

NORMA Group grows in the third quarter despite adverse market conditions

- **Sales up 8.0 percent in the third quarter to EUR 265.7 million**
- **Strong growth in water management**
- **Material shortages, increased raw material prices and higher freight costs weigh on earnings**
- **Adjusted EBIT margin at 8.6 percent**

Maintal, Germany, November 3, 2021 - NORMA Group today presented its figures for the third quarter of 2021. The company achieved sound sales growth despite the fact that the market was shaped by global material shortages, increased raw material prices and higher freight costs. NORMA Group generated Group sales of EUR 265.7 million in the period from July to September 2021 – an increase of 8.0 percent compared to the prior-year period (Q3 2020: EUR 245.9 million). Organically, sales grew by 7.6 percent; positive currency effects contributed 0.4 percent.

“Considering the challenging market conditions, we achieved sound growth in the third quarter,” says CEO Dr. Michael Schneider. “We were impacted by the global shortage of raw materials such as engineering plastics and stainless steel which led to higher material costs. Increasing supply bottlenecks for electronic components also resulted in lower production figures in important industries, particularly in the automotive sector. We are meeting long-term challenges by focusing systematically on high-growth markets of the future: water management, general industry applications and electromobility. Continued strong business with water management solutions in the third quarter demonstrates that we are on the right path with this positioning.”

Growth in Europe and America, slight decrease in Asia

In the **EMEA** region (Europe, Middle East and Africa), sales increased by 4.3 percent to EUR 107.2 million in the third quarter of 2021 (Q2 2020: EUR 102.9 million). The production bottleneck in the automotive industry arising from worsening material shortages reduced demand in the third quarter for joining products for vehicles. There was, however, strong growth momentum from business with standardized joining technology for general industry applications through distributors.

Sales in the **Americas** region amounted to EUR 117.2 million – an increase of 15.6 percent over the prior-year period (Q3 2020: EUR 101.3 million). The standardized joining technology business in particular performed very well across the board. Sales growth in the automotive components business, on the other hand, flattened out over the course of the quarter due to declining vehicle production figures. The US business with water management applications for stormwater management and irrigation again showed strong organic growth of 15.4 percent. There was no pandemic-related slump in this business in the prior-year quarter. The increase cannot therefore be explained by a lower basis for comparison, rather it is an expression of NORMA Group’s continued strong performance in this area.

In the **Asia-Pacific** region, third-quarter sales fell slightly by 1.1 percent to EUR 41.3 million (Q3 2020: EUR 41.7 million). This was mainly due to lower sales in the automotive business. Business with standardized joining technology, on the other hand, showed stable development. Overall, sales development in Asia in the third quarter of 2021 is based on a relatively high comparative basis. In 2020, the economy had already recovered significantly from the second quarter, particularly in China.

Increased material prices and higher logistics costs impact earnings and margin

Adjusted earnings before interest and taxes (adjusted EBIT) was EUR 22.8 million in the third quarter, down from the prior-year quarter (Q3 2020: EUR 26.3 million). The adjusted EBIT margin was 8.6 percent, also below the prior-year level (Q3 2020: 10.7 percent). The decline was primarily attributable to worldwide raw material shortages coupled with strong demand. Sharp increases in prices for engineering plastics, stainless steel and alloy surcharges in particular weighed on earnings and margins in the quarter that just ended. Earnings and margins were also impacted by higher costs for logistics services for import and export and increased costs for temporary workers and leased staff in Europe and America. Net operating cash flow of EUR 31.2 million in the third quarter of 2021 was lower than in the previous year (Q3 2020: EUR 40.6 million).

Nine-month result well above prior-year level

In the period from January to September 2021, Group sales were EUR 833.8 million, a significant increase of 20.7 percent over the pandemic-affected period of the previous year (Q1-Q3 2020: EUR 691.0 million). Organically, sales grew by 24.0 percent. Adjusted earnings before interest and taxes (EBIT) totaled EUR 95.8 million in the first nine months of the current fiscal year. This represents a significant increase compared to the nine-month result of the previous year (Q1-Q3 2020: EUR 26.7 million). The increase is primarily attributable to the speed and strength of the business recovery following the pandemic-related slump in the first half of 2020. The adjusted EBIT margin was 11.5 percent in the first nine months of 2021, a significant improvement on the prior-year period (Q1-Q3 2020: 3.9 percent).

Net operating cash flow was EUR 70.5 million in the first nine months of the current year and thus also significantly higher than in the same period of the previous year (Q1-Q3 2020: EUR 49.2 million). The increase is attributable to improved earnings in the period from January to September 2021. Higher capital expenditures compared to the previous year and a significant build-up of inventories, on the other hand, had a negative impact on cash flow.

Outlook for full-year 2021

Given the ongoing limited availability of materials and the associated price increases, the Management Board of NORMA Group already reassessed and adjusted its margin forecast for fiscal year 2021 on September 14, 2021. Accordingly, the Management Board expects an adjusted EBIT margin for fiscal year 2021 of more than 10 percent (previous forecast: "more than 12 percent") and an adjusted EBITA margin of more than 11 percent (previous forecast: "more than

13 percent"). With regard to the development of organic Group sales and other key figures for the Group, the Management Board reaffirms its [forecast published in March 2021](#).

NORMA Group in figures

Key financial figures*			
Income statement	Q3 2021	Q3 2020	Change in %
Sales (EUR million)	265.7	245.9	8.0
Adjusted** EBIT (EUR million)	22.8	26.3	-13.1
Adjusted** EBIT margin (%)	8.6	10.7	
Income statement	Q1-Q3 2021	Q1-Q3 2020	Change in %
Sales (EUR million)	833.8	691.0	20.7
Adjusted** EBIT (EUR million)	95.8	26.7	258.4
Adjusted** EBIT margin (%)	11.5	3.9	n. a.
Balance sheet	Sept. 30, 2021	Dec. 31, 2020	Change in %
Total assets (EUR million)	1,467.0	1,414.7	3.7
Equity ratio (%)	44.1	41.7	n. a.
Net debt (EUR million)	332.5	338.4	-1.7
Workforce incl. temporary employees	8,771	8,790	0.2

* Deviations may occur due to commercial rounding.

** More information on the adjustments can be found in the following financial reports: [Q3 2021](#) (p. 9); [Q3 2020](#) (p. 8).

Additional information on the business results can be found [here](#). For press photos, please visit our [Press Area](#).

Additional dates

Publication of the preliminary figures for the 2021 financial year is scheduled for February 16, 2022.



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About NORMA Group

NORMA Group is an international market leader in engineered and standardized [joining and fluid-handling technology](#). With around 8,800 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 952 million in 2020. The company has a [global network](#) of 26 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

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