NORMA GROUP

# INTERIM STATEMENT


## THIRD QUARTER

# 2018

# Overview of Key Figures

| | | Q3 2018[1] | Q3 2017[1] | Q1 – Q3 2018[1] | Q1 – Q3 2017[1] |
|---|---|---|---|---|---|
| **Order situation** | | | | | |
| Order book (Sep 30) | EUR millions | – | – | 358.7 | 322.7 |
| **Income statement** | | | | | |
| Revenue | EUR millions | 268.1 | 244.4 | 817.1 | 763.4 |
| Adjusted gross profit | EUR millions | 158.0 | 144.2 | 479.2 | 454.2 |
| Adjusted EBITA | EUR millions | 42.8 | 42.7 | 130.5 | 134.4 |
| Adjusted EBITA margin | % | 16.0 | 17.5 | 16.0 | 17.6 |
| EBITA | EUR millions | 41.0 | 39.9 | 126.4 | 128.8 |
| EBITA margin | % | 15.3 | 16.3 | 15.5 | 16.9 |
| Adjusted profit for the period | EUR millions | 26.5 | 24.4 | 83.4 | 80.2 |
| Adjusted EPS | EUR | 0.83 | 0.77 | 2.61 | 2.51 |
| Profit for the period | EUR millions | 21.0 | 19.1 | 68.9 | 66.1 |
| EPS | EUR | 0.66 | 0.60 | 2.16 | 2.07 |
| **Cash flow** | | | | | |
| Operating cash flow | EUR millions | 30.3 | 34.0 | 57.5 | 76.2 |
| Net operating cash flow | EUR millions | 23.0 | 31.5 | 39.4 | 72.0 |
| Cash flow from investing activities | EUR millions | –84.1 | –12.5 | –114.1 | –57.1 |
| Cash flow from financing activities | EUR millions | –39.0 | –8.8 | 23.8 | –37.8 |

| | | Sep 30, 2018 | Dec 31, 2017 |
|---|---|---|---|
| **Balance sheet** | | | |
| Total assets | EUR millions | 1,434.5 | 1,312.0 |
| Equity | EUR millions | 574.8 | 534.3 |
| Equity ratio | % | 40.1 | 40.7 |
| Net debt | EUR millions | 457.8 | 344.9 |
| **Employees** | | | |
| Core workforce | | 6,925 | 6.115 |

| | | Q1 – Q3 2018[1] | Q1 – Q3 2017[1] |
|---|---|---|---|
| **Non-financial control parameters** | | | |
| Number of invention applications | | 28 | 25 |
| Defective parts per million (PPM) | | 7 | 17 |
| Quality-related customer complaints per month | | 7 | 9 |

| | | |
|---|---|---|
| **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 Q1-Q3 2018[2] | EUR | 70.15 |
| Lowest price Q1-Q3 2018[2] | EUR | 51.45 |
| Closing price as of Sep 30, 2018[2] | EUR | 55.05 |
| Market capitalization as of Sep 30, 2018[2] | EUR millions | 1,754.0 |
| Number of shares | | 31,862,400 |

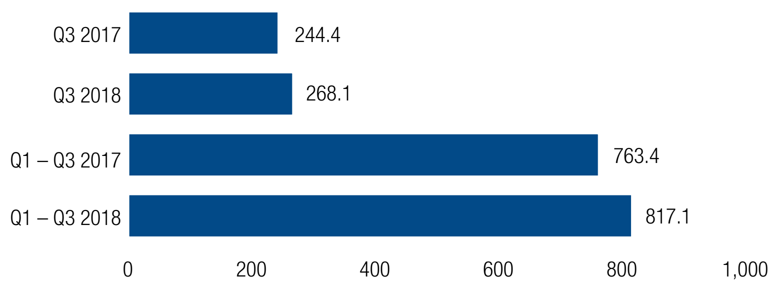
1_Adjustments are described on → PAGE 8.
2_Xetra price

# Contents

# Highlights Q1 – Q3 2018[1]

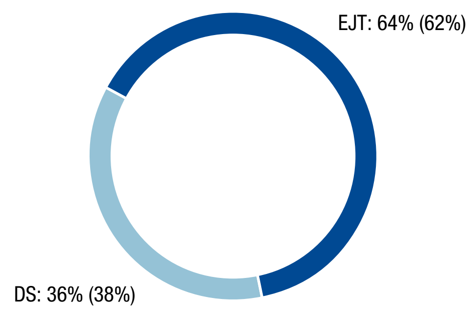
### DEVELOPMENT OF SALES Q1 – Q3 2018

IN EUR MILIONS




### DISTRIBUTION OF SALES BY SALES CHANNELS

IN %, PREVIOUS YEAR IN BRACKETS



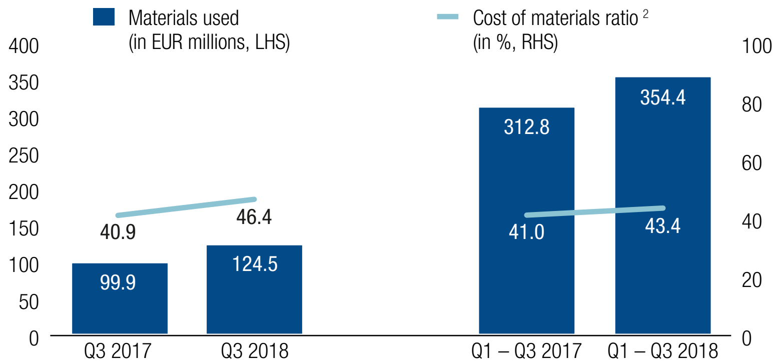

### EFFECTS ON GROUP SALES

| | in EUR millions | Share in % |
|---|---|---|
| Sales Q1 – Q3 2017 | 763.4 | |
| Organic growth | 74.2 | 9.7 |
| Acquisitions | 10.4 | 1.4 |
| Currency effects | – 31.0 | – 4.1 |
| **Sales Q1 – Q3 2018** | **817.1** | **7.0** |

### DEVELOPMENT OF SALES CHANNELS

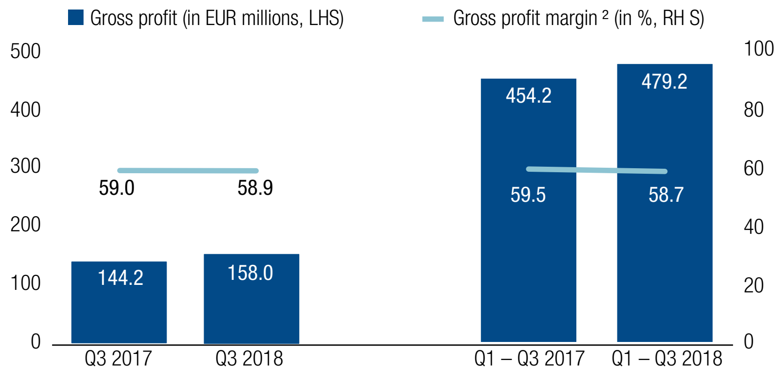
| | EJT | | DS | |
|---|---|---|---|---|
| | Q1 – Q3 2018 | Q1 – Q3 2017 | Q1 – Q3 2018 | Q1 – Q3 2017 |
| Group sales (in EUR millions) | 517.9 | 472.6 | 295.1 | 286.2 |
| Growth (in %) | 9.6 | | 3.1 | |
| Share of sales (in %) | 63.7 | 62.3 | 36.3 | 37.7 |

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

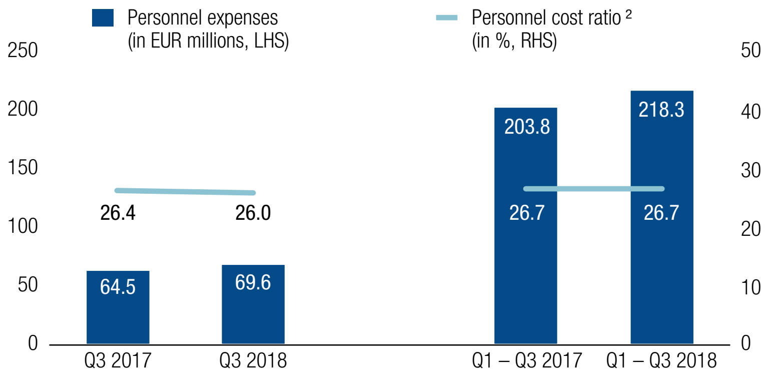



1_Adjustments are described on → **PAGE 8.**
2_Related to sales

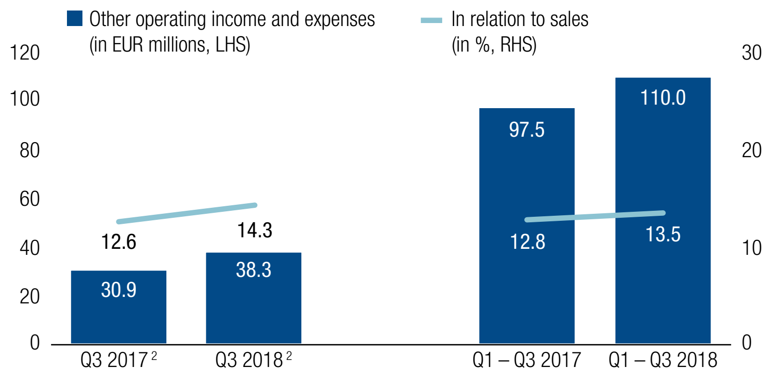
### ADJUSTED GROSS PROFIT AND GROSS PROFIT MARGIN[1]



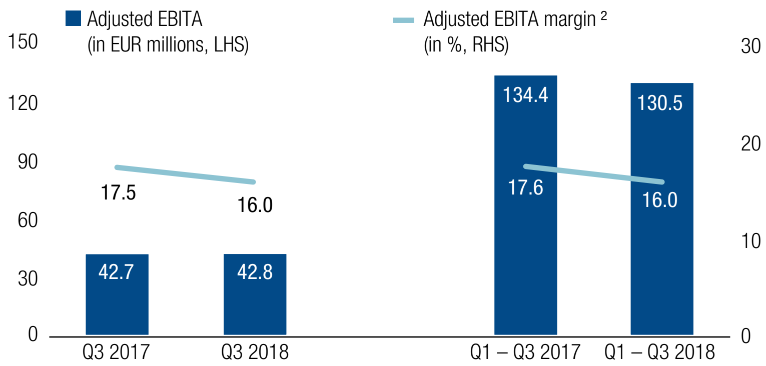
## ADJUSTED PERSONNEL EXPENSES AND PERSONNEL COST RATIO [1]



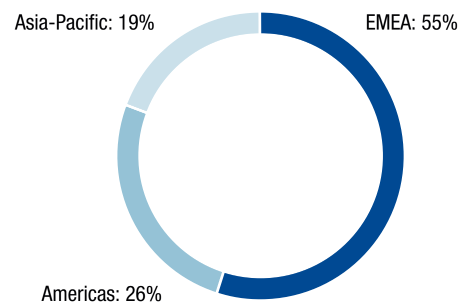

## ADJUSTED OTHER OPERATING INCOME AND EXPENSES AS WELL AS IN RELATION TO SALES[1]




## ADJUSTED EBITA AND ADJUSTED EBITA MARGIN [1]




## CORE WORKFORCE BY SEGMENT




## NET OPERATING CASH FLOW

| IN EUR MILLIONS | Q1 – Q3 2018 | Q1 – Q3 2017 |
|---|---|---|
| Adjusted EBITDA | 151.0 | 152.9 |
| Change in working capital | –67.2 | –50.0 |
| Investments from operating business | –44.4 | –31.0 |
| Net operating cash flow | 39.4 | 72.0 |

1_Adjustments are described on → **PAGE 8.**
2_Related to sales

# Course of Business and Significant Developments

NORMA Group's sales growth for the period from January to September 2018 amounted to 7.0% (organic: 9.7%) with sales revenues of EUR 817.1 million (Q1 – Q3 2017: EUR 763.4 million) and therefore developed in line with the forecast for fiscal year 2018 as a whole, which had been raised in May 2018 (around 5% to 8%, targeting the upper end of the range).

At 16.0%, the adjusted EBITA margin in the reporting period was at the lower end of the 16% to 17% forecast adjusted in July. This resulted primarily from the tense situation on the international raw material markets. Higher prices for stainless steel and alloy surcharges, force majeure with respect to key plastic components and US customs duties on steel had a negative impact on NORMA Group's cost of materials ratio. The increasing material shortage on the raw materials markets and strong growth in sales also temporarily led to special variable costs in purchasing, production and logistics.

The Management Board continues to adhere to its revised forecast for the Group last published in July 2018. → FORECAST REPORT, P. 20

### Acquisition of Kimplas Piping Systems Ltd.

NORMA Group successfully concluded the acquisition of 100% of the shares of the water specialist Kimplas Piping Systems Ltd. ('Kimplas') on July 5, 2018. Kimplas, based in Nashik in the West Indian state of Maharashtra, has been developing and producing molded parts using injection molding and other methods since 1996. Its product portfolio includes compression fittings, sprinklers and droppers, valves, filters and electrofusion fittings such as tapping tees for gas and water pipes. Kimplas's certified products are used for safe, leak-free drinking water and gas supply in rural and urban areas and provide filtered water for micro-irrigation systems. Kimplas's customers include exporters, water boards, domestic and foreign gas utilities, micro-irrigation system suppliers and construction companies. Kimplas employs around 690 people and sells its products mainly within India. The company generated total sales of around EUR 21 million in fiscal year 2018 (April 2017 to March 2018). It was included in the scope of consolidation at the beginning of July 2018.

By acquiring Kimplas, NORMA Group is consistently advancing the expansion of its business in the area of joining solutions for water management and improving its position in one of the most important emerging markets.

### Successful conclusion of the acquisition of Statek Stanzereitechnik GmbH

NORMA Group successfully concluded the acquisition of the supplier Statek Stanzereitechnik GmbH (‚Statek') following approval by the antitrust authorities in early August 2018. The Maintal-based company was founded in 1980 and produces contact and stamped parts, housings, corrugated springs and more. The company has around 60 employees and supplies renowned German and international customers in the electrical engineering, automotive and reactor technology sectors. NORMA Group has maintained long-standing business relations with Statek, purchasing housings and corrugated springs for worm screw clamps from the mid-sized company. Statek generated sales revenues of around EUR 17.2 million in fiscal year 2017, around 70% of which were with its largest customer NORMA Group. Consolidation took place on August 1, 2018.

Both acquisitions were financed exclusively with long-term funds from existing bank loans without raising equity.

### Personnel changes in the Management Board and Supervisory Board

Mark Wilhelms was appointed as a new member of the Supervisory Board of NORMA Group SE by the responsible local court on August 29, 2018. The process and industrial engineer has been CFO of Stabilus SA and Managing Director of Stabilus GmbH since 2014. His many years of management-level experience in the international automotive industry have given him expertise both in the financial sector and in information technology (IT). Following Wilhelms' appointment by court order, the Supervisory Board of NORMA Group SE now once again comprises six full members following the departure of longstanding Chairman Dr. Stefan Wolf in May 2018.

The Supervisory Board of NORMA Group SE appointed Dr. Friedrich Klein as its new Chief Operating Officer (COO) in early September 2018 with effect from October 1, 2018. Dr. Friedrich Klein has many years of experience and expertise in the automotive sector. He previously worked for Schaeffler Technologies AG & Co KG, an international automotive and industrial supplier. Most recently, Dr. Klein was Director of Bearing and Components Technologies, where he was responsible for the global development and production of rolling bearings. He was also responsible for restructuring the global production network and expanding production services. At NORMA Group, Dr. Klein is now responsible for Production, Purchasing, Supply Chain Management, Operational Global Excellence, ICT, Quality Assurance and ESG (Environment, Social, Governance).

# Consolidated Statement of Comprehensive Income for the period from January 1 to September 30, 2018

| IN EUR THOUSANDS | Q3 2018 | Q3 2017 | Q1 – Q3 2018 | Q1 – Q3 2017 |
|---|---|---|---|---|
| Revenue | 268,126 | 244,402 | 817,110 | 763,443 |
| Changes in inventories of finished goods and work in progress | 12,460 | –1,393 | 12,903 | 1,097 |
| Other own work capitalized | 1,872 | 1,109 | 3,619 | 2,511 |
| Raw materials and consumables used | –124,704 | –100,493 | –354,635 | –313,987 |
| **Gross profit** | **157,754** | **143,625** | **478,997** | **453,064** |
| Other operating income | 2,219 | 4,774 | 10,272 | 14,660 |
| Other operating expenses | –40,898 | –36,436 | –121,292 | –113,128 |
| Employee benefits expense | –69,650 | –64,997 | –218,277 | –204,300 |
| Depreciation and amortization | –16,126 | –14,312 | –44,666 | –43,373 |
| **Operating profit** | **33,299** | **32,654** | **105,034** | **106,923** |
| Financial income | 124 | 152 | 552 | 295 |
| Financial costs | –4,069 | –4,024 | –10,619 | –12,030 |
| **Financial costs – net** | **–3,945** | **–3,872** | **–10,067** | **–11,735** |
| **Profit before income tax** | **29,354** | **28,782** | **94,967** | **95,188** |
| Income taxes | –8,322 | –9,722 | –26,042 | –29,046 |
| **Profit for the period** | **21,032** | **19,060** | **68,925** | **66,142** |
| **Other comprehensive income for the period, net of tax** | | | | |
| **Other comprehensive income that can be reclassified to profit or loss, net of tax** | **–1,350** | **–9,503** | **5,751** | **–31,118** |
| Exchange differences on translation of foreign operations | –1,975 | –9,805 | 4,098 | –31,151 |
| Cash flow hedges, net of tax | 625 | 302 | 1,653 | 33 |
| **Other comprehensive income that cannot be reclassified to profit or loss net of tax** | **8** | **0** | **8** | **0** |
| Remeasurements of post-employment benefit obligations net of tax | 8 | 0 | 8 | 0 |
| **Other comprehensive income for the period, net of tax** | **–1,342** | **–9,503** | **5,759** | **–31,118** |
| **Total comprehensive income for the period** | **19,690** | **9,557** | **74,684** | **35,024** |
| **Profit attributable to** | | | | |
| Shareholders of the parent | 21,029 | 19,061 | 68,784 | 66,022 |
| Non-controlling interests | 3 | –1 | 141 | 120 |
| | **21,032** | **19,060** | **68,925** | **66,142** |
| **Total comprehensive income attributable to** | | | | |
| Shareholders of the parent | 19,812 | 9,544 | 74,651 | 34,911 |
| Non-controlling interests | –122 | 13 | 33 | 113 |
| | **19,690** | **9,557** | **74,684** | **35,024** |
| **(Un)diluted earnings per share (in EUR)** | **0.66** | **0.60** | **2.16** | **2.07** |

## ADJUSTMENTS

In the first nine months of 2018, net expenses totaling EUR 1.3 million were adjusted within EBITDA (earnings before interest, taxes, depreciation and amortization). Adjustments within EBITDA of EUR 0.2 million relate to the cost of materials resulting from the valuation of inventories acquired as part of the purchase price allocation for the Kimplas acquisition. The adjustments for acquisition-related costs within other operating expenses of EUR 1.0 million are related to the acquisitions of Kimplas and Statek.

Expenses for the integration of the companies acquired in the current fiscal year amounting to EUR 40 thousand were also adjusted within other operating expenses as well as expenses for employee benefits (EUR 15 thousand).

As in previous years, depreciation on property, plant and equipment from purchase price allocations amounting to EUR 2.9 million (Q1 – Q3 2017: EUR 3.0 million) was shown as adjusted within EBITA (earnings before interest, taxes and amortization of intangible assets), as was depreciation on intangible assets from purchase price allocations amounting to EUR 15.2 million (Q1 – Q3 2017: EUR 15.5 million) within EBIT. Notional income taxes resulting from the adjustments are calculated using the tax rates of the respective local companies concerned and included in adjusted earnings after taxes.

## ADJUSTMENTS[1]

| IN EUR MILLIONS | Q1 – Q3 2018 unadjusted | Total adjustments | Q1 – Q3 2018 adjusted |
|---|---|---|---|
| **Revenue** | **817.1** | **0** | **817.1** |
| Changes in inventories of finished goods and work in progress | 12.9 | 0 | 12.9 |
| Other own work capitalized | 3.6 | 0 | 3.6 |
| Raw materials and consumables used | – 354.6 | 0.2 | – 354.4 |
| **Gross profit** | **479.0** | **0.2** | **479.2** |
| Other operating income and expenses | – 111.0 | 1.0 | – 110.0 |
| Employee benefits expense | – 218.3 | 0 | – 218.3 |
| **EBITDA** | **149.7** | **1.3** | **151.0** |
| Depreciation | – 23.3 | 2.9 | – 20.5 |
| **EBITA** | **126.4** | **4.2** | **130.5** |
| Amortization | – 21.3 | 15.2 | – 6.1 |
| **Operating profit (EBIT)** | **105.0** | **19.4** | **124.4** |
| Financial costs – net | – 10.1 | 0 | – 10.1 |
| **Profit before income tax** | **95.0** | **19.4** | **114.4** |
| Income taxes | – 26.0 | – 4.9 | – 31.0 |
| **Profit for the period** | **68.9** | **14.5** | **83.4** |
| Non-controlling interests | 0.1 | 0 | 0.1 |
| **Profit attributable to shareholders of the parent** | **68.8** | **14.5** | **83.3** |
| **Earnings per share (in EUR)** | **2.16** | **0.45** | **2.61** |

1_Deviations in decimal places may occur due to commercial rounding.

## NOTES TO THE SALES AND EARNINGS DEVELOPMENT

### Order backlog

As of September 30, 2018, the order backlog stood at EUR 358.7 million, EUR 35.9 million or 11.1% higher than at the same time last year (Sep 30, 2017: EUR 322.7 million). The newly acquired companies Kimplas and Statek as well as Fengfan and Lifial are not yet included in this figure. The increase in the order backlog is due in large part to the increase in orders in North America and Europe. Currency effects had a slightly positive impact of EUR 0.9 million.

### Strong organic sales growth due to good order situation

Group sales from January to September 2018 amounted to EUR 817.1 million, 7.0% higher than in the same period of the previous year (Q1 – Q3 2017: EUR 763.4 million). Organic growth amounted to 9.7%. The Chinese company Fengfan, acquired in May 2017, and the two most recent acquisitions, Kimplas and Statek, contributed EUR 10.4 million (1.4%) to Group sales growth. Currency effects of – 4.1%, in connection with the development of the US dollar had a negative impact on growth in the first nine months.

NORMA Group achieved consolidated sales growth of 9.7% to EUR 268.1 million (Q3 2017: EUR 244.4 million) in the third quarter of 2018. Organic growth over the same period amounted to 7.1%. The two newly acquired companies Kimplas and Statek contributed EUR 6.1 million (2.5%) to sales growth. Currency effects once again had a slightly positive effect of 0.1% in the past quarter, due especially to the appreciation of the US dollar in the third quarter.

The high demand for joining solutions in the automotive industry – particularly in China, the world's largest automotive market –, catch-up effects in the commercial vehicle and agricultural machinery sectors in the US and the stronger water business of NDS were driving forces behind NORMA Group's organic growth in the period under review. → SEGMENT REPORTING, P. 18

### Growth in both distribution channels

NORMA Group generated sales revenues of EUR 517.9 million in the EJT segment in the first nine months of 2018, 9.6% more than in the same period of the previous year (Q1 – Q3 2017: EUR 472.6 million). Growth in the EJT segment was purely organic in the reporting period (13.1%), but was slowed by negative currency effects (– 3.5%).

EJT sales amounted to EUR 164.5 million in the third quarter of 2018, an increase of 9.1% compared to the prior-year quarter (Q3 2017: EUR 150.7 million). Good production figures in the commercial vehicle sector, especially in the US, helped drive growth.

Sales in the DS sector amounted to EUR 295.1 million in the nine-month period (Q1 – Q3 2017: EUR 286.2 million), an increase of 3.1%.

DS sales in the third quarter of 2018 amounted to EUR 102.8 million, an increase of 11.4% compared to the prior-year quarter (Q3 2017: EUR 92.3 million). Sales revenues from the Kimplas and Statek acquisitions contributed EUR 5.9 million, or 6.4%. Organic growth resulted mainly from the positive American water business.

### Adjusted cost of materials ratio influenced by high raw material prices

Adjusted cost of materials amounted to EUR 354.4 million in the period from January to September 2018, an increase of 13.3% compared to the same period of the previous year (Q1 – Q3 2017: EUR 312.8 million). In relation to sales, this resulted in an adjusted cost of materials ratio of 43.4% (Q1 – Q3 2017: 41.0%). → ADJUSTMENTS, P. 8

In the third quarter of 2018, adjusted cost of materials amounted to EUR 124.5 million (Q3 2017: EUR 99.9 million), resulting in an adjusted cost of materials ratio of 46.4% (Q3 2017: 40.9%).

The decisive factor for the increase in the costs of materials ratio in the 2018 reporting year was significantly higher raw material prices compared to the previous year, especially in the area of alloy surcharges. Forces majeure for certain plastic components as well as US punitive tariffs on steel also had a negative impact on raw material prices and therefore on NORMA Group's cost of materials. The increasing shortage of materials on the raw materials markets alongside strong sales growth led to special variable costs in purchasing, production and logistics.

Additionally, the increase in inventories of finished goods and work in progress had a negative impact on the cost of materials ratio. Among other things, this is the result of the very volatile environment on the commodity markets in the year under review and the resulting security-related build-up of reserves. In addition, production relocations had an impact on inventories of finished and unfinished products.

### Adjusted gross profit margin influenced by higher cost of materials

Adjusted gross profit (revenue less cost of materials plus changes in inventory of finished goods and work in progress and other own work capitalized) amounted to EUR 479.2 million in the period from January to September 2018, an increase of 5.5% compared to the prior-year period (Q1 – Q3 2017: EUR 454.2 million). The adjusted gross profit margin (adjusted gross profit in relation to sales) for the reporting period amounted to 58.7%, lower than in the same period of the previous year (Q1 – Q3 2017: 59.5%) due to the increased cost of materials.

NORMA Group generated adjusted gross profit of EUR 158.0 million in the third quarter of 2018, 9.6% more than in the same period of the previous year (Q3 2017: EUR 144.2 million). The adjusted gross profit margin in the third quarter of 2018 was 58.9% (Q3 2017: 59.0%).

### Constant personnel cost ratio

NORMA Group employed 9,055 staff worldwide as of September 30, 2018, including temporary workers, 6,925 of which were permanent employees. The total number of employees thus rose by 19.5% over the previous year, and the core workforce by 16.0%.

The largest increase in the number of employees was recorded in the Asia-Pacific region, its increase of 36.1% due largely to the acquisition of Kimplas. In the EMEA region, the number of employees increased by 10.5% compared to the same period of the previous year, due in part to the increase in the number of employees in Serbia and the acquisition of Statek. The Americas region recorded a growth-related increase in the number of employees of 15.2%.

As a result of the increased number of average workforce of 6,492, adjusted employee benefit expenses increased by 7.1% to EUR 218.3 million in the reporting period (Q1 – Q3 2017: EUR 203.8 million). At 26.7%, the adjusted personnel cost ratio remained constant compared to the same period of the previous year (Q1 – Q3 2017: 26.7%). One of the reasons for this was a reduction of expenses for employee bonus programs. → ADJUSTMENTS, P. 8

Adjusted personnel expenses in the third quarter of 2018 amounted to EUR 69.6 million, an increase of 7.9% compared to the third quarter of 2017 (Q3 2017: EUR 64.5 million). The adjusted personnel cost ratio in the last quarter was 26.0% (Q3 2017: 26.4%).

**PERSONNEL DEVELOPMENT**

| | Sep 30, 2018 | Sep 30, 2017 |
|---|---|---|
| EMEA | 3,776 | 3,416 |
| Americas | 1,811 | 1,572 |
| Asia-Pacific | 1,338 | 983 |
| **Core workforce** | **6,925** | **5,971** |
| Temporary workers | 2,130 | 1,609 |
| **Total number of employees including temporary workers** | **9,055** | **7,580** |
| **Average number of employees (core workforce)** | **6,492** | **5,693** |

### Adjusted other operating income and expenses affected by special variable costs

The balance of adjusted other operating income and expenses amounted to EUR –110.0 million in the nine-month period, an increase of 12.8% compared to the previous year (Q1 – Q3 2017: EUR –97.5 million). In relation to sales, this resulted in a ratio of 13.5% (Q1 – Q3 2017: 12.8%).

Other operating income includes currency gains from operating activities of EUR 5.3 million (Q1 – Q3 2017: EUR 4.0 million) as well as income from the reversal of liabilities and unused provisions in connection with provisions for price adjustments on the customer side and bonus payments for employees of EUR 2.2 million (Q1 – Q3 2017: EUR 6.5 million).

Other operating expenses include currency losses of EUR 6.4 million (Q1 – Q3 2017: EUR 5.6 million). Freight costs also increased compared to the previous year. This development is mainly attributable to the difficult environment on the raw materials markets, with material shortages and resulting delays for NORMA Group’s production processes, some of which resulted in unplanned deliveries.

The balance of adjusted other operating income and expenses in the third quarter of 2018 amounted to EUR –38.3 million, an increase of 23.8% on the prior-year quarter (Q3 2017: EUR –30.9 million). As a percentage of sales, adjusted other operating income and expenses increased to 14.3% compared to the same quarter of the previous year (Q3 2017: 12.6%).

### Operating result influenced by cost of materials and special variable costs

NORMA Group generated earnings before interest, taxes, depreciation and amortization (adjusted EBITDA) of EUR 151.0 million in the period from January to September 2018, adjusted for the aforementioned special factors. This corresponds to a decline of 1.3% compared to the previous year (Q1 – Q3 2017: EUR 152.9 million). The adjusted EBITDA margin resulting from the ratio to sales was 18.5% for the nine-month period (Q1 – Q3 2017: 20.0%).

Adjusted EBITDA in the third quarter of 2018 amounted to EUR 50.1 million (Q3 2017: EUR 48.8 million). The resulting adjusted EBITDA margin was 18.7% (Q3 2017: 20.0%).

Adjusted EBITA, which is also adjusted for depreciation of tangible assets from purchase price allocations, amounted to EUR 130.5 million in the reporting period from January to September 2018. This corresponds to a decline of 2.9% from the previous year (Q1 – Q3 2017: EUR 134.4 million). The adjusted EBITA margin was 16.0% (Q1 – Q3 2017: 17.6%).

Adjusted EBITA improved to EUR 42.8 million in the third quarter of 2018 (Q3 2017: EUR 42.7 million). This corresponds to an increase of 0.1%. The adjusted EBITA margin amounted to 16.0% in the third quarter of 2018 (Q3 2017: 17.5%).

### Financial result

The financial result for the period January to September 2018 amounted to EUR – 10.1 million, an improvement of 14.2% compared to the same period of the previous year (Q1 – Q3 2017: EUR – 11.7 million).

The financial result was EUR – 3.9 million in the third quarter of 2018 (Q3 2017: EUR – 3.9 million).

Net currency gains/losses (including income/expenses from the measurement of currency hedging derivatives) amounted to EUR 0.2 million in the first nine months of 2018 (Q1 – Q3 2017: EUR – 0.9 million). Net interest expenses decreased by EUR 0.4 million to EUR 9.8 million in the first nine months of 2018 (Q1 – Q3 2017: EUR 10.2 million).

### Adjusted income taxes and tax rate

Adjusted income taxes for the period January to September 2018 amounted to EUR 31.0 million (Q1 – Q3 2017: EUR 36.1 million). Measured against adjusted pre-tax earnings of EUR 114.4 million (Q1 – Q3 2017: EUR 116.3 million), this results in a lower adjusted tax rate of 27.1% (Q1 – Q3 2017: 31.0%) compared to the prior-year period.

The adjusted tax rate in the third quarter of 2018 was 27.4% (Q3 2017: 33.6%) based on adjusted income taxes of EUR 10.0 million (Q3 2017: EUR 12.4 million).

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

Adjusted earnings for the period (after taxes) amounted to EUR 83.4 million in the reporting period, 4.0% above the previous year's level (Q1 – Q3 2017: EUR 80.2 million). Based on the unchanged number of 31,862,400 shares, adjusted earnings per share for the nine-month period amounted to EUR 2.61 (Q1 – Q3 2017: EUR 2.51).

Adjusted earnings for the period amounted to EUR 26.6 million in the third quarter of 2018, an increase of 8.9% compared to the previous year (Q3 2017: EUR 24.4 million). This results in adjusted earnings per share of EUR 0.83 (Q3 2017: EUR 0.77).

Due to the relatively large share of US business, the US tax reform implemented in late 2017 had a positive effect on adjusted net income for the period and adjusted earnings per share.

# Consolidated Statement of Financial Position

## ASSETS

| IN EUR THOUSANDS | Sep 30, 2018 | Dec 31, 2017 | Sep 30, 2017 |
|---|---|---|---|
| **Non-current assets** | | | |
| Goodwill | 404,832 | 356,717 | 358,126 |
| Other intangible assets | 262,972 | 255,729 | 264,956 |
| Property, plant and equipment | 234,671 | 205,153 | 199,761 |
| Other non-financial assets | 2,326 | 1,048 | 286 |
| Derivative financial assets | 3,836 | 1,885 | 1,170 |
| Income tax assets | 903 | 76 | 75 |
| Deferred income tax assets | 3,926 | 4,845 | 7,812 |
| | **913,466** | **825,453** | **832,186** |
| **Current assets** | | | |
| Inventories | 186,020 | 151,229 | 153,449 |
| Other non-financial assets | 18,717 | 15,754 | 17,587 |
| Other financial assets | 1,195 | 1,001 | 5,854 |
| Derivative financial assets | 220 | 640 | 931 |
| Income tax assets | 5,969 | 9,884 | 8,498 |
| Trade and other receivables | 185,057 | 152,746 | 154,789 |
| Contract assets | 1,051 | 0 | 0 |
| Cash and cash equivalents | 122,809 | 155,323 | 141,598 |
| | **521,038** | **486,577** | **482,706** |
| **Total assets** | **1,434,504** | **1,312,030** | **1,314,892** |

## EQUITY AND LIABILITIES

| IN EUR THOUSANDS | Sep 30, 2018 | Dec 31, 2017 | Sep 30, 2017 |
|---|---|---|---|
| **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 | –2,505 | –8,364 | –4,034 |
| Retained earnings | 333,121 | 298,077 | 244,756 |
| **Equity attributable to shareholders** | **572,801** | **531,898** | **482,907** |
| Non-controlling interests | 1,963 | 2,423 | 2,625 |
| **Total equity** | **574,764** | **534,321** | **485,532** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Retirement benefit obligations | 12,103 | 12,127 | 11,666 |
| Provisions | 8,827 | 10,239 | 9,552 |
| Borrowings | 561,995 | 455,111 | 460,483 |
| Other non-financial liabilities | 440 | 489 | 525 |
| Other financial liabilities | 4,163 | 4,224 | 5,446 |
| Derivative financial liabilities | 683 | 1,226 | 1,604 |
| Deferred income tax liabilities | 68,875 | 60,543 | 91,756 |
| | **657,086** | **543,959** | **581,032** |
| **Current liabilities** | | | |
| Provisions | 9,194 | 8,545 | 8,404 |
| Borrowings | 8,628 | 33,136 | 67,446 |
| Other non-financial liabilities | 36,162 | 31,860 | 33,983 |
| Contract liabilities | 1,191 | 0 | 0 |
| Other financial liabilities | 4,951 | 6,307 | 4,756 |
| Derivative financial liabilities | 199 | 193 | 124 |
| Income tax liabilities | 6,536 | 7,960 | 16,868 |
| Trade and other payables | 135,793 | 145,749 | 116,747 |
| | **202,654** | **233,750** | **248,328** |
| **Total liabilities** | **859,740** | **777,709** | **829,360** |
| **Total equity and liabilities** | **1,434,504** | **1,312,030** | **1,314,892** |

## NOTES TO THE FINANCIAL POSITION

### Total assets

As of September 30, 2018, total assets amounted to EUR 1,434.5 million, an increase of 9.3% compared to the end of last year (Dec 31, 2017: EUR 1,312.0 million). Compared to September 30, 2017 (EUR 1,314.9 million), total assets increased by 9.1%.

### Fixed assets

Non-current assets amounted to EUR 913.5 million as of September 30, 2018, an increase of 10.7% compared to the end of last year (Dec 31, 2017: EUR 825.5 million). This development is mainly attributable to the acquisitions of Kimplas and Statek in the third quarter of 2018 and to currency effects in connection with the US dollar. Non-current assets accounted for 63.7% of total assets as of September 30, 2018 (Dec 31, 2017: 62.9%).

In the first nine months of 2018, EUR 44.4 million were invested in fixed assets, including EUR 3.6 million in own work capitalized. The focus of investments was on Germany, Poland, Serbia, China, the US and Mexico. There were no significant disposals.

Current assets amounted to EUR 521.0 million as of September 30, 2018, an increase of 7.1% compared to the end of the previous year (Dec 31, 2017: EUR 486.6 million). The increase is due in particular to the rise in inventories (+23.0%) and trade receivables (+21.2%), which increased compared to the fourth quarter of 2017 due to the increased sales volume in the third quarter of 2018. On the other hand, cash and cash equivalents decreased by 20.9% partially due to the negative cash flows from investing activities. → NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS, P. 17 As of September 30, 2018, current assets accounted for 36.3% of total assets (Dec 31, 2017: 37.1%). Compared to the previous year, current assets increased by 7.9% (Sep 30, 2017: EUR 482.7 million).

### (Trade) working capital increased

Trade working capital (inventories plus trade receivables minus trade payables) amounted to EUR 235.3 million as of September 30, 2018, an increase of 48.7% compared to the end of last year (Dec 31, 2017: EUR 158.2 million) due to seasonal factors. The main reasons for this were the increase in business activity and the related increase in trade receivables by 21.2% or EUR 32.3 million and in inventories by 23.0% or EUR 34.8 million.

### Equity ratio

Group equity amounted to EUR 574.8 million as of September 30, 2018, up 7.6% on December 31, 2017 (EUR 534.3 million). This corresponds to an equity ratio of 40.1% (Dec 31, 2017: 40.7%). The increase in equity due to the net result for the period (EUR 68.9 million), positive currency translation differences (EUR 4.1 million) and cash flow hedges (EUR 1.7 million) was offset by the dividend distribution to the shareholders of NORMA Group SE (EUR – 33.5 million).

### Net debt increased

Net debt amounted to EUR 457.8 million as of September 30, 2018, an increase of 32.7% compared to the end of the year (Dec 31, 2017: EUR 344.9 million). The main reason for this was the financing of the acquisitions of Kimplas and Statek. Another contributing factor was the decline in cash and cash equivalents due to net cash outflows from operating and investing activities and dividend payments. → NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS, P. 17

Gearing (the ratio of net debt to equity) was 0.8, above the level at the end of 2017 (0.6). Leverage (net debt excluding hedging derivatives in relation to adjusted EBITDA for the last 12 months) was 2.2 as of September 30, 2018 (Dec 31, 2017: 1.7).

NORMA Group's net financial debt is as follows:

**NET DEBT**

| IN EUR THOUSANDS | Sep 30, 2018 | Dec 31, 2017 |
|---|---|---|
| Bank borrowings, net | 570,623 | 488,247 |
| Derivative financial liabilities – hedge accounting | 882 | 1,419 |
| Finance lease liabilities | 57 | 156 |
| Other financial liabilities | 9,057 | 10,375 |
| **Financial debt** | **580,619** | **500,197** |
| Cash and cash equivalents | 122,809 | 155,323 |
| **Net debt** | **457,810** | **344,874** |

### Financial liabilities

At EUR 580.6 million, NORMA Group's financial liabilities were 16.1% higher than on December 31, 2017 (EUR 500.2 million). In the area of loans, this increase is attributable to taking up the accordion facility for EUR 102 million agreed as part of the syndicated loan agreement for the purpose of financing acquisitions and to refinance a promissory note tranche. In addition, effects from exchange rate changes on the US dollar tranches of the syndicated loans and the promissory note loan increased the loans item. Countervailing effects resulted from the scheduled repayment of the syndicated loans and promissory notes in the amount of EUR 28.4 million.

Non-current liabilities amounted to EUR 657.1 million as of September 30, 2018, an increase of 20.8% compared to the end of 2017 (Dec 31, 2017: EUR 544.0 million). Current liabilities decreased by 13.3% to EUR 202.7 million compared to the end of 2017 (Dec 31, 2017: EUR 233.8 million), mainly due to the scheduled repayment of loans.

The terms of the syndicated and the promissory note loans as of September 30, 2018, are as follows:

### MATURITY BANK BORROWINGS AS OF SEP 30, 2018

| IN EUR THOUSANDS | up to 1 year | > 1 year up to 2 years | > 2 years up to 5 years | > 5 years |
|---|---|---|---|---|
| Syndicated bank facilities, net | 4,798 | 4,798 | 176,361 | 0 |
| Promissory note, net | 0 | 134,247 | 160,970 | 86,500 |
| **Total** | **4,798** | **139,045** | **337,331** | **86,500** |

## Other non-financial liabilities

Other non-financial liabilities are as follows:

### OTHER NON-FINANCIAL LIABILITIES

| IN EUR THOUSANDS | Sep 30, 2018 | Dec 31, 2017 |
|---|---|---|
| **Non-current** | | |
| Government grants | 401 | 446 |
| Other liabilities | 39 | 43 |
| | **440** | **489** |
| **Current** | | |
| Government grants | 16 | 50 |
| Non-income tax liabilities | 3,902 | 2,004 |
| Social liabilities | 5,294 | 5,582 |
| Personnel-related liabilities (e.g. vacations, bonuses, incentives) | 25,538 | 23,274 |
| Other liabilities | 168 | 383 |
| Deferred income | 1,244 | 567 |
| | **36,162** | **31,860** |
| **Total other non-financial liabilities** | **36,602** | **32,349** |

## Derivative financial instruments

### Foreign currency derivatives

As of September 30, 2018, foreign currency derivatives with a positive market value of EUR 0.2 million and foreign currency derivatives with a negative market value of EUR 0.1 million were held to hedge cash flows. Foreign currency derivatives with a negative market value of EUR 0.1 million were also held to hedge fair value changes.

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

### Interest rate hedging instruments

Parts of NORMA Group's external financing were hedged against interest rate fluctuations using interest rate swaps. As of September 30, 2018, interest rate hedges with a positive market value of EUR 3.8 million and with a negative market value of EUR 0.7 million were held.

# Consolidated Statement of Cash Flows for the period from January 1 to September 30, 2018

| IN EUR THOUSANDS | Q3 2018 | Q3 2017 | Q1 – Q3 2018 | Q1 – Q3 2017 |
|---|---|---|---|---|
| **Operating activities** | | | | |
| **Profit for the period** | **21,032** | **19,060** | **68,925** | **66,142** |
| Depreciation and amortization | 16,126 | 14,312 | 44,666 | 43,373 |
| Gain (–)/loss (+) on disposal of property, plant and equipment | 62 | 36 | 229 | 31 |
| Change in provisions | 992 | 1,717 | 2,411 | 2,840 |
| Change in deferred taxes | –234 | –2,291 | –988 | –3,612 |
| Change in inventories, trade account receivables and other receivables, which are not attributable to investing or financing activities | –1,140 | –3,992 | –49,829 | –55,198 |
| Change in trade and other payables, which are not attributable to investing or financing activities | –6,152 | 3,105 | –15,603 | 10,647 |
| Change in reverse factoring liabilities | –4,613 | –1,586 | 693 | 4,783 |
| Payments for share-based payments | 0 | 0 | –3,513 | –3,981 |
| Interest expenses in the period | 3,418 | 3,361 | 9,883 | 10,228 |
| Income (–)/expenses (+) due to measurement of derivatives | 113 | –1,323 | 307 | –4,387 |
| Other non-cash expenses (+)/income (–) | 687 | 1,600 | 347 | 5,367 |
| **Cash flows from operating activities** | **30,291** | **33,999** | **57,528** | **76,233** |
| thereof interest received | 144 | 231 | 305 | 365 |
| thereof income taxes | –10,821 | –12,047 | –24,782 | –24,842 |
| **Investing activities** | | | | |
| Payments for acquisitions of subsidiaries, net | –66,302 | 0 | –69,291 | –23,746 |
| Investments in property, plant and equipment and intangible assets | –17,764 | –12,682 | –45,674 | –33,810 |
| Proceeds from the sale of property, plant and equipment | 11 | 133 | 863 | 486 |
| **Cash flows from investing activities** | **–84,055** | **–12,549** | **–114,102** | **–57,070** |
| **Financing activities** | | | | |
| Proceeds from outstanding capital contributions to a newly acquired subsidiary by former owner | 0 | 0 | 0 | 3,924 |
| Payments for the acquisition of non-controlling interests | –1,121 | 0 | –1,121 | 0 |
| Interest paid | –5,904 | –5,633 | –8,935 | –9,091 |
| Dividends paid to shareholders | 0 | 0 | –33,456 | –30,269 |
| Dividends paid to non-controlling interests | –35 | –45 | –134 | –127 |
| Proceeds from borrowings | –4 | 498 | 102,000 | 498 |
| Repayment of borrowings | –31,931 | –4,942 | –34,316 | –7,368 |
| Proceeds from/repayment of derivatives | 31 | 1,354 | –140 | 4,767 |
| Repayment of lease liabilities | –11 | –35 | –99 | –114 |
| **Cash flows from financing activities** | **–38,975** | **–8,803** | **23,799** | **–37,780** |
| **Net change in cash and cash equivalents** | **–92,739** | **12,647** | **–32,775** | **–18,617** |
| Cash and cash equivalents at the beginning of the year | 215,185 | 130,343 | 155,323 | 165,596 |
| Effect of foreign exchange rates on cash and cash equivalents | 363 | –1,392 | 261 | –5,381 |
| **Cash and cash equivalents at the end of the period** | **122,809** | **141,598** | **122,809** | **141,598** |

## NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

### Group-wide financial management

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

### Net operating cash flow

Net operating cash flow amounted to EUR 39.4 million in the nine-month period, 45.3% below the level of the prior-year period (Q1 – Q3 2017: EUR 72.0 million). This was mainly due to an increase in working capital, increased capital expenditure from operating activities and a decline in adjusted EBITDA as of the reporting date.

Capital expenditure from operating activities amounted to EUR 44.4 million in the first nine months of 2018, significantly higher than in the same period of the previous year (Q1 – Q3 2017: EUR 31.0 million).

As a percentage of revenues, net operating cash flow amounted to 4.8% (Q1 – Q3 2017: 9.4%) in the first nine months of 2018.

### Cash flow from operating activities

Cash flow from operating activities amounted to EUR 57.5 million in the first nine months of 2018 (Q1 – Q3 2017: EUR 76.2 million) and thus declined by EUR 18.7 million compared to the same period last year. The lower cash inflow was mainly due to an increase in trade working capital compared to the prior-year period. In particular, the increase in trade receivables, the increase in inventories and the decrease in trade payables as of September 30, 2018, contributed to the increase in trade working capital compared to the end of 2017.

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

The company participates in a reverse factoring program, a factoring program and an asset-backed securities (ABS) program. Liabilities under the reverse factoring program are reported under trade payables and similar liabilities. Cash flows from the reverse factoring, factoring and ABS programs are shown under cash flow from operating activities, as this corresponds to the economic content of the transactions.

The adjustments made for expenses from the valuation of derivatives amounting to EUR 0.3 million (Q1 – Q3 2017: income of EUR 4.4 million) included in cash inflow from operating activities relate to the fair value changes of foreign currency derivatives and interest rate swaps allocated to financing activities and recognized in income.

The adjusted other non-cash income (–) / expenses (+) mainly comprise expenses from the currency translation of external financial liabilities and intragroup monetary items amounting to EUR 0.1 million (Q1 – Q3 2017: EUR 5.1 million).

### Cash flow from investing activities

Cash flow from investing activities amounted to EUR –114.1 million in the first nine months of 2018 (Q1 – Q3 2017: EUR –57.1 million). Cash flows from investing activities include net cash outflows from the procurement and sale of non-current assets of EUR 44.8 million (Q1 – Q3 2017: EUR 33.3 million). This includes the change in liabilities for the acquisition of intangible assets and property, plant and equipment of EUR –1.3 million (Q1 – Q3 2017: EUR –2.8 million). The investments made in the period from January to September 2018 related in particular to the sites in Germany, Poland, Serbia, China, Mexico and the US.

Net cash outflows for acquisitions of EUR –69.3 million (Q1 – Q3 2017: EUR –23.7 million) from payments in connection with the acquisitions of Kimplas and Statek in fiscal year 2018 and with Fengfan, which was acquired in the second quarter of 2017, are also included in cash used in investing activities (Q1 – Q3 2017: net cash outflows for the acquisitions of Fengfan and Lifial and repayment of a purchase price liability). The investment ratio (excluding acquisitions) was 5.6% in the nine-month period (Q1 – Q3 2017: 4.4%).

### Cash flow from financing activities

Cash flow from financing activities amounted to EUR 23.8 million in the period from January to September 2018 (Q1 – Q3 2017: EUR 37.8 million). This mainly includes net payments from financial liabilities (Q1 – Q3 2018: EUR 67.7 million; Q1 – Q3 2017: net payments of EUR 6.9 million), dividend payments (Q1 – Q3 2018: EUR –33.6 million; Q1 – Q3 2017: EUR –30.4 million) and interest payments (Q1 – Q3 2018: EUR –8.9 million; Q1 – Q3 2017: EUR –9.1 million).

In the prior-year period, cash inflows from the acquisition of Fengfan from outstanding capital contributions to a newly acquired subsidiary in the amount of EUR 3.9 million were also included in cash flow from financing activities.

# Segment Reporting for the period from January 1 to September 30, 2018

| | EMEA | | Americas | | Asia-Pacific | | Total segments | | Central functions | | Consolidation | | Consolidated Group | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| IN EUR THOUSANDS | Q1 – Q3 2018 | Q1 – Q3 2017 | Q1 – Q3 2018 | Q1 – Q3 2017 | Q1 – Q3 2018 | Q1 – Q3 2017 | Q1 – Q3 2018 | Q1 – Q3 2017 | Q1 – Q3 2018 | Q1 – Q3 2017 | Q1 – Q3 2018 | Q1 – Q3 2017 | Q1 – Q3 2018 | Q1 – Q3 2017 |
| Total revenue | 415,292 | 398,981 | 341,738 | 318,954 | 109,670 | 87,973 | 866,700 | 805,908 | 20,082 | 17,873 | –69,672 | –60,338 | 817,110 | 763,443 |
| thereof intersegment revenue | 39,605 | 29,917 | 7,473 | 9,285 | 2,512 | 3,263 | 49,590 | 42,465 | 20,082 | 17,873 | –69,672 | –60,338 | 0 | 0 |
| **Revenue from external customers** | **375,687** | **369,064** | **334,265** | **309,669** | **107,158** | **84,710** | **817,110** | **763,443** | **0** | **0** | **0** | **0** | **817,110** | **763,443** |
| Contribution to consolidated Group sales | 46% | 48% | 41% | 41% | 13% | 11% | 100% | 100% | | | | | | |
| Adjusted gross profit[1] | 237,370 | 229,434 | 193,917 | 186,610 | 48,708 | 40,112 | 479,995 | 456,156 | n.a. | n.a. | –753 | –1,948 | 479,242 | 454,208 |
| **Adjusted EBITDA[1]** | **74,399** | **79,487** | **66,837** | **66,242** | **15,599** | **14,112** | **156,835** | **159,841** | **–5,579** | **–6,766** | **–282** | **–188** | **150,974** | **152,887** |
| EBITDA margin[1, 2] | 17.9% | 19.9% | 19.6% | 20.8% | 14.2% | 16.0% | | | | | | | 18.5% | 20.0% |
| Depreciation without PPA depreciation[3] | –9,493 | –8,433 | –6,531 | –6,561 | –3,369 | –2,531 | –19,393 | –17,525 | –1,061 | –984 | 0 | 0 | –20,454 | –18,509 |
| **Adjusted EBITA[1]** | **64,906** | **71,054** | **60,306** | **59,681** | **12,230** | **11,581** | **137,442** | **142,316** | **–6,640** | **–7,750** | **–282** | **–188** | **130,520** | **134,378** |
| Adjusted EBITA margin[1, 2] | 15.6% | 17.8% | 17.6% | 18.7% | 11.2% | 13.2% | | | | | | | 16.0% | 17.6% |
| Assets[4, 5] | 617,092 | 601,335 | 629,637 | 599,880 | 242,522 | 159,056 | 1,489,251 | 1,360,271 | 346,614 | 383,616 | –401,361 | –431,857 | 1,434,504 | 1,312,030 |
| Liabilities[5, 6] | 199,719 | 206,488 | 279,789 | 292,760 | 58,756 | 54,016 | 538,264 | 553,264 | 656,078 | 601,915 | –334,602 | –377,470 | 859,740 | 777,709 |
| CAPEX | 20,147 | 15,107 | 15,147 | 10,917 | 7,419 | 3,376 | 42,713 | 29,400 | 1,709 | 1,567 | n.a. | n.a. | 44,422 | 30,967 |

1_Adjustments are described on → PAGE 8.
2_Based on segment sales
3_Depreciation from purchase price allocations
4_Including allocated goodwills, taxes are shown in the column ‘consolidation.’
5_Taxes are shown in the column ‘consolidation.’

## NOTES TO SEGMENT DEVELOPMENT

In the first nine months of 2018, the share of sales generated by foreign Group companies amounted to 80.8% (Q1 – Q3 2017: 80.0%).

### EMEA

Sales (external sales) in the EMEA region for the period January to September 2018 amounted to EUR 375.7 million, an increase of 1.8% compared to the same period of last year (Q1 – Q3 2017: EUR 369.1 million). The main reason for the increase in sales in the region was moderate organic sales growth, driven mainly by the EJT business and demand from the automotive industry, which however weakened in the third quarter. Additional sales revenue from the acquisition of Statek also contributed EUR 0.9 million (+0.2%) to growth in the region. Due to the weaker sales growth relative to the other regions, the EMEA region's share of Group sales decreased to 46% (Q1 – Q3 2017: 48%).

Adjusted EBITDA in the EMEA region decreased by 6.4% to EUR 74.4 million in the reporting period (Q1 – Q3 2017: EUR 79.5 million). The adjusted EBITDA margin decreased accordingly to 17.9% (Q1 – Q3 2017: 19.9%). Adjusted EBITA amounted to EUR 64.9 million (Q1 – Q3 2017: EUR 71.1 million), and the adjusted EBITA margin amounted to 15.6% (Q1 – Q3 2017: 17.8%).

The main reasons for the decline in margins in the EMEA region were higher prices for important raw materials and variable special costs, including freight costs in connection with the shortage of materials on the international raw material markets.

Investments made in the EMEA region in the reporting period amounted to EUR 20.1 million (Q1 – Q3 2017: EUR 15.1 million) and related in particular to the sites in Germany, Poland and Serbia.

Assets increased by 2.6% to EUR 617.1 million compared to the end of the year (Dec 31, 2017: EUR 601.3 million), partly due to the acquisition of Statek.

Liabilities amounted to EUR 199.7 million and thus decreased by 3.3% compared to the end of the year (Dec 31, 2017: EUR 206.5 million).

In the third quarter of 2018, NORMA Group recorded only slight sales growth of 0.1% to EUR 117.6 million (Q3 2017: EUR 117.5 million) in the EMEA region. This is partly due to the generally difficult situation in the European automotive sector with declining production figures. On the basis of current market research data and the geopolitical uncertainties in Europe, the Management Board for the forth quarter of 2018 anticipates declining production figures in the European automotive industry and is therefore adjusting its forecast for the expected sales growth in the EMEA region. For the full year 2018, moderate organic sales growth is now expected for the region (previously: solid organic sales growth).

### Americas

External sales in the Americas region amounted to EUR 334.3 million in the first nine months of the year, an increase of 7.9% compared to the same period last year (Q1 – Q3 2017: EUR 309.7 million). The sales drivers here were in particular the good order volume in the commercial vehicles and agricultural machinery sectors in the US as well as catch-up effects from NDS's water business. The Americas region's share of total sales remained stable at 41% (Q1 – Q3 2017: 41%).

Based on adjusted EBITDA of EUR 66.8 million (Q1 – Q3 2017: EUR 66.2 million), which was 0.9% higher, the adjusted EBITDA margin for the nine-month period was 19.6% (Q1 – Q3 2017: 20.8%). The adjusted EBITA margin was 17.6% (Q1 – Q3 2017: 18.7%), based on adjusted EBITA of EUR 60.3 million (Q1 – Q3 2017: EUR 59.7 million).

Investments in the Americas region amounted to EUR 15.1 million in the reporting period (Q1 – Q3 2017: EUR 10.9 million) and related in particular to the plants in the US and Mexico. Assets increased by 5.0% to EUR 629.6 million (Dec 31, 2017: EUR 599.9 million) due to currency effects, among other factors. Liabilities decreased by 4.4% to EUR 279.8 million (Dec 31, 2017: EUR 292.8 million).

In the third quarter of 2018, sales in the Americas region amounted to EUR 111.6 million, an increase of 15.0% compared to the third quarter of 2017 (EUR 97.0 million).

### Asia-Pacific

With external sales of EUR 107.2 million and an increase of 26.5%, the Asia-Pacific region showed strong growth compared to the previous year (Q1 – Q3 2017: EUR 84.7 million). The very good business development in the EJT sector and the additional sales revenues from the acquisition of the Indian water management company Kimplas contributed to this growth. The region's share of Group sales rose to 13% (Q1 – Q3 2017: 11%) due to the good sales development.

Adjusted EBITDA in the Asia-Pacific region increased by 10.5% to EUR 15.6 million in the reporting period from January to September (Q1 – Q3 2017: EUR 14.1 million), resulting in an adjusted EBITDA margin of 14.2% (Q1 – Q3 2017: 16.0%). Adjusted EBITA amounted to EUR 12.2 million and thus increased by 5.6% compared to the same period of the previous year (Q1 – Q3 2017: EUR 11.6 million). Influenced by higher material costs, the adjusted EBITA margin was 11.2% (Q1 – Q3 2017: 13.2%).

Investments in the Asia-Pacific region amounted to EUR 7.4 million in the reporting period (Q1 – Q3 2017: EUR 3.4 million) and mainly related to the plants in China. Assets amounted to EUR 242.5 million and increased by 52.5% compared to the end of the year (Dec 31, 2017: EUR 159.1 million) as a result of the acquisition of Kimplas. Liabilities increased by 8.8% from EUR 54.0 million to EUR 58.8 million.

In the third quarter of 2018, sales in the region amounted to EUR 38.9 million, an increase of 30.5% compared to the previous year (Q3 2017: EUR 29.8 million). Besides strong organic growth as a result of high demand from the Chinese automotive industry, Kimplas's sales also contributed to growth.

# Forecast Report

The Management Board has adjusted its forecast published in the Annual Report (March 2018) regarding sales growth, the adjusted EBITA margin and net operating cash flow in the current financial year. The adjustments are listed in the following table

**FORECAST FOR THE FISCAL YEAR 2018[1]**

| | |
|---|---|
| Consolidated sales | Organic growth of around 5% to 8%, additionally around EUR 17 million from acquisitions (previously: EUR 15 million)<br>EMEA: moderate organic growth (previously: solid organic growth)<br>Americas: strong organic growth<br>APAC: higher than originally assumed organic growth in the double-digit range<br>EJT: strong growth<br>DS: solid growth |
| Adjusted cost of materials ratio | roughly at the same level as in previous years |
| Adjusted personnel cost ratio | roughly at the same level as in previous years |
| Investments in R&D (in relation to EJT sales) | around 5% of EJT sales |
| Adjusted EBITA margin | between 16% and 17% |
| Financial result | up to EUR – 15 million |
| Tax rate | around 26% to 28% |
| Adjusted earnings per share | strong increase |
| Investment rate (without acquisitions) | operational investments of around 5% of Group sales |
| Net operating cash flow | around EUR 130 million |
| Dividend | approx. 30% to 35% of adjusted net profit for the Group |
| Number of invention applications per year | more than 20 |
| Number of defective parts (PPM) | less than 20 |
| Number of quality-related complaints per month | less than 8 |

1_The Management Board adjusted its forecast for Group sales in May 2018 and its forecast for the adjusted EBITA margin in July 2018. → Q2 2018 INTERIM STATEMENT

# Financial Calendar, Contact and Imprint

## FINANCIAL CALENDAR

| Date | Event |
|---|---|
| February 13, 2019 | Publication of Preliminary Financial Results 2018 |
| March 20, 2019 | Publication of Full Year Results 2018 |
| May 8, 2019 | Publication of Q1 Interim Statement 2019 |
| May 21, 2019 | Ordinary Annual General Meeting 2019 |
| August 6, 2019 | Publication of Q2 Interim Report 2019 |
| November 6, 2019 | Publication of Q3 Interim Statment 2019 |

The financial calendar is constantly updated. Please visit the Investor Relations section on the company website **INVESTORS.NORMAGROUP.COM**.

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## CONCEPT AND REALIZATION
MPM Corporate Communication Solutions, Mainz

## EDITORIAL
NORMA Group SE

**Note on the interim statement**
This interim statement is also available in German. If there are differences between the two, the German version takes precedent.

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

**Forward-looking statements**
This interim statement contains certain future-oriented statements. Future-oriented statements include all statements which do not relate to historical facts and events and contain future-oriented expressions such as 'believe,' 'estimate,' 'assume,' 'expect,' 'forecast,' 'intend,' 'could' or 'should' or expressions of a similar kind. Such future-oriented statements are subject to risks and uncertainties since they relate to future events and are based on the company's current assumptions, which may not in the future take place or be fulfilled as expected. The company points out that such future-oriented statements provide no guarantee for the future and that the actual events including the financial position and profitability of 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 statement, no guarantee can be given that this will continue to be the case in the future.

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