



NORMA GROUP SECOND QUARTER 2023 RESULTS

MAINTAL, AUGUST 08, 2023

Management Board of NORMA Group SE



Guido Grandi

**Chairman of the Management Board,
CEO of NORMA Group SE
since June 1, 2023**



Responsibilities:

Group Development, Group Communications, Regional Organization, Sales, Marketing, Human Resources & Integrity, Legal and M&A, Product Development, R&D, Divisional Organization

Professional background

- 2014 - 2023 Chief Executive Officer, WKW Group, Velbert/Wuppertal
- 2004 - 2014 Various management positions, ThyssenKrupp AG, Essen
- 2001 - 2004 Director Purchase of body and body equipment parts, Ford, Cologne
- 1998 - 2001 Various management positions, United Technologies Corporation, Hartford, USA
- 1995 - 1996 Project & development engineer, Ford, Cologne

Studies / professional education

- Master of Business Administration, W. P. Carey School of Business, Arizona State University, Tempe, Arizona
- Studies of mechanical engineering, aerospace engineering, Rheinisch-Westfälische Technische Hochschule Aachen, Aachen, Diploma Engineer degree

Annette Stieve

**Member of the Management Board,
CFO of NORMA Group SE
since October 1, 2020**



Responsibilities:

Finance & Reporting, Controlling, Treasury & Insurances, Investor Relations, Corporate Responsibility and ESG, Risk Management & Internal Audit

Professional background

- 2018 - 2020 Management Board, CFO Finance, Indirect Purchasing & General Services at Hoffmann SE, Munich
- 1996 - 2017 Various leading positions (most recently as Managing Director and CFO of the Northern and Eastern Europe region) at Faurecia Group, Stadthagen
- 1991 - 1996 Arthur Andersen & Co GmbH, Audit and Tax Advisory Firm, Hannover

Studies / professional education

- Global Senior Management Program (Faurecia Programs), INSEAD, Fontainebleau Cedex, France
- Studies of economics at University of Paderborn
- Studies of law at the University of Bielefeld

Dr. Daniel Heymann

**Member of the Management Board,
COO of NORMA Group SE
since May 1, 2023**



Responsibilities:

Production, Purchasing, Supply Chain Management, Operational Global Excellence, ICT, Quality, Environment, Health and Safety (EHS), Project Management

Professional background

- 2020 - 2023 Executive Vice President at Dräxlmaier Group, Vilsbiburg
- 2019 - 2020 Senior Vice President & Chief Operating Officer Components at Dräxlmaier Group, Vilsbiburg
- 2019 - 2019 Vice President & Head of Operations Interior at Dräxlmaier Group, Vilsbiburg
- 2008 - 2019 Various positions at Dräxlmaier Group, Vilsbiburg

Studies / professional education

- Doctorate in Engineering from TU Dresden
- Studies of Wood and Fiber Materials Technology at TU Dresden
- Studies of Wood Technology at TH Rosenheim
- Completed training as a carpenter

Facts & Figures – Key Figures Q2 2023



Sales

Increase of net sales of 1.9% leads to sales of EUR 324.0 million

(Q2 2022: EUR 317.9 million)

Organic Growth of 4.0%

(Q2 2022: 5.3%)



Adjusted EBIT

Adjusted EBIT increased by 21.2% to EUR 27.1 million

(Q2 2022: EUR 22.3 million)



Adj. EBIT Margin

Increased adjusted EBIT margin of 8.4%

(Q2 2022: 7.0%)



Net Operating Cashflow

Net Operating Cashflow of EUR 31.9 million

(Q2 2022: EUR 26.4 million)



Balance Sheet

Equity Ratio of 45.8%

(Dec. 31, 2022: 45.2%)

Net Debt at EUR 427.0 million

(Dec. 31, 2022: EUR 349.8 million)



Step Up

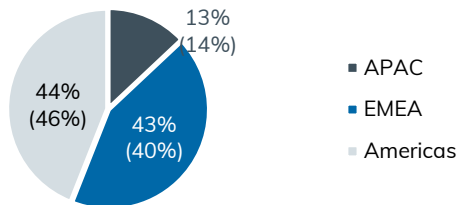
More than 100 initiatives have been set up and are now being executed

Top Line Development Q2 & H1 2023



Regional Split

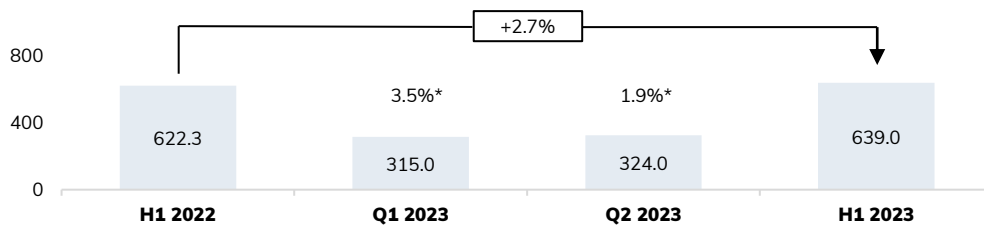
(in % actual vs. H1 2022)



Top Line

- Increase in Net Sales by 2.7% to EUR 639.0 million in H1 2023
- Organic growth of 3.1% in H1 2023
- Increase in organic growth relates to -1.7% volume and 4.8% pricing effect in H1 2023

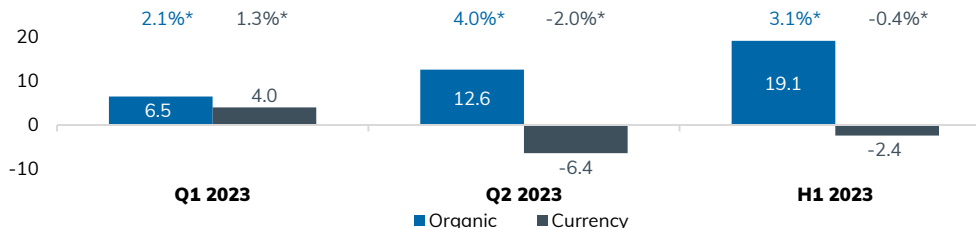
Sales Development



Organic Growth

- Organic Growth of 4.0% in Q2 2023 and 3.1% in H1 2023 due to strong development in the EMEA region; in Q2 2023 also in the APAC region
- EJT (Mobility & New Energy business) sales showing organic growth of 13.3% (H1 2023: 9.7%) leading to sales of EUR 186.3 million in Q2 2023, mainly due to very good developments in the APAC and EMEA region
- SJT (Watermanagement & Industry Application business) sales showing organic decline of 5.4% in Q2 2023 (H1 2023: 4.2%) leading to sales of EUR 136.4 million in Q2 2023, with challenging development in the Americas and APAC region

Organic Growth & Currency Effects



Currency Effects

- Negative translation effects of EUR 2.4 million or 0.4% in H1 2023 and EUR -6.4 million or -2.0% in Q2 2023

* In % of prior year sales

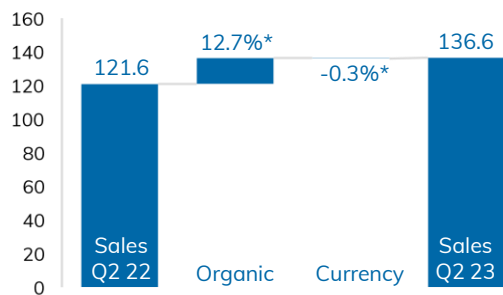
Segment Reporting Q2 2023

EMEA



- **EJT (Mobility & New Energy business):** Good recovery leads to strong double-digit organic growth of 16.7% mainly due to positive volume effects in the Mobility & New Energy business
- **SJT (Watermanagement & Industry Applications business):** Positive pricing effects leading to a solid organic growth of 3.5%

Sales Development

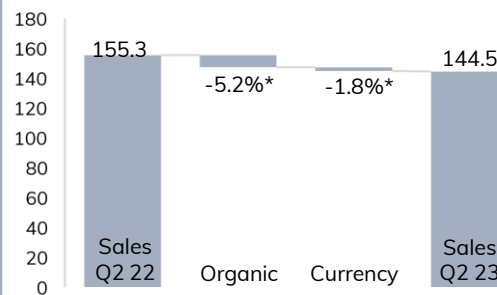


Americas



- **EJT (Mobility & New Energy business):** Organic decline of 0.6% in Q2 2023 on high comps and due to negative volume effects almost offset by positive pricing
- **SJT (Watermanagement & Industry Applications business):** Lower volumes lead to organic decline of 7.0% despite positive pricing, mainly due to US water business (declining 6.7% in H1 2023 on high comps)

Sales Development

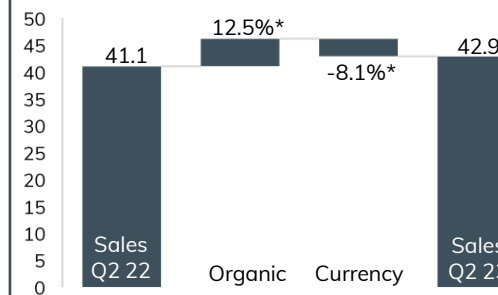


APAC



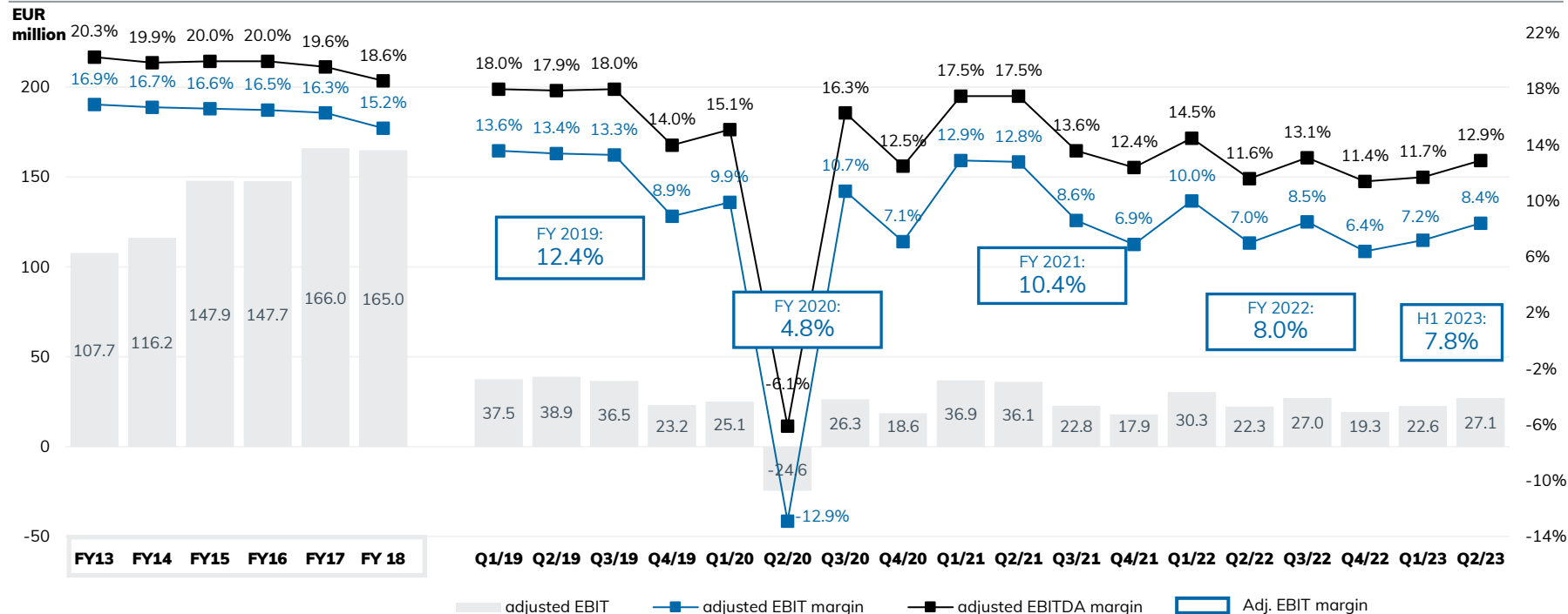
- **EJT (Mobility & New Energy business):** Very positive recovery leads to strong double-digit organic growth of 28.2% also due to Covid-19 lockdown related low comps and good volumes with chinese OEMs
- **SJT (Watermanagement & Industry Applications business):** Organic decline of 12.7% mainly due to negative volume developments, which could not be offset by positive pricing effects

Sales Development



* In % of prior year sales

EBITDA & EBIT Margin Development



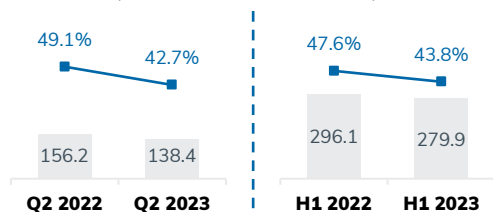
Q2 2023 margin as expected and confirming FY 2023 guidance

Profit & Loss Development Q2 and H1 2023



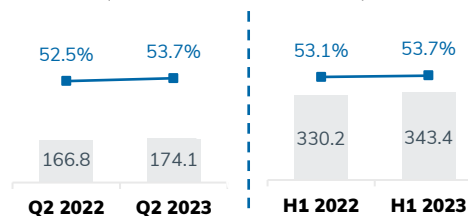
Material Costs

(in EUR million and % of sales)



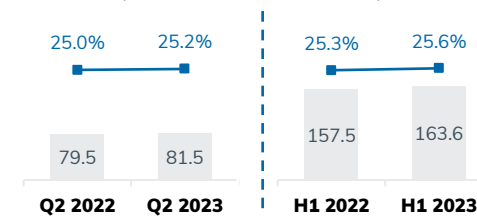
Gross Profit

(in EUR million and % of sales)



Adjusted* Personnel Expenses

(in EUR million and % of sales)

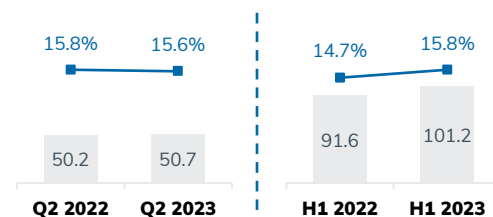


Material Cost ratio decreased by 640 BPs in Q2 2023 and 380 BPs in H1 2023 due to lower inventories of finished goods and work in progress while Gross Profit ratio increased by 120 BPs in Q2 2023 and 60 BPs in H1 2023

Personnel costs ratio increased by 20 BPs to 25.2% in Q2 2023 mainly due to labour cost inflation

Net Expenses from adj.* other operating Income and Expenses

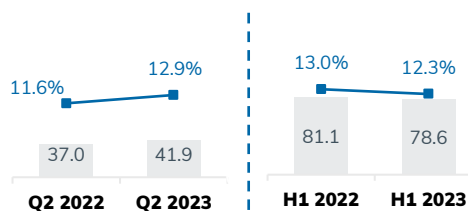
(in EUR million and % of sales)



OPEX ratio decreased by 20 BPs to 15.6% in Q2 2023 mainly due to lower freight and IT implementation costs

EBITDA

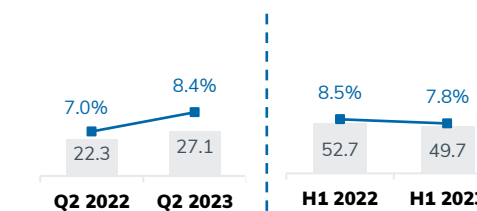
(in EUR million and % of sales)



EBITDA margin increased by 130 BPs to 12.9% in Q2 2023 and adjusted EBIT margin increased by 140 to 8.4% BPs in Q2 2023 leading to an adjusted EBIT margin of 7.8% in H1 2023

Adjusted* EBIT

(in EUR million and % of sales)



* Details on the adjustments on slide 8 of this presentation.

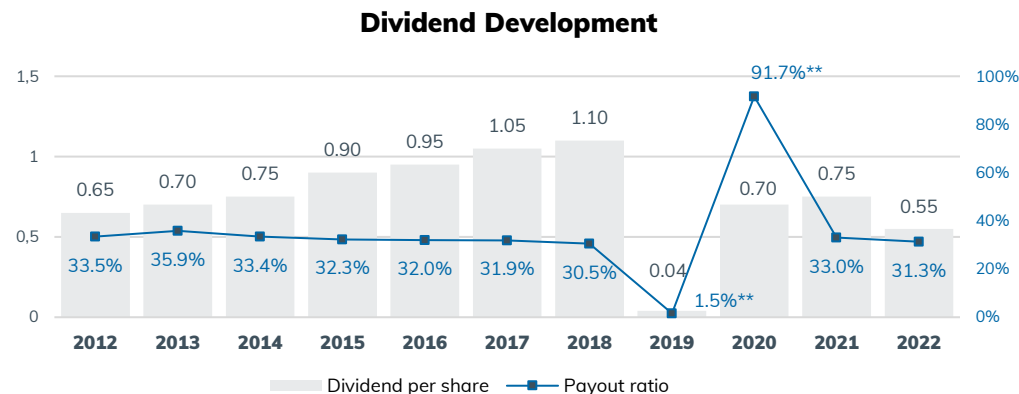
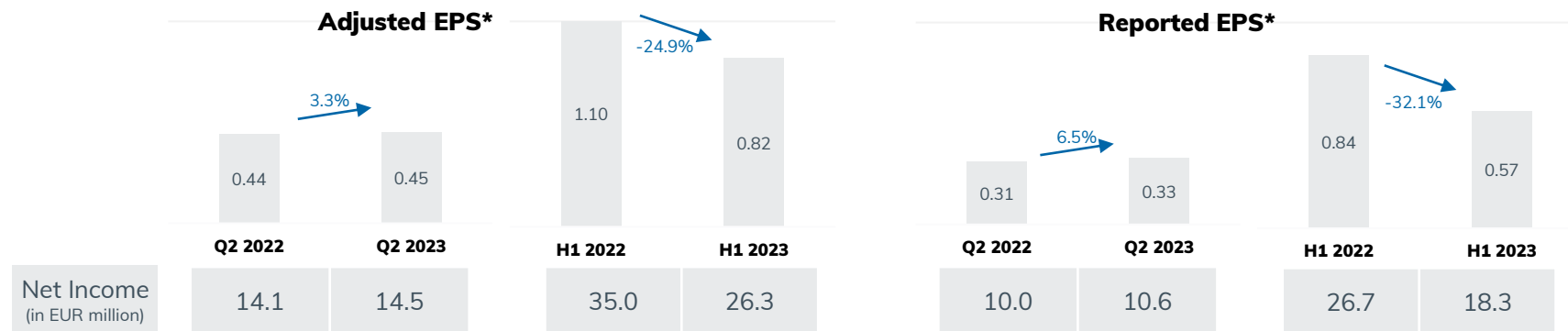
Operational Adjustments H1 2023



in EUR million*	Reported	Adjustments	Adjusted
Sales	639.0		639.0
EBITDA	78.6	0	78.6
<i>EBITDA margin</i>	12.3%		12.3%
EBITA	51.7	0.4 (depreciation PPA)	52.1
<i>EBITA margin</i>	8.1%		8.2%
EBIT	39.0	10.6 (incl. EUR 10.2 million amortization PPA)	49.7
<i>EBIT margin</i>	6.1%		7.8%
Net Profit	18.3	8.0 (incl. EUR -2.7 million post tax impact)	26.3
<i>Net Profit margin</i>	2.9%		4.1%
EPS (in EUR)	0.57	0.25	0.82

* Deviations may occur due to commercial rounding.

EPS Q2/H1 2023 and Dividend Development



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

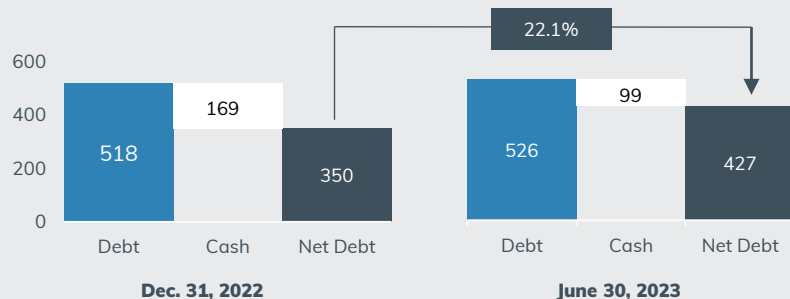
AGM 2023
Dividend of EUR 0.55 or 31.3% of adjusted Group net profit for the fiscal year 2022 approved by the AGM on May 11th 2023

* Based on number of shares of 31,862,400.

** Dividend payout ratio in 2019 lower than usual due to the Covid-19 pandemic and 2020 higher than usual as a compensation for the previous years lower dividend.

Equity Ratio, Net Debt and Debt Ratios

Net Debt (in EUR million)



- Net Debt increased by 22.1% mainly due to seasonal cash outflow from operating activities, the procurement and disposal of non-current assets and dividend payments
- Stable Leverage compared to Q1 2023 despite dividend payments
- Decreased Equity at EUR 690.9 million, while Equity Ratio further improved to 45.8%

Equity Ratio

	June 30, 2022	Dec. 31, 2022	June 30, 2023
Equity Ratio (Equity / Balance Sheet total)	44.7%	45.2%	45.8%

Debt Ratios

	June 30, 2022	Dec. 31, 2022	June 30, 2023
Leverage (Net Debt / EBITDA)	2.5x	2.2x	2.7x
Gearing (Net Debt / Equity)	0.5x	0.5x	0.6x

Net Operating Cash Flow Development Q2 & H1 2023



in EUR million	2020	2021	2022	Q2 2022	Q2 2023	Variance (2023 to 2022)	H1 2022	H1 2023	Variance (2023 to 2022)
(Adjusted) EBITDA	99.3	167.6	157.2	37.0	41.9	-13.3%	81.1	78.6	-3.0%
Δ ± Trade Working capital	20.2	-20.4	-38.8	1.3	5.5	315.2%	-53.4	-60.5	-13.4%
Net operating cash flow before investments from operating business	119.5	147.2	118.5	38.3	47.3	-23.6%	27.7	18.1	-34.7%
Δ ± Investments from operating business	-41.2	-47.4	-53.2	-11.9	-15.4	30.0%	-17.9	-31.0	73.0%
Net Operating Cash Flow	78.3	99.8	65.3	26.4	31.9	20.8%	9.8	-12.9	-232.4%

- Working Capital outflow of EUR 60.5 million in H1 2023 due to a decrease of factoring programs from EUR 77 million as of December 31, 2022 to EUR 64 million as of June 30, 2023
- Capex increased mainly due to the new location of NDS in Lithia Springs and the extension of a plant in China
- Resulting in a Net Operating Cash Flow of EUR 31.9 million in Q2 2023 compared to EUR 26.4 million in Q2 2022

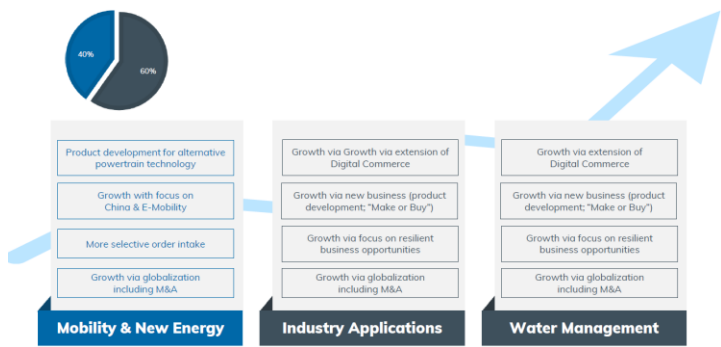
NORMA Value Added

in EUR million	Q2 2022	Q2 2023	H1 2022	H1 2023
Adjusted EBIT after taxes	16.3	18.0	38.3	32.2
Capital Cost (WACC x CE per January 1st)	-17.2*	-24.2*	-34.1*	-47.7*
NOVA	-0.9	-6.2	4.2	-15.5

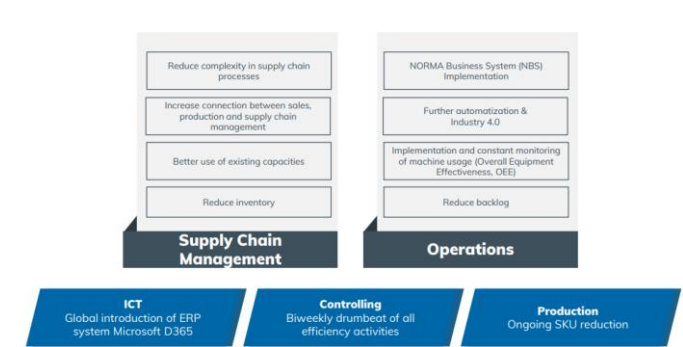
- The NORMA Value Added (NOVA) is NORMA Group's long term strategic target
- NORMA Group determines the annual value creation in form of the NORMA Value Added (NOVA)
- NOVA is calculated on the basis of adjusted EBIT, tax rate and the cost of capital
- The cost of capital is defined by the weighted average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

* WACC in 2022 = 7.03% and WACC in 2023 = 9.25%

Growth measures



Efficiency measures



Progress Update

- Details for growth & efficiency focus areas have been defined: more than 100 initiatives have been set up and are now being executed
- Steering tool and regular update meetings set up to monitor progress and secure success

Selected efficiency focus areas
Optimization of SCM processes & further investment in automation of machinery leading to reduced backlog and special freight costs

- Selected growth focus areas**
- Water Management: new product (fields) and geographic expansion
 - Industry Applications: new sales channels
 - Mobility & New Energy: ongoing performance optimization

Outlook 2023 – Company Guidance confirmed



Organic Sales Growth	Medium single-digit organic sales growth	Financial Result	Up to EUR -15 million
EJT	Mid-single-digit organic sales growth	Tax Rate (adjusted)	Between 33% and 37%
SJT	Mid-single-digit organic sales growth	Adjusted Earnings Per Share	Moderate increase compared to previous year
EMEA	Mid-single-digit organic sales growth	NORMA Value Added (NOVA)	Between EUR -10 million and EUR 10 million
Americas	Low single-digit organic sales growth	Investment Rate (without acquisitions)	Investment ratio between 5% and 6% of Group sales
APAC	Organic sales growth in the low double-digit range	Net Operating Cash Flow	Around EUR 70 million
Material Costs Ratio	Stable material costs ratio compared to the previous year	Dividend	Around 30% to 35% of adjusted Group Earnings
Personnel Costs Ratio	Stable personnel costs ratio compared to the previous year	CO₂ Emissions	Under 9,800 metric tons of CO ₂ equivalents
R&D Investment Ratio	Around 3% of sales	Number of Invention Applications	More than 20
Adjusted EBIT Margin	Around 8%	Number of Defective Parts (parts per million / PPM)	Below 5.5

**THANK YOU.
ANY QUESTIONS?**



Disclaimer

This presentation 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 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 or described in these statements.

Even if the actual results 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 presentation, no guarantee can be given that this will continue to be the case in the future.

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