

## NORMA Group increases profitability in second quarter of 2023

- **Q2 2023 sales up 1.9 percent from prior-year quarter to EUR 324.0 million**
- **Adjusted operating profit (EBIT) increases to EUR 27.1 million**
- **Adjusted EBIT margin at 8.4 percent**
- **Forecast for full year 2023 confirmed**

**Maintal, Germany, August 8, 2023** – NORMA Group grew slightly and improved its profitability in the second quarter of 2023. A marked increase in demand from the automotive industry and targeted price management were key growth drivers, more than compensating for lower demand in the water management sector.

The figures published today show Group sales up 1.9 percent over the prior-year quarter to EUR 324.0 million (Q2 2022: EUR 317.9 million). Organically, the company grew by 4.0 percent from April to June 2023. Negative currency effects in connection with the US dollar reduced sales growth by 2.0 percent. In the second quarter of 2023, adjusted earnings before interest and taxes (adjusted EBIT) increased substantially by 21.2 percent over the prior-year quarter to EUR 27.1 million (Q2 2022: EUR 22.3 million). The adjusted EBIT margin of 8.4 percent was also higher than the prior-year quarter (Q2 2022: 7.0 percent). Net operating cash flow was EUR 31.9 million in the second quarter of 2023, an improvement compared with the same quarter of 2022 (Q2 2022: EUR 26.4 million).

CEO Guido Grandi: “We delivered a successful second quarter and launched the first initiatives from our Step Up growth program. We improved our profitability both versus the prior-year quarter and compared to the first quarter of 2023. We also managed to cushion the impact of inflation. Our global presence and broad-based portfolio of joining technology for vehicles, water management, mechanical engineering and other industries make us extremely robust – and that is proving beneficial in what is currently a sluggish overall economic environment.”

### **Strong growth in Europe and Asia, decline in the Americas**

In the **EMEA** region (Europe, Middle East and Africa), the growth trend experienced in the first quarter of 2023 continued: Sales in the second quarter of 2023 showed a significant increase of 12.4 percent over the prior year to EUR 136.6 million (Q2 2022: EUR 121.6 million). Negative currency effects reduced growth marginally by 0.3 percent. The strong organic growth of 12.7 percent is primarily attributable to a strong recovery in the automotive industry and an upturn in demand for joining solutions for all types of passenger cars. Sales also increased in the area of industry applications.

In the **Americas** region, sales in the second quarter of 2023 fell by 6.9 percent year-on-year to EUR 144.5 million (Q2 2022: EUR 155.3 million). Organically, sales decreased by 5.2 percent; currency effects reduced sales by an additional -1.8 percent. Sales of joining technology for cars and commercial vehicles were lower following a strong prior-year quarter. Business with water management products was also lower following a very strong prior-year quarter, but improved compared to the first three months of 2023.

In the **Asia-Pacific** region, sales grew by 4.5 percent year-on-year to EUR 42.9 million in the second quarter (Q2 2022: EUR 41.1 million). Organically, sales showed strong growth of 12.5 percent; negative currency effects reduced sales growth by 8.1 percent. Demand for joining

technology from Chinese automotive manufacturers in particular increased compared with the lockdown quarter of the previous year, leading to higher business volumes in the region. By contrast, sales of standard joining technology for water management and industry applications were lower than in the prior-year period.

### **First half of 2023: Growth and profitability in line with business expectations**

Group sales were EUR 639.0 million in the first six months of financial year 2023. This represents an increase of 2.7 percent compared to the prior-year period (H1 2022: EUR 622.3 million). Organically, sales in the six-month period grew by 3.1 percent; negative currency effects reduced sales growth by 0.4 percent. In the period from January to June 2023, adjusted earnings before interest and taxes (adjusted EBIT) totaled EUR 49.7 million (H1 2022: EUR 52.7 million). The adjusted EBIT margin was 7.8 percent (H1 2022: 8.5 percent). Net operating cash flow was negative in the first half of 2023 at EUR -12.9 million (H1 2022: EUR 9.8 million). One reason for this development was investment in additional production capacity: In the first half of 2023, NORMA Group opened a new plant for water management products in the USA and expanded a site in China.

Guido Grandi: “NORMA Group performed well in the first half of the year. The business environment will remain challenging in the second half of the year. But we have established a solid basis for the coming months and intend to further increase our efficiency in production and logistics as the year progresses. In our strategic business units Industry Applications, Water Management as well as Mobility and New Energy, we have identified a wide range of growth opportunities and will work to exploit them consistently.”

NORMA Group launched the five-year Step Up growth program in May 2023. The measures are divided into growth and investment plans for the three strategic business units Industry Applications, Water Management, and Mobility and New Energy on the one hand, and measures to increase operating efficiency on the other. NORMA Group will use these measures to ensure profitable growth in the long term.

### **Forecast for full year 2023 confirmed**

The Management Board confirms the expectations in terms of growth, profitability and cash flow for financial year 2023 published at the end of March: NORMA Group has targeted organic Group sales growth in the medium single-digit range for the full year. With regard to profitability, the Management Board expects an adjusted EBIT margin of around 8 percent for 2023. The targeted figure for net operating cash flow is around EUR 70 million.

## NORMA Group in figures

Financial Figures		T001			
		Q2 2023	Q2 2022	H1 2023	H1 2022
<b>Order situation</b>					
Order book (Jun 30)	EUR million			535.3	582.8
<b>Income statement</b>					
Revenue	EUR million	324.0	317.9	639.0	622.3
Material cost ratio <sup>1</sup>	%	42.7	49.1	43.8	47.6
Personnel cost ratio <sup>1</sup>	%	25.2	25.0	25.6	25.3
Adjusted EBIT <sup>1</sup>	EUR million	27.1	22.3	49.7	52.7
Adjusted EBIT margin <sup>1</sup>	%	8.4	7.0	7.8	8.5
EBIT	EUR million	21.8	16.8	39.0	41.6
EBIT margin	%	6.7	5.3	6.1	6.7
Financial result	EUR million	-5.2	-3.0	-9.1	-4.5
Adjusted tax rate	%	33.6	27.2	35.2	27.3
Adjusted profit for the period <sup>1</sup>	EUR million	14.5	14.1	26.3	35.0
Adjusted earnings per share <sup>1</sup>	EUR	0.45	0.44	0.82	1.10
Profit for the period	EUR million	10.6	10.0	18.3	26.7
Earnings per share	EUR	0.33	0.31	0.57	0.84
<b>Cash flow</b>					
Cash flow from operating activities	EUR million	29.4	23.4	-7.1	7.1
Cash flow from investing activities	EUR million	-13.0	-10.9	-31.3	-14.6
Cash flow from financing activities	EUR million	-24.2	-29.0	-28.2	-30.1
Net operating cash flow	EUR million	31.9	26.4	-12.9	9.8
<b>Balance sheet</b>		<b>Jun 30, 2023</b>	<b>Dec 31, 2022</b>		
Assets	EUR million	1,510.1	1,560.7		
Equity	EUR million	690.9	705.4		
Equity ratio	%	45.8	45.2		
Net debt	EUR million	427.0	349.8		
<b>Non-financial figures</b>					
<b>Employees</b>		<b>H1 2023</b>	<b>H1 2022</b>		
Core workforce <sup>2</sup>		6,115	6,175		
Temporary workers <sup>2</sup>		2,414	2,532		
Total workforce <sup>2</sup>		8,529	8,707		
Invention applications	Number	8	10		
CO <sub>2</sub> emission (scope 1 and 2) <sup>3</sup>	Tons CO <sub>2</sub> equivalents	2,572	2,783		
Defective parts	PPM (Parts per Million)	1.8	4.0		

1. Adjusted exclusively for effects relating to acquisitions. 2. Reporting date values: H1 2023 as of June 30, 2023, prior-period values as of December 31, 2022. 3. Since fiscal year 2023, only CO<sub>2</sub> emissions, which are also used as a component of the Management Board remuneration in connection with the ESG LTI, have been considered a key non-financial performance indicator. Previously, non-financial performance indicators were defined as follows: CO<sub>2</sub> emissions, invention disclosures, and defective parts per million (PPM). CO<sub>2</sub> emissions excluding Energy Attribute Certificates (EAC) amounted to approximately 22,545 t CO<sub>2</sub>e in H1 2023 (H1 2022: 23,466 t CO<sub>2</sub>e).

## Other dates and additional information

NORMA Group will publish its business figures for the third quarter on November 7, 2023. Additional information on the business results can be found [here](#). For press photos, please visit our [Press Area](#).



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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 8,500 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 1.2 billion in 2022. The company has a global network of 27 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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