

Press Release

November 4, 2020



NORMA Group SE
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NORMA Group's business rebounds strongly in what remains a difficult environment

- Sales and earnings in the third quarter of 2020 affected by the corona pandemic
- Solid cash flow and consistently strong liquidity
- Continued strong business in the area of water management
- “Get on track” change program continues to be implemented
- Outlook for the full year: adjusted EBITA margin of more than 5 percent expected

Maintal, Germany, November 4, 2020 – NORMA Group published its financial results for the third quarter of 2020 today. The figures show a noticeable recovery of the business compared to the previous quarter. Rising demand in the market as well as strict cost control and decisive liquidity management within the company had a positive impact.

NORMA Group posted Group sales of EUR 245.9 million in the third quarter of 2020, a 10.2 percent decline compared to the same period of the previous year (Q3 2019: EUR 274.0 million) due to the economic impact of the corona pandemic. Organic sales were down 7.5 percent. Currency effects also had a negative impact on sales of 2.7 percent.

“We performed quite well in the third quarter, considering the difficult environment,” said Dr. Michael Schneider, CEO of NORMA Group. “Our customers’ needs for joining technology has increased noticeably and we managed to make the best possible use of the clear signs of recovery in the global economy. We continued to consistently pursue our cost control and liquidity management measures. Our continued goal is to position the company for the future in an environment that continues to be characterized by uncertainty.”

At EUR 40.6 million, net operating cash flow in the third quarter of 2020 was EUR 3.2 million higher than in the same period of the previous year (Q3 2019: EUR 37.4 million). NORMA Group continues to pursue various measures to ensure maximum financing flexibility and maintain its strong liquidity. Also in the third quarter, these measures included making personnel costs more flexible by reducing overtime, using short-time working, prioritizing investments and maintaining a sustainably solid financing base with a high equity ratio of 40.9 percent.

The business regained strength in all three regions

In the **EMEA (Europe, Middle East and Africa)** region, sales in the third quarter of 2020 were down significantly, by 12.6 percent, to EUR 102.9 million compared to the same period of the previous year (Q3 2019: EUR 117.7 million). Nevertheless, the slump in the first half of the year was followed by positive momentum: the gradual recovery of the automotive sector and general industry led to a noticeable increase in demand for joining products compared to the second quarter.

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In the **Americas** region, business with joining solutions for use in water management, in particular, continued to develop positively. After what was already a good second quarter of 2020, NORMA Group again achieved significant organic sales growth of 10.6 percent in the US water business in the third quarter compared to the same quarter of the previous year. Overall, sales in the Americas region totaled EUR 101.3 million in the third quarter. This represents a decline of 11.8 percent compared to the same quarter of the previous year (Q3 2019: EUR 114.9 million).

The **Asia-Pacific** region showed the strongest improvement in the third quarter. Sales amounted to EUR 41.7 million and were thus slightly above the level of the same quarter of last year (Q3 2019: EUR 41.4 million). Business with advanced joining technology for the automotive sector recorded organic growth of 11.5 percent year-on-year in the third quarter of 2020. This is mainly due to a significant rise in demand in the Chinese automotive industry.

Pandemic and expenses for the change program adversely affected earnings and the margin

Adjusted earnings before interest, taxes and amortization of intangible assets (adjusted EBITA) amounted to EUR 28.7 million in the third quarter, a 25.9 percent decrease compared to the same period of the previous year (Q3 2019: EUR 38.7 million). The adjusted EBITA margin was 11.7 percent (Q3 2019: 14.1 percent).

The main reason for the decline in earnings and margin is the continued lower sales as a result of the effects of the corona pandemic. Nevertheless, the situation has improved significantly compared to the second quarter. Third quarter earnings were also burdened by additional costs of around EUR 1.5 million incurred as part of the global “Get on track” change program.

“Get on track”: consolidation of production in Central Europe underway

NORMA Group had announced in the summer of 2020 that it plans to bundle production activities in Central Europe and make them more competitive. The management and employee representatives have reached an agreement on the implementation of the measures in September 2020. These include the closure of the production site in Gerbershausen (Germany) by the end of 2022 and a socially acceptable reduction of up to 100 jobs at the Maintal (Germany) plant. The measures are part of the company-wide “Get on track” change program. Through this program, NORMA Group is responding to the changes in the automotive industry and changing market requirements.

CEO Dr. Michael Schneider: “With ‘Get on track,’ we are aiming to sustainably strengthen our competitiveness and secure our future viability. This will position us for the long term in order to focus NORMA Group even more strongly on water management, electromobility and general industrial business, and to achieve value enhancement in all regions. The change program includes the optimization of site capacities in all regions, streamlining of the product portfolio and improvements in purchasing. From 2023 on, this program is expected to generate annual savings of around EUR 50 million and make NORMA Group more flexible and profitable in the long term.

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New Chief Financial Officer Annette Stieve

Annette Stieve has been a member of the Management Board of NORMA Group as Chief Financial Officer since October 1, 2020. Including her, CEO Dr. Michael Schneider and COO Dr. Friedrich Klein, the Management Board is once again comprised of three members.

Sales and earnings for the first nine months of 2020 significantly below the previous year's level

In the period from January to September 2020, NORMA Group's sales amounted to EUR 691.0 million and were thus 17.6 percent below the level of the same period of the previous year (Q1–Q3 2019: EUR 838.6 million). The significant decline in sales is due to the corona pandemic and the virtual standstill of large parts of the economy in the spring of 2020. In the second quarter of 2020, in particular, demand and sales collapsed dramatically due to interruptions in production at major customers. In order to protect its employees and adjust capacities, NORMA Group also reduced shifts in all regions from mid-March on and temporarily interrupted production at its plants. Adjusted EBITA for the period from January to September 2020 amounted to EUR 33.3 million (Q1–Q3 2019: EUR 119.3 million). The adjusted EBITA margin was 4.8 percent (Q1–Q3 2019: 14.2 percent). Nine-month earnings were burdened by additional costs totaling EUR 23.7 million for the "Get on track" change program.

As of September 30, 2020, NORMA Group had 8,250 employees worldwide, including temporary employees (December 31, 2019: 8,521 employees).

Forecast for the full year

NORMA Group confirms the forecast for fiscal year 2020 that it published on October 20, 2020. In view of the corona pandemic, the company expects an organic decline in sales of around 16 percent compared to the previous year. For 2020, NORMA Group expects to achieve net operating cash flow of over EUR 60 million and an adjusted EBITA margin of over 5 percent. These figures include costs of around EUR 30 million for the "Get on track" change program. In order to provide for a transparent presentation of its profitability, NORMA Group is presenting the costs for the program in unadjusted form.

This forecast is based on the assumption that there will be no further significant negative effects in the further course of the corona pandemic that could lead to further weakening of the global economy in the remaining months of the fiscal year.

NORMA Group in figures

Key figures	3rd quarter 2020	3rd quarter 2019	Change in %
Sales (in EUR millions)	245.9	274.0	-10.2
Adjusted* EBITA (in EUR millions)	28.7	38.7	-25.9

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Adjusted* EBITA margin (in %)	11.7	14.1	
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Key figures	1st–3rd quarter 2020	1st–3rd quarter 2019	Change in %
Sales (in EUR millions)	691.0	838.6	-17.6
Adjusted EBITA* (in EUR millions)	33.3	119.3	-72.1
Adjusted EBITA margin* (in %)	4.8	14.2	

Key figures	Reporting date 09/30/2020	Reporting date 12/31/2019	Change in %
Total assets (in EUR millions)	1,451.8	1,514.3	-4.1
Equity (in EUR millions)	593.6	629.5	-5.7
Equity ratio (in %)	40.9	41.6	
Net debt** (in EUR millions)	370.8	420.8	-11.9
Employees incl. temporary workers	8,250	8,521	-3.2

* More information on adjustments can be found in the following financial reports: [3rd quarter 2020](#) (p. 8), [2nd quarter 2020](#) (p. 13); [1st quarter 2020](#) (p. 8) and [2019 Annual Report](#) (p. 148 f.).

** Net debt including hedging instruments; hedging instruments in Q3 2020: EUR 1.8 million; Q3 2019: EUR 1.3 million; full fiscal year 2019: EUR 0.9 million

Further information on the financial results and the interim statement for the third quarter can be found [here](#). Press photos are available in our [press area](#).

Further dates

Publication of the preliminary financial figures for fiscal year 2020 is scheduled for February 17, 2021.



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About NORMA Group

NORMA Group is an international market leader in engineered and standardized [joining technology and fluid handling systems](#). With around 8,300 employees, NORMA Group supplies customers in over 100 countries with more than [40,000 product solutions](#). NORMA Group supports its customers and business partners in responding to global challenges such as climate change and the increasing scarcity of resources. NORMA Group's products help reduce emissions harmful to the climate and [use water more efficiently](#). Its innovative joining solutions are used in water supply, irrigation and drainage systems, vehicles with conventional and alternative drive systems, ships and aircraft, as well as buildings. NORMA Group generated sales of around EUR 1.1 billion in 2019. The company has a [global network](#) of 28 production sites and numerous sales offices in Europe, North, Central and South America and the Asia-Pacific region. Its headquarters are located in Maintal near Frankfurt/Main. NORMA Group SE is listed on the Frankfurt Stock Exchange in the regulated market (Prime Standard) and is a member of the SDAX.

Disclaimer

This press release contains certain future-oriented statements. Future-oriented statements include all statements which do not relate to historical facts and events and contain future-oriented expressions such as "believe," "estimate," "assume," "expect," "forecast," "intend," "could," or "should" or expressions of a similar kind. Such future-oriented statements are subject to risks and uncertainties since they relate to future events and are based on the company's current assumptions, which may not in the future take place or be fulfilled as expected. The company points out that such future-oriented statements provide no guarantee for the future and that the actual events including the financial position and profitability of NORMA Group SE and developments in the economic and regulatory fundamentals may vary substantially (particularly on the down side) from those explicitly or implicitly assumed in these statements. Even if the actual assets for NORMA Group SE, including its financial position and profitability and the economic and regulatory fundamentals, are in accordance with such future-oriented statements in this press release, no guarantee can be given that this will continue to be the case in the future.