



# NORMA GROUP FULL YEAR 2023 RESULTS

MAINTAL, MARCH 26, 2024



# Facts & Figures FY 2023 – Key Figures (I/II)



## Sales

Net sales totaled to EUR 1,222.8 million

(2022: EUR 1,243.0 million)



## Organic Sales

Organic sales growth of 0.7% for the full year 2023

(2022: 7.1%)



## Adjusted EBIT

Adjusted EBIT levelled at EUR 97.5 million

(2022: EUR 99.0 million)



## Adj. EBIT Margin

Solid adjusted EBIT margin of 8.0%

(2022: 8.0%)



## EPS

Adj. EPS at EUR 1.37

(2022: EUR 1.75)

Rep. EPS at EUR 0.87

(2022: EUR 1.23)



## Dividend

Dividend proposal of EUR 0.45 for FY 2023 to AGM on May 16, 2024

(2022: EUR 0.55)

# Facts & Figures FY 2023 – Key Figures (II/II)



## Equity

Improved equity ratio of 46.4%

(2022: 45.2%)



## Net Debt

Net Debt decreased to  
EUR 345.4 million

(2022: EUR 349.8 million)



## Leverage

Stable Leverage at 2.2x

(Dec 31, 2022: 2.2x)



## Net Operating Cashflow

Strong increase in Net Operating  
Cashflow to EUR 87.3 million\*

(2022: EUR 65.3 million)



## NOVA

NORMA Value Added  
at EUR -43.6 million

(2022: EUR -27.1 million)



## Corporate Responsibility

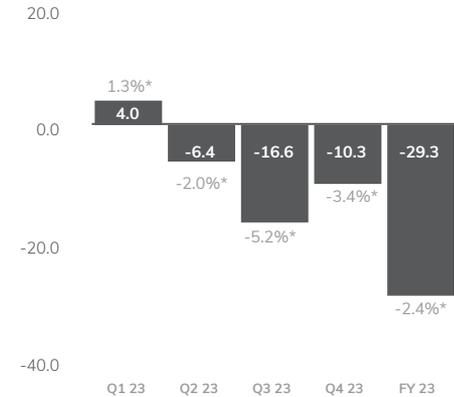
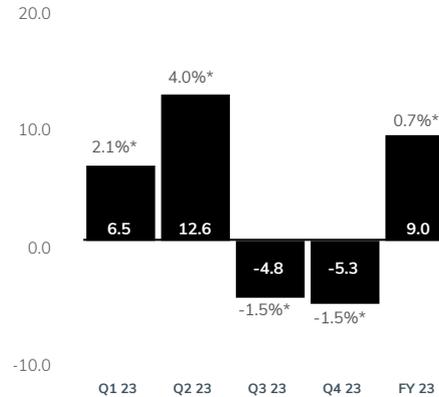
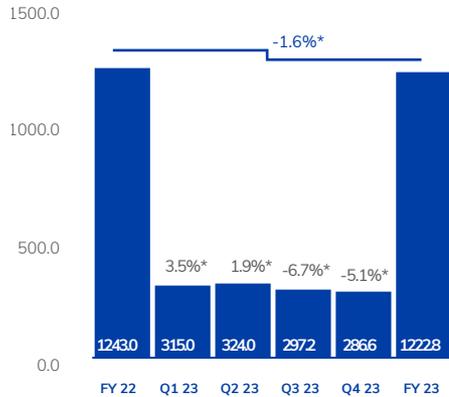
CO<sub>2</sub> emissions slightly up by 3.4%  
to 5,064 t CO<sub>2</sub>e\*\* in 2023

(2022: 4,879 t CO<sub>2</sub>e)

\* With factoring programs at EUR 58 million on December 31, 2023 (December 31, 2022 EUR 77 million)

\*\* For more details please refer to the CR report

# FY 2023 Top Line Development



## Top Line

The positive Organic Growth is outweighed by negative Currency Effects. Leading to a Net Sales development of -1.6% to EUR 1,222.8 million in 2023 compared to EUR 1,243.0 million in 2022.

thereof		
<b>+0.7% Organic Growth</b>	<b>+3.6% Price</b>	<b>-2.8% Volume</b>

## Organic Growth

- Organic Growth of 0.7% in FY 2023 especially due to good development in the EMEA region and positive pricing effects.
- EJT sales showing organic growth of 3.8% leading to sales of EUR 709.6 million, mainly due to growth in the EMEA region.
- SJT sales showing slight decrease of -2.8% leading to sales of EUR 506.7 million, mainly due to weaker industrial demand in the Americas and APAC region.

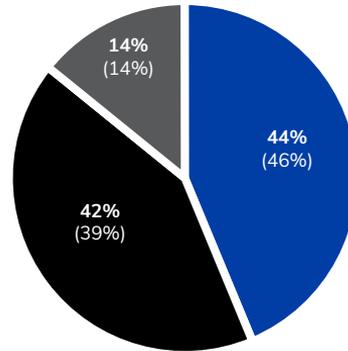
## Currency Effects

- Translation effects of EUR -29.3 million.
- Thus, currency effects reflect -2.4% of Group Net Sales development.
- Currency effects mostly related to USD and APAC region.

\* In % of prior year sales

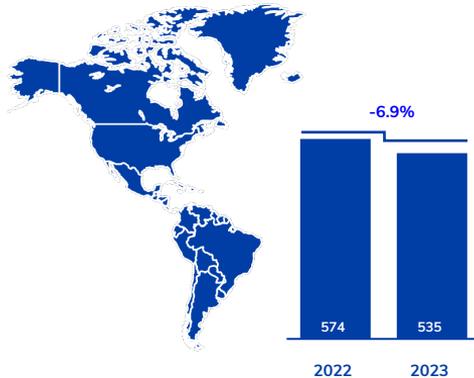
# FY 2023 – Sales Development by Regions (I/II)

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

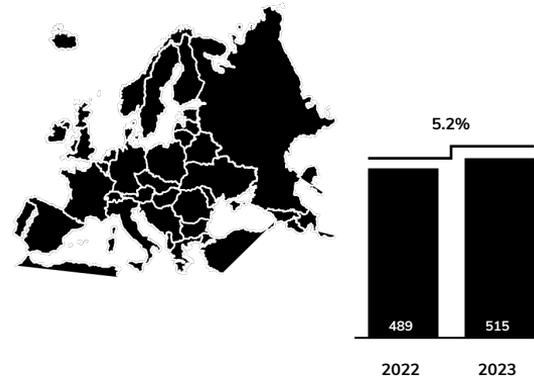


- Americas
- EMEA
- APAC

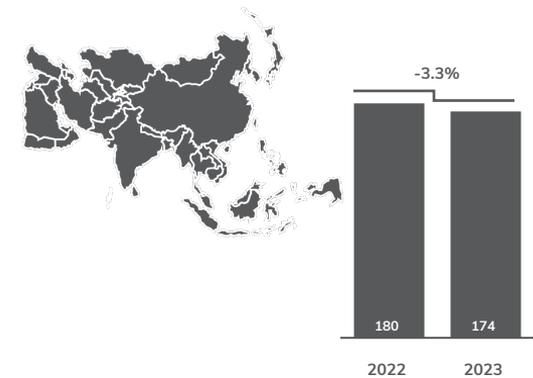
## AMERICAS Sales



## EMEA Sales



## APAC Sales



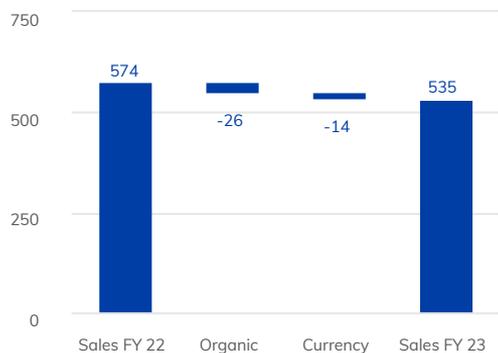
# FY 2023 – Sales Development by Regions (II/II)

## Americas



- **SJT:** Weaker demand in IA and a soft H1 in WM lead to organic growth of -4.0% with Water Management showing positive growth in H2
- **EJT:** Extraordinary effects in H2 (esp. strikes) lead to organic growth of -4.3% in FY 2023

### Sales Development

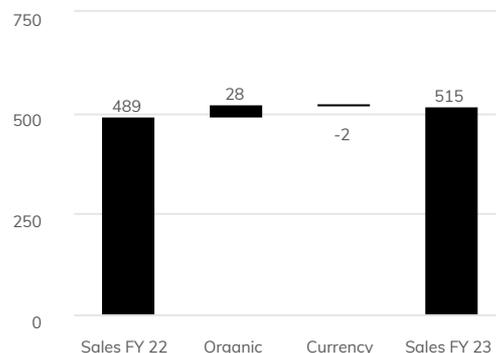


## EMEA



- **SJT:** Improved product availability lead to organic growth of 1.5%.
- **EJT:** Higher demand at mobility customers leads to high single-digit organic growth of 7.1% in FY 2023

### Sales Development

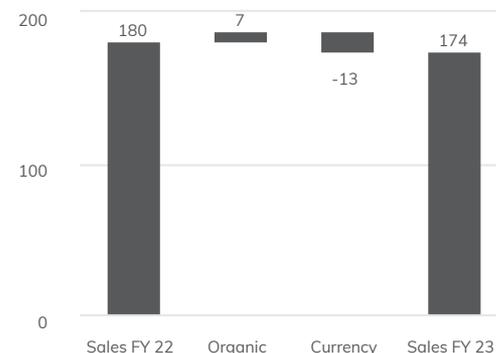


## APAC



- **SJT:** Weaker demand leads to an organic growth of -4.1% in FY 2023
- **EJT:** Strong organic growth of 8.0% in FY 2023 driven especially by Chinese automotive customers

### Sales Development



# FY 2023 Balanced Sales Mix

Engineered Joining Technology (EJT)

Standardized Joining Technology (SJT)



Mobility & New Energy

Industrial Suppliers

Water Management

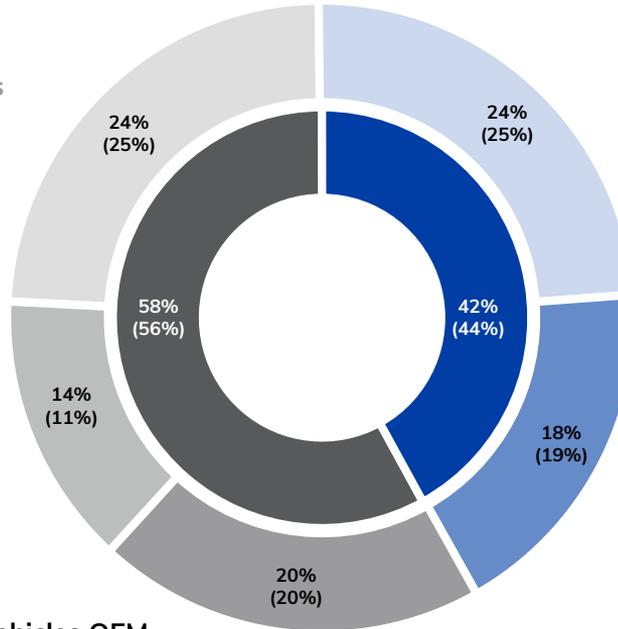


Heavy Vehicles OEM

Industry Applications



Light Vehicles OEM



# FY 2023 (Adjusted) Profit & Loss Development

## Material Costs

(in EUR million and % of sales)

48.0%

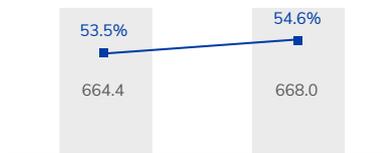


2022

2023

## Gross Profit

(in EUR million and % of sales)

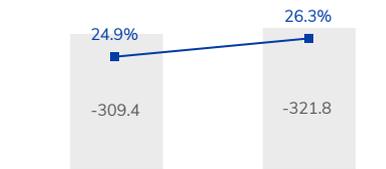


2022

2023

## Personnel Expenses

(in EUR million and % of sales)



2022

2023

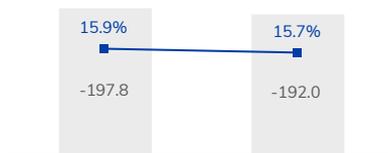
Material Cost ratio significantly decreased by 300 BPs due to cost reductions in purchasing while Gross Profit ratio increased by 110 BPs mainly due to inventory reduction of EUR 8.2 million (2022: inventory built up by EUR 15.6 million)

Personnel Expense ratio up by 140 BPs due to Inflation-related wage increases but also inefficiencies especially in the EMEA region

## Net Expenses from adj. other oper.

### Income and Expenses

(in EUR million and % of sales)



2022

2023

OPEX ratio decreased by 20 BPs due to lower freight and IT costs

## Adjusted EBITDA

(in EUR million and % of sales)



2022

2023

Adjusted EBITDA and adjusted EBIT margins stable but with positive dynamics in Q4

## Adjusted EBIT

(in EUR million and % of sales)

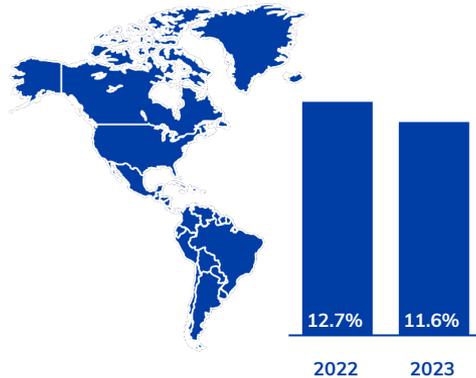


2022

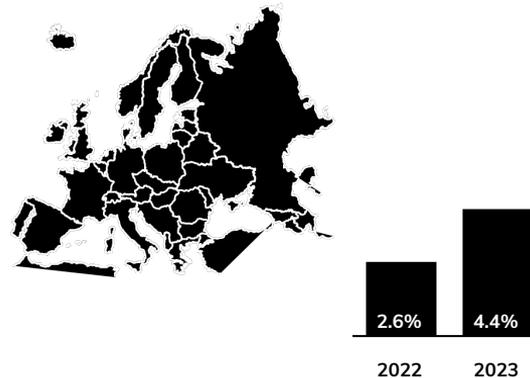
2023

# FY 2023 – Adjusted EBIT Margin by Region

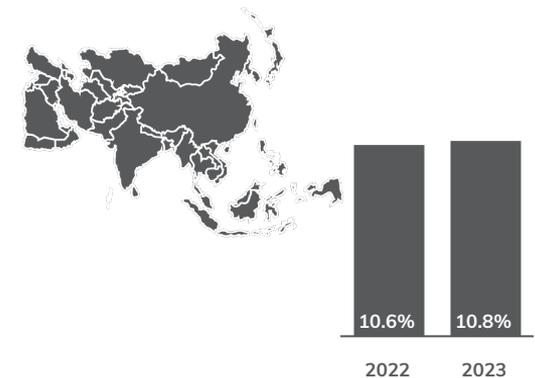
## AMERICAS adj. EBIT Margin



## EMEA adj. EBIT Margin



## APAC adj. EBIT Margin



# Operational Adjustments 2023 and Outlook 2024 – 2025



in EUR million*	Reported	Adjustments	Adjusted	FY 2024	FY 2025
Sales	1,222.8		1,222.8		
EBITDA	154.0	0.2	154.2		
EBITDA margin	12.6%		12.6%		
EBIT	76.1	21.4 (incl. EUR 20.3 million amortization PPA)	97.5	approx. 22.0 (mainly related to PPA effects)	approx. 22.0 (mainly related to PPA effects)
EBIT margin	6.2%		8.0%		
Net Profit	27.9	16.0 (incl. EUR -5.4 million post tax impact)	43.9	approx. 16.5	approx. 16.5
Net Profit margin	2.3%		3.6%		
EPS (in EUR)	0.87	0.50	1.37	approx. 0.52	approx. 0.52

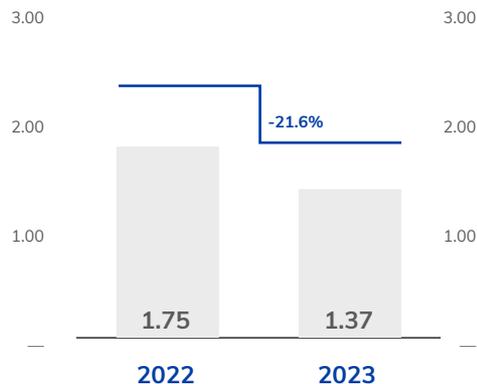
\* Deviations may occur due to commercial rounding.

# FY 2023 EPS and Dividend Development

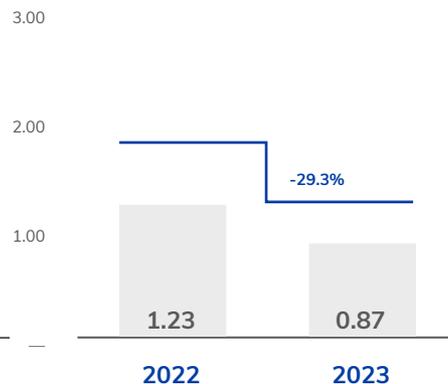
## Dividend policy

Payout ratio of approx. 30%-35% of adjusted Group annual earnings

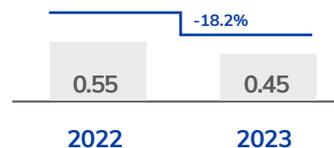
Adjusted EPS in EUR



Reported EPS in EUR



Dividend per share in EUR



Dividend proposal of EUR 0.45 or **32.7%** of adjusted Group net profit for the fiscal year 2023 to the AGM on May 16<sup>th</sup> 2024

Net Income  
(in EUR million)

56.0

43.8

39.2

27.9

Distribution  
(in EUR million)

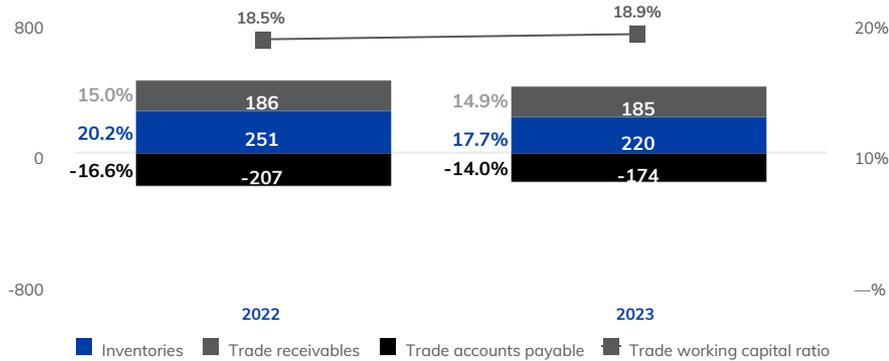
17.5

14.3

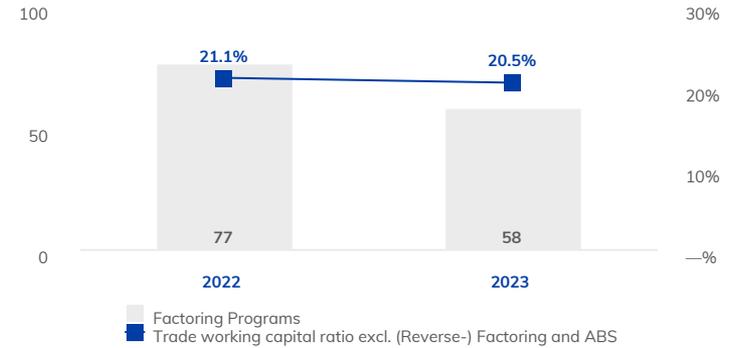
# FY 2023 Trade Working Capital Development



Trade Working capital incl. (Reverse) Factoring and ABS programs  
(in EUR million and % of sales)



Factoring Programs\*  
(in EUR million and % of sales)

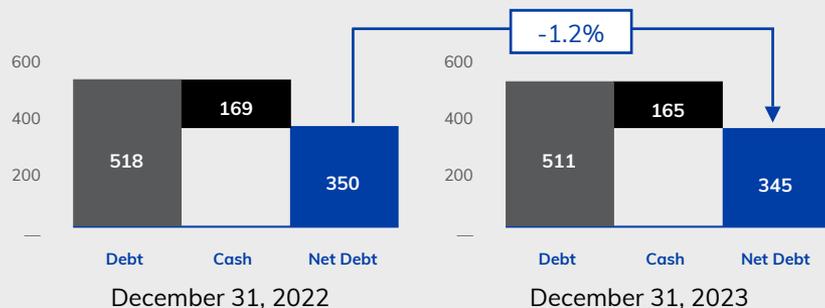


Trade Working Capital at the level of the previous year. Trade Working Capital Ratio slightly increased due to lower net sales.

Factoring programs decreased to EUR 58 million - leading to a TWC-Ratio excl. (Reverse-) Factoring and ABS 60 bps below previous year.

# FY 2023 Equity Ratio, Net Debt and Debt Ratios

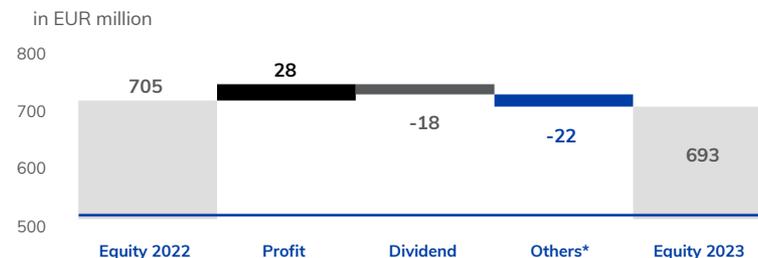
Net Debt (in EUR million)



- Net Debt slightly decreased by -1.2%
- Leverage stable at 2.2x adj. EBITDA and down from 2.6x at the end of Q3 2023
- Total Equity slightly below previous year, mainly affected by currency effects. Equity Ratio increased by 120 bps to 46.4%

Debt Ratios

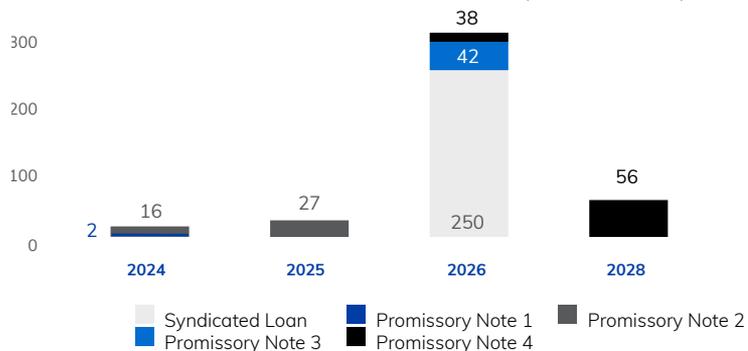
	December 31, 2022	December 31, 2023
<b>Leverage</b> (Net debt / adj. EBITDA)	2.2x	2.2x
<b>Gearing</b> (Net debt / equity)	0.5x	0.5x



Balance Sheet Total (in EUR million)	1,561	1,493
Equity Ratio	45.2%	46.4%

# Solid Maturity Profile

Financial Instruments (in EUR million)



Currencies (in EUR million)



## General Information

- Solid maturity profile with longterm financing strategy
- Refinancing 2023 successfully completed
- Next larger refinancing due in 2026

## Fixed/ Floating Ratio

- Liabilities with fixed or hedged rate amounting to ~ 42%\*
- Liabilities with variable and unhedged rate amounting to ~ 58%\*

## No general Covenant risk in NORMA Group's longterm financing

- Only Margin Step Ups at a leverage (Net Debt/EBITDA) > 3.25x
- Margin step ups referring to Promissory Note 1, 2 and 3
- No Default Covenant for the Promissory Note 1 and 3 and majority of Promissory Note 2
- No Margin Step Up and Default Covenant for the Promissory Note 4
- Pricing of Syndicated loan is based on a leverage margin grid

\* as of Dec. 31, 2023

# Cash Flow Development



## Net Operating Cash Flow

in EUR million	2022	2023	Variance (2023 to 2022)
(Adjusted) EBITDA	157.2	154.2	-1.9%
Δ ± Trade Working capital	-38.8	-5.6	-85.6%
Net operating cash flow before investments from operating business	118.4	148.6	25.5%
Δ ± Investments from operating business	-53.2	-61.3	15.2%
Net Operating Cash Flow	65.3	87.3	33.7%



- Net Operating Cash Flow significantly increased by more than 33% to EUR 87.3 million compared to EUR 65.3 million in 2022
- Working Capital outflow limited to EUR 5.6 million compared to EUR 38.8 million in 2022 due to higher inventories related to safety stock because of plant relocation, material shortage and inflation
- Capex increased by 15.2% in order to support growth and efficiency initiatives

## NORMA Value Added

in EUR million	2022	2023
(Adjusted) EBITDA	64.2	57.2
Capital Cost (WACC* x CE per January 1st)	91.3	100.8
NOVA	-27.1	-43.6
ROCE (adjusted EBIT / Ø CE)	9.7%	9.3%
ROCE (reported EBIT / Ø CE)	7.5%	7.3%



- The NORMA Value Added (NOVA) is NORMA Group's long term strategic target
- In 2023, NOVA development was burdened by lower adj. EBITDA, higher interest and tax rates
- The cost of capital is defined by the weighted average cost of capital (WACC) and the capital employed (equity plus net debt)

# Non-Financial Highlights 2023



## Defective parts (parts per million)



## CO2 emissions marked-based (Scope 1 and 2) in tCO2 equivalents



**2023 targets achieved**



- AA (on a scale from CCC to AAA): „MSCI leader“
- Top 38% within the industrials benchmark



- Score: 75 (on a scale from 0 to 100)
- Top 5% of rating universe: Gold standard



- Score: C+ (on a scale from D- to A+)
- Prime Status



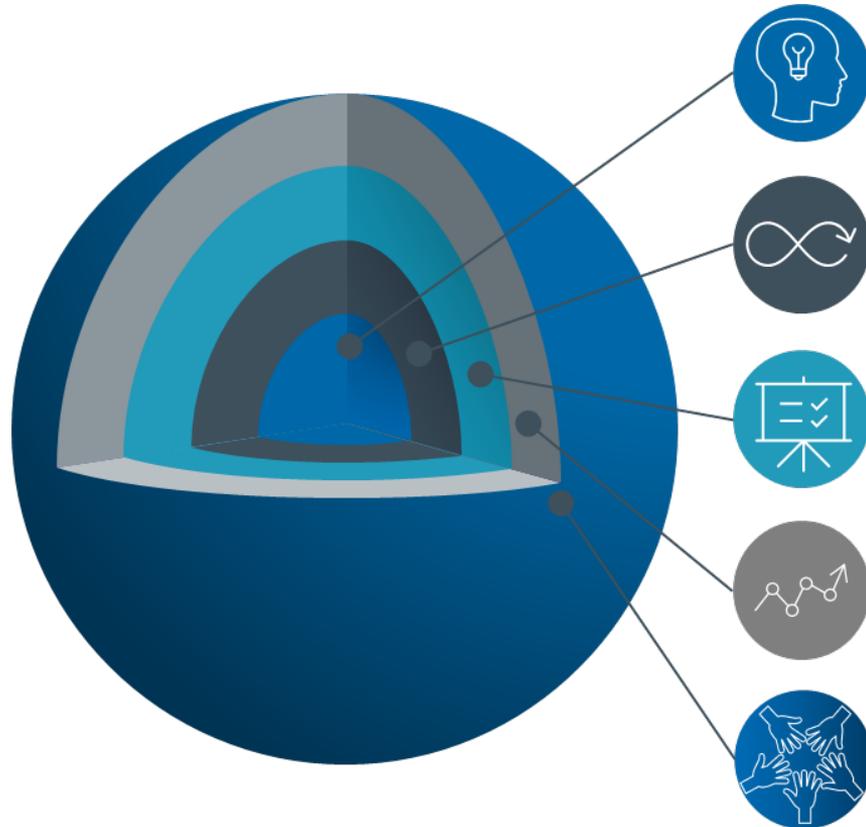
- Risk Score: 16.7 (on a scale from 0 (best) to 100 (worst)): Low risk
- Rank #19 in the Industry Machinery sector

# Outlook 2024 – Company Guidance



<b>Group sales</b>	Group sales in the range of around EUR 1.2 billion to around EUR 1.3 billion
<b>Sales in EMEA region</b>	Sales in the range of around EUR 500 million to around EUR 550 million
<b>Sales in Americas region</b>	Sales in the range of around EUR 530 million to around EUR 550 million
<b>Sales in APAC region</b>	Sales in the range of around EUR 170 million to around EUR 200 million
<b>Adjusted EBIT Margin</b>	In the range of around 8% to 8.5%
<b>Net Operating Cash Flow</b>	In the range of around EUR 80 million to around EUR 110 million
<b>NORMA Value Added (NOVA)</b>	In the range of around EUR -40 million to around EUR -20 million
<b>CO<sub>2</sub> Emissions (Scope 1 and 2)</b>	Under 9,600 metric tons of CO <sub>2</sub> equivalents

# NORMA Group Step Up Program



## **mindset / cultural change**

Step Up intends to change the mindset of NORMA Group employees and to create a new culture of openness and focus.

## **continuous process - KAIZEN**

Step Up is to become a continuous process that enables and supports a sustainable and profitable growth of the NORMA Group.

## **targeting growth & efficiency**

Step Up consists of growth plans for the three strategic business units (SBUs) and measures to increase operational efficiency.

## **identified initiatives increase over time**

Started with ca. 100 initiatives in mid 2023, the number of identified initiatives increases over time. => not every initiative becomes a measure, we stay focused!

## **teamwork and the power of self-help**

As a bottom-up process, Step Up incorporates the ideas and potential of all employees. As a team, we will realize the full potential of the NORMA Group and take the company to the next level!

# NORMA Group Step Up Program



## Growth & Efficiency

With the Step Up program, NORMA Group ensures long-term profitable growth and operational efficiency

Step Up consists of growth plans for the three strategic business units (SBUs) and measures to increase operational efficiency

## Strategic Business Units

NORMA Group's three SBUs: Water Management, Industry Applications and Mobility & New Energy

Future sales split regarding the three business units:  
60 percent Water Management and Industry Applications, 40 percent Mobility & New Energy

### Initiatives of Step Up program focussing on transition from EJT / SJT towards SBU structure

Implementation of new reporting structure: sales reporting by SBU

2024

Intended external SBU reporting

2026



WATER MANAGEMENT

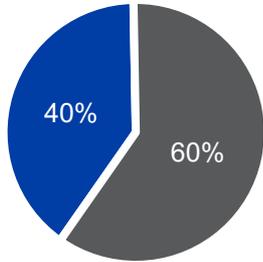


INDUSTRY APPLICATIONS

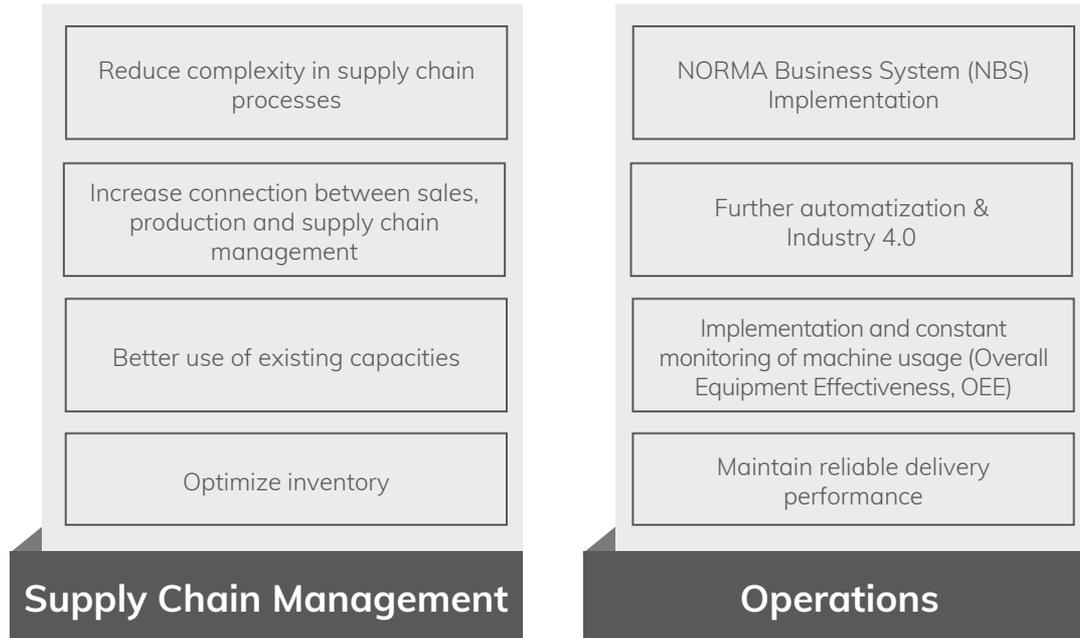


MOBILITY & NEW ENERGY

# NORMA Group Step Up Program: Growth Measures



# NORMA Group Step Up Program: Efficiency Measures

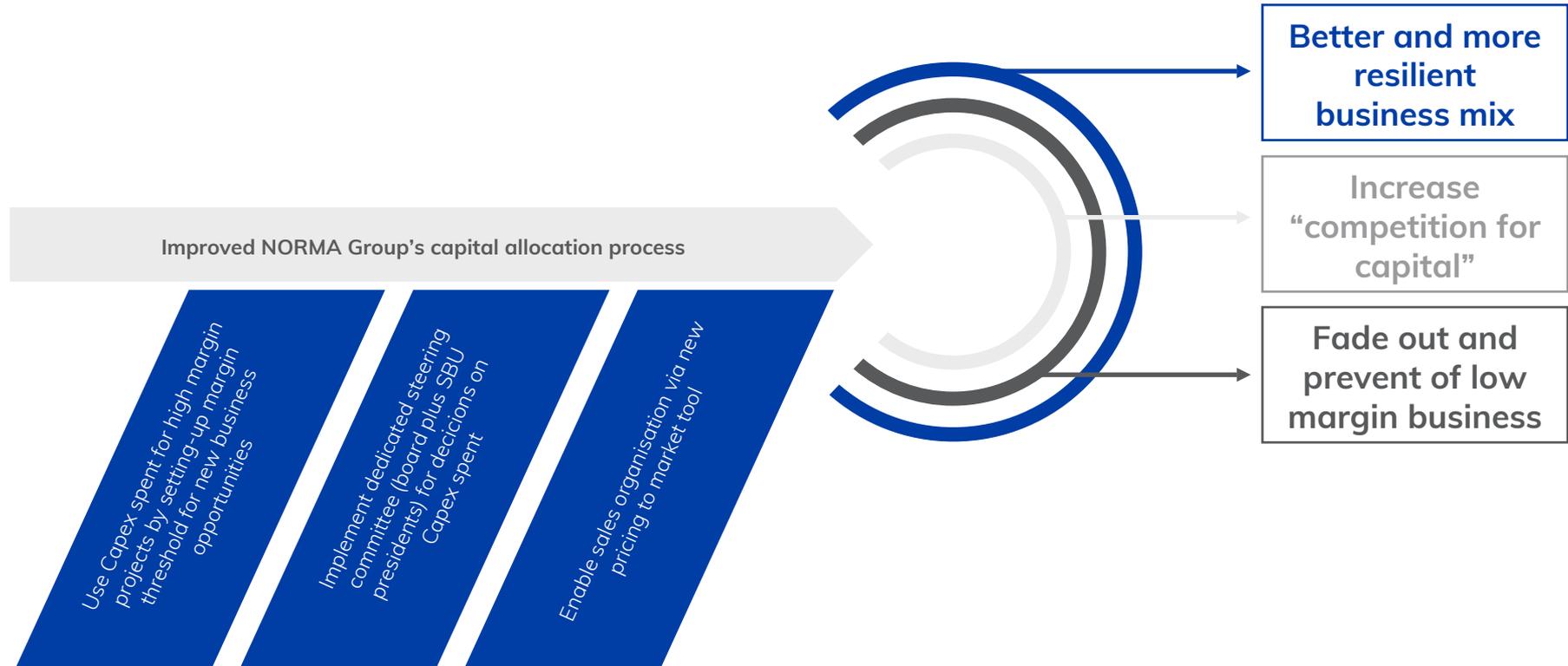


**ICT**  
Global introduction of ERP system Microsoft D365

**Controlling**  
Biweekly drumbeat of all efficiency activities

**Production**  
Ongoing SKU reduction

# NORMA Group Step Up Program: Capital Allocation



# NORMA Group Step Up Program: Overall Aim

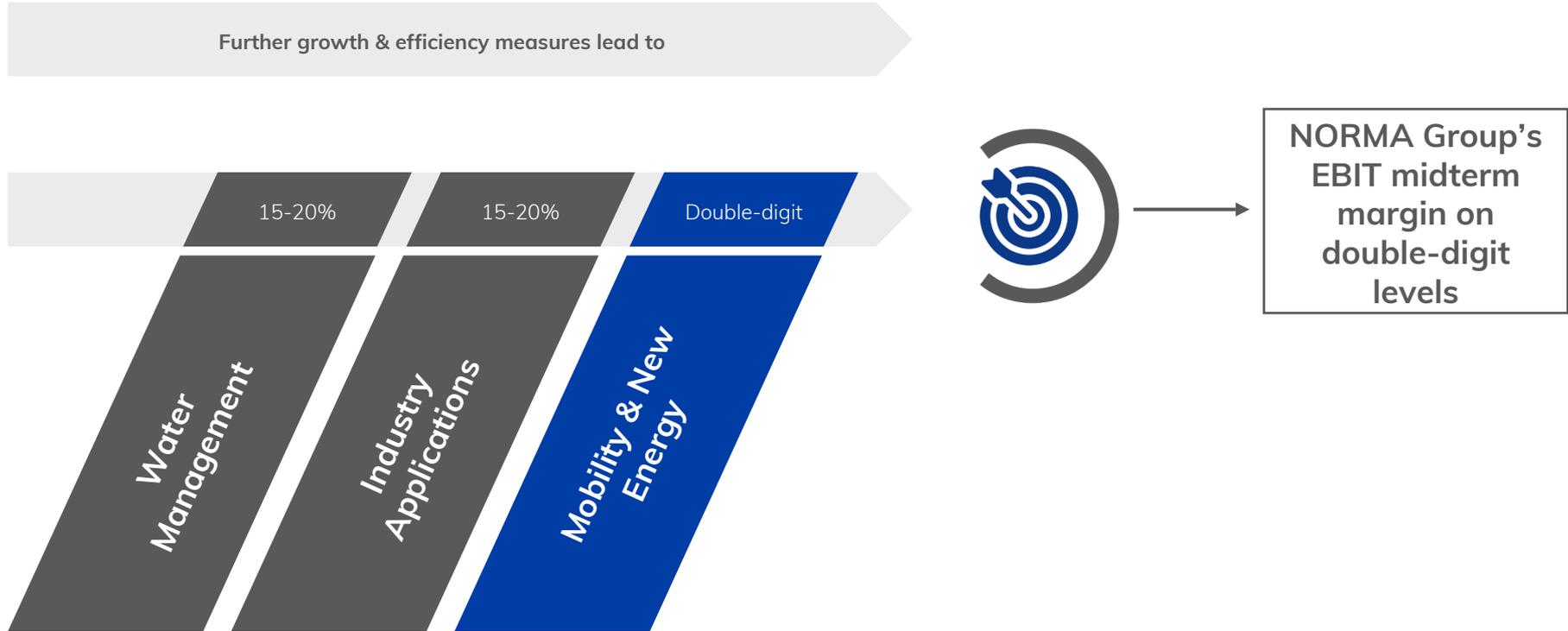


**Current NO. of identified Step Up initiatives (by end of 2023): > 1.100**

- thereof in validation/implementation: 53%

- thereof implemented: 47%

# NORMA Group Step Up Program: Margin Development



# NORMA Group Step Up Program: Key Highlights FY 2023



## Transfer of WM-Product to IA Application



- Access-Boxes from Water Management (WM) were specified for applications in the telecommunications industry.
- Clear value add for customer (Lighter, easy to install, more durable, easy access for maintenance and repair, High service levels, Made in the USA).
- Additional revenue streams and new customers for IA.



## Transfer of MNE-Product to IA Application



- NORMA Quick Connector and plastic pipes from Mobility & New Energy (MNE) were specified for applications in heatpumps.
- Clear value add for customer (faster assembly, weight and cost reduction).
- Access to a growing industry and thus additional revenue streams for IA.





**THANK YOU.**

**ANY  
QUESTIONS?**



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