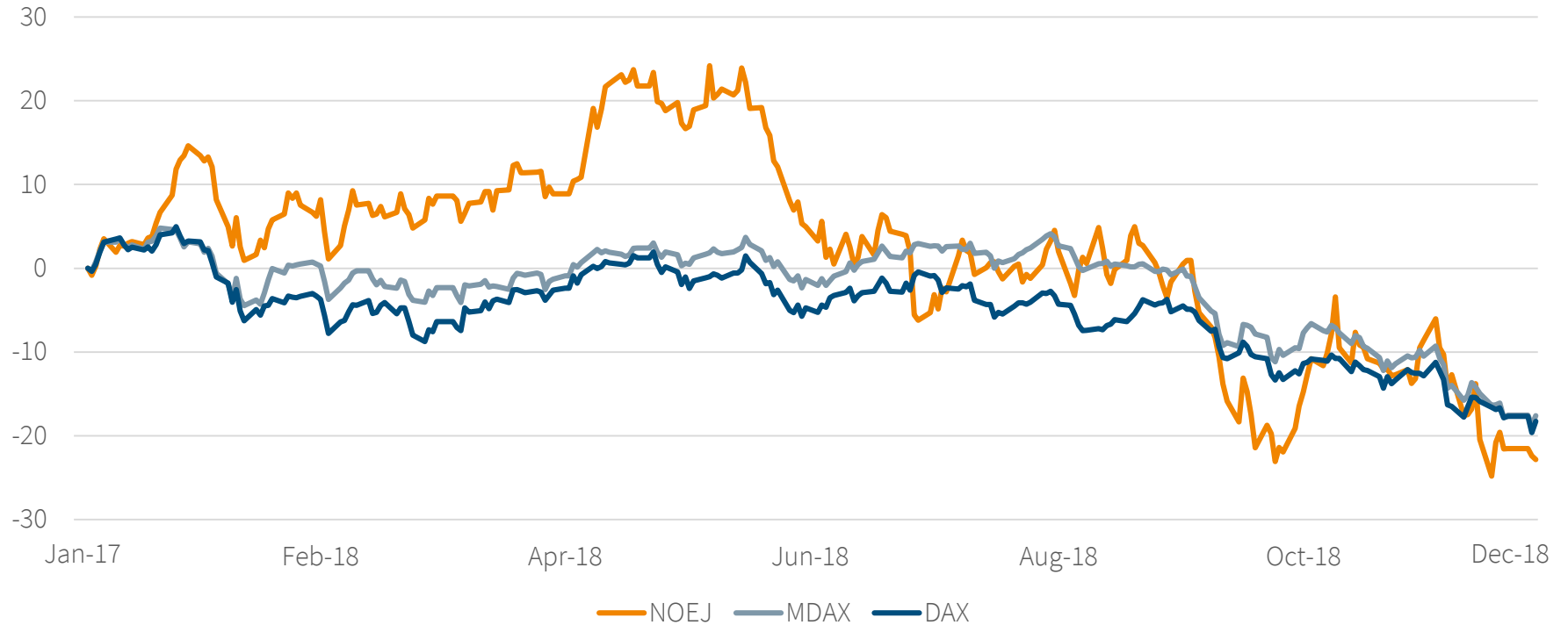
■ Germany ■ United Kingdom ■ USA ■ Nordic ■ France ■ Rest of World

## Free Float as of March 4, 2019 includes

Allianz Global Investors GmbH, Germany	10.001%	BNP Paribas Asset Management S.A., France	3.05%
Ameriprise Financial Inc., USA	8.35%	The Capital Group Companies, USA	3.05%
Impax Asset Management Group Plc, UK	5.08%	Allianz SE	3.04%
AXA S.A., France	4.98%	NORMA Group Management**	0.63%

\* as of December 31, 2018

# Index-based Share Price Performance compared with MDAX & DAX





# Contact & Event Calendar



<b>Event</b>	<b>Date</b>
Publication Interim Results Q1 2019	May 8, 2019
Annual General Meeting in Frankfurt / Main	May 21, 2019
Publication Interim Results Q2 2019	August 6, 2019
Publication Interim Results Q3 2019	November 6, 2019

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