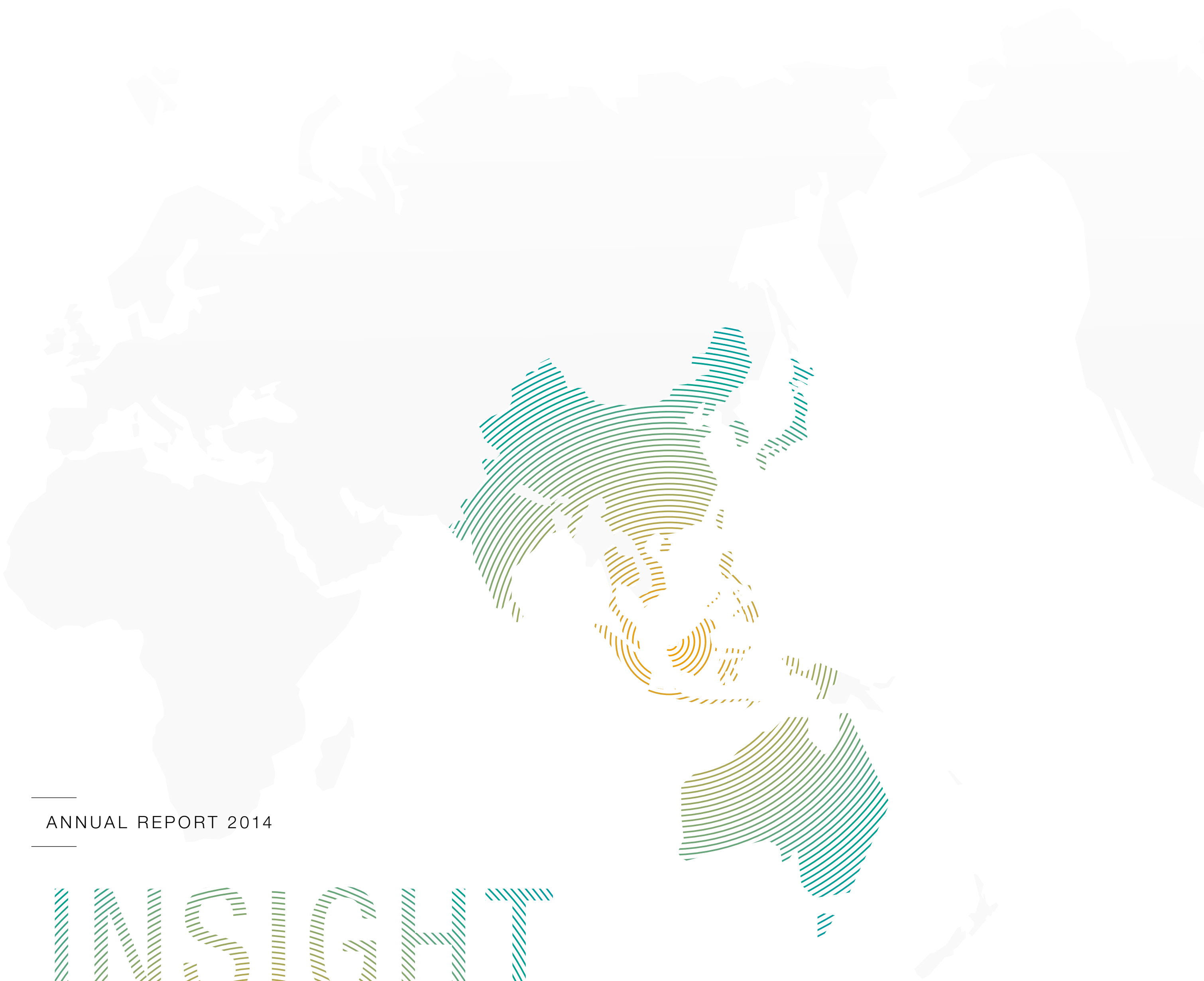
ANNUAL REPORT 2014

INSIGHT ASIA-PACIFIC



NORMA Group is an international market and technology leader in engineered joining technology. The Company manufactures a wide range of innovative joining technology solutions in three product categories – CLAMP, CONNECT and FLUID – and offers more than 35,000 high-quality products and solutions to around 10,000 customers in 100 countries. NORMA Group's joining products are used in various industries and can be found in vehicles, ships, trains, aircrafts, domestic appliances, engines and plumbing systems as well as in applications for the pharmaceutical and biotechnology industry. From its headquarters in Maintal near Frankfurt, Germany, the Company coordinates a global network consisting of 22 production facilities as well as numerous sales and distribution sites across Europe, the Americas, and Asia-Pacific.

Overview of Key Figures 2014

		2014	2013	Change in %
Order situation				
Order book (31 December)	EUR millions	**279.6**	236.7	18.1
Income statement				
Revenue	EUR millions	**694.7**	635.5	9.3
Gross profit [1]	EUR millions	**405.6**	371.4	9.2
Adjusted EBITA [1]	EUR millions	**121.5**	112.6	7.9
Adjusted EBITA margin [1]	%	**17.5**	17.7	n/a
EBITA	EUR millions	**113.3**	112.1	1.0
Adjusted profit for the period [1]	EUR millions	**71.5**	62.1	15.1
Adjusted EPS [1]	EUR	**2.24**	1.95	15.0
Profit for the period	EUR millions	**54.9**	55.6	–1.3
EPS	EUR	**1.72**	1.74	–1.1
Cash flow				
Operating cash flow	EUR millions	**96.4**	115.4	–16.5
Operating net cash flow	EUR millions	**103.2** [2]	103.9	– 0.7
Cash flow from investing activities	EUR millions	**– 265.1**	– 43.4	n/a
Cash flow from financing activities	EUR millions	**57.7**	51.7	11.7
		31 Dec 14	31 Dec 13	Change in %
Balance sheet				
Totals assets	EUR millions	**1,078.4**	823.7	30.9
Total equity	EUR millions	**368.0**	319.9	15.0
Equity ratio	%	**34.1**	38.8	n/a
Net debt	EUR millions	**373.1**	153.5	143.1
Employees				
Core workforce		**4,828**	4,134	16.8
Share data				
IPO		April 2011		
Stock exchange		Frankfurter Stock Exchage, Xetra		
Market segment		Regulated Market (Prime Standard), MDAX		
ISIN		DE000A1H8BV3		
Security identification number		A1H8BV		
Ticker symbol		NOEJ		
Highest price 2014 [3]	EUR	43.58		
Lowest price 2014 [3]	EUR	30.75		
Year-end share price 31 Dec 2014 [3]	EUR	39.64		
Market capitalisation as at 31 Dec 2014 [3]	EUR millions	1,263		
Number of shares		31,862,400		

[1] Adjustments are described in the notes to the consolidated financial statement. → Notes, p. 133
[2] Without balance sheet effects caused by the acquisitions of NDS and Five Star.
[3] Xetra closing price.

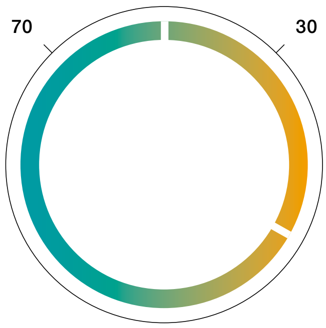
Date of publication: 25 March 2015

Two Strong Distribution Channels

DISTRIBUTION OF SALES BY SALES CHANNELS

in %

Engineered Joining Technology
Tailored, high-tech products developed to meet specific requirements of individual OEM customers



Distribution Services
High-quality standardised brand products for a variety of applications

ENGINEERED JOINING TECHNOLOGY (EJT)

The business area of EJT focusses on customised, engineered solutions which meet the specific requirements of original equipment manufacturers (OEM). For these customers NORMA Group develops innovative, value-adding solutions for a wide range of application areas and various industries. No matter whether it is a single component, a multi-component unit or a complex system, all products are individually tailored to the exact requirements of the industrial customers while simultaneously guaranteeing highest quality standards, efficiency and assembly safety. NORMA Group's EJT products are built on the extensive engineering expertise and proven leadership in this field.

DISTRIBUTION SERVICES (DS)

In the area of DS, NORMA Group sells a wide range of high-quality, standardised joining technology products for various applications through different distribution channels. Among the customers are distributors, OEM aftermarket customers, technical wholesalers and hardware stores. In the DS business area NORMA Group benefits not only from its extensive geographic presence and global manufacturing, distribution and sales capacities, but also from its well-known brands, the customised packaging and the high availability of its products at the point of sale. NORMA Group markets its joining technology products under its well-known brand names:

ABA BREEZE Clamp-All CONNECTORS FIVE STAR MFG., INC. Gemi NDS NORMA R.G.RAY SERFLEX serratub Torca

INNOVATIVE JOINING TECHNOLOGY AND THE HIGHEST QUALITY STANDARDS HAVE SECURED NORMA GROUP'S MARKET POSITION FOR OVER 60 YEARS NOW. THE COMPANY OFFERS SOLUTIONS FOR MANY DIFFERENT INDUSTRIES WITH ITS ADVANCED PRODUCTS. IN FACT, NORMA GROUP RANKS AS ONE OF THE WORLD'S MARKET AND TECHNOLOGY LEADERS IN THE AREA OF JOINING TECHNOLOGY THANKS TO THE PERSONAL DEDICATION OF ROUGHLY 6,000 EMPLOYEES AND AN INTELLECTUAL PROPERTY RIGHTS PORTFOLIO THAT CONSISTS OF MORE THAN 800 PATENTS.

AUSTRALIA

THE CONTINENT OF EXTREMES

Severe droughts meet up with heavy floods – this represents a huge challenge for Australia, especially for the farmers who make Down Under one of the biggest exporters of wheat and barley. Agriculture accounts for 70% of the world's water consumption, and counting. Nevertheless, only 2.5% of the world's water is actually fresh water. Sustainable joining solutions of the highest quality are therefore extremely important to efficient water management.

KEY FIGURES

7.7 million km^2 of surface area – Australia is thus the sixth-largest country in the world. It is also the driest populated continent: nearly 20% of its surface is considered desert.

53% of this area is used for agriculture. In 2012/13, water consumption by farms increased by 32% to 11.9 million megalitres compared to the previous year. 5.1 million of this volume flowed through irrigation canals.

19.1% of the world's barley exports come from Australia. Only the EU exports more. Furthermore, Australia is the fifth-largest exporter of wheat and wheat products.

In 2012, Australia experienced **USD 1.2 billion** in losses as a result of crop shortfalls caused by drought. Droughts even caused USD 6 billion in total economic damage in 1981.

An Australian uses **630 m^3** of water per year, while a German only uses 400 m^3.

INDIA

GROWTH REQUIRES WATER

The dynamic country of India continues to grow – the population as well as the degree of urbanisation and economic output. The consequence is an insufficient water infrastructure. Despite improvements, the rural population in particular still lacks permanent access to good quality drinking water. Experts estimate that USD 130 billion in investments will be made by 2030 to expand and modernise the respective infrastructure.

KEY FIGURES

1.25 billion people live in India, next to China the world's most populated country.
Experts project that India will have surpassed China by far by the year 2050 at the very latest.

The real GDP rose by **5.8%** in 2014 compared to the previous year. Only China recorded faster growth of 7.4%. The G20 nations on average: 3.2%.

64.9% of India's population lacked access to basic sanitary facilities in 2011.
8.4% are still without an improved drinking water supply.

339,300 Indians died of diseases that were caused by dirty water, inadequate sanitary facilities, and poor hygiene in 2012.

58% more – experts believe this is how much the demand for water will rise in India in the year 2030 compared to 2005.

MALAYSIA/ SINGAPORE

A STRONG DUO ON THE RISE

The geographic locations of Singapore and Malaysia, which are connected by a dam, are quite unique. While the city state has become a world-class hub, Malaysia is also experiencing strong growth. This also increases the pressure to invest. More and more buildings are being erected in Malaysia, which also supplies Singapore with drinking water via pipelines, and there is a growing demand for drinking and service water. Singapore also wants to invest: in a water supply that would make the country completely independent.

KEY FIGURES

Singapore has a **population of 5.4 million** on 716 km^2 of area. **29.7 million** live in Malaysia on 330,252 km^2.

71% urbanisation in Malaysia – this share has risen sharply. This figure was 62% in 2000, 50.7% in 1991, and only 34.1% in 1980. Singapore is a city state.

According to the government, Malaysia's **GDP grew by 6%** in 2014 compared to the previous year. This is a high value by global comparison. In Singapore, growth reached 2.9%.

Singapore currently covers **40% of its water needs** with help from Malaysia, but wants to be independent by 2061 – through investments in recycling facilities, rainwater, desalination of seawater, and savings.

Singapore scored **5.65 points** and thus came in 2nd place in the Global Competitiveness Index. Only Switzerland is considered to be more competitive. **Malaysia** came in **20th place** and thus improved its position by four places compared to last year.

CHINA

A COUNTRY GAINS MOMENTUM

The Chinese car market is considered to be the largest in the world. While the economy continues to grow, the rising living standard is encouraging the population to invest in individual mobility. At the same time, environmental aspects are becoming increasingly important in the Middle Kingdom because China suffers more from the effects of air pollution than almost any other country. More stringent emission standards that require that the appropriate joining elements be used in engines are gradually coming into force. Small, lightweight, yet more sophisticated components help to significantly reduce fuel consumption in vehicles.

KEY FIGURES

According to estimates, China accounted for **16.6% of the global GDP** in 2014.
It accounted for only 8.8% in 2004.

52 cars per 1,000 people in 2012 – car density is still relatively low.
This figure is 532 in Germany.

Around **19 million automobiles** were sold in China in 2014 – more than anywhere else.
Its share in the global market will probably grow from currently 20% to 30% by 2025.

USD 5.02 billion could be saved in China each year by 2030 by using more efficient combustion engines. The added benefits in terms of a reduction in CO_2 and fewer respiratory illnesses are valued at USD 950 million.

Since **January 2015** the Chinese equivalent to the EURO-4 emission standard applies for all commercial diesel vehicles. This means that China lags far behind the European standard.

APAC IN FIGURES

GROWTH REGION ASIA-PACIFIC

The region Asia-Pacific has again grown dynamically in financial year 2014. Every year, NORMA Group expands its activities in this region. The goal is to increase the sales share of APAC significantly in the medium-term.

710
employees

2,500
and more customers in the Asia-Pacific region

9%
share of sales

62.5
EUR mn. sales

5
manufacturing sites

12%
growth in sales

Sources: AUSTRALIA: Australian government, http://www.australia.gov.au | Australian Statistics Office, http://www.abs.gov.au | US Department of Agriculture, Statista 2014 | EIA/Syngenta, Statista 2014 | Centre for Research on the Epidemiology of Disasters, Statista 2014 | Organisation for Economic Cooperation and Development, Statista 2014 | INDIA: UN DESA (Population Division), Statista 2014 | IWF (World Economic Outlook Projections) | Organisation for Economic Cooperation and Development, Statista 2014 | The United Nations World Water Development Report 2014 | WHO, http://gamapserver.who.int | Various sources, Statista 2014 | MALAYSIA/SINGAPORE: Federal Foreign Office, http://www.auswaertiges-amt.de | Department of Statistics Malaysia, http://www.statistics.gov.my | Ministry of Trade and Industry Singapore | International Monetary Fund, http://www.imf.org | Germany Trade & Invest, http://www.gtai.de | World Economic Forum, Statista 2014 | CHINA: International Monetary Fund, Statista 2014 | EY/Datamonitor/IHS Global Insight, Statista 2014 | CAAM Center of Automotive Research at the University of Duisburg-Essen, Statista 2014 | Experts according to the World Bank, Statista 2014 | 2013 NORMA Group Annual Report

4 QUESTIONS TO...

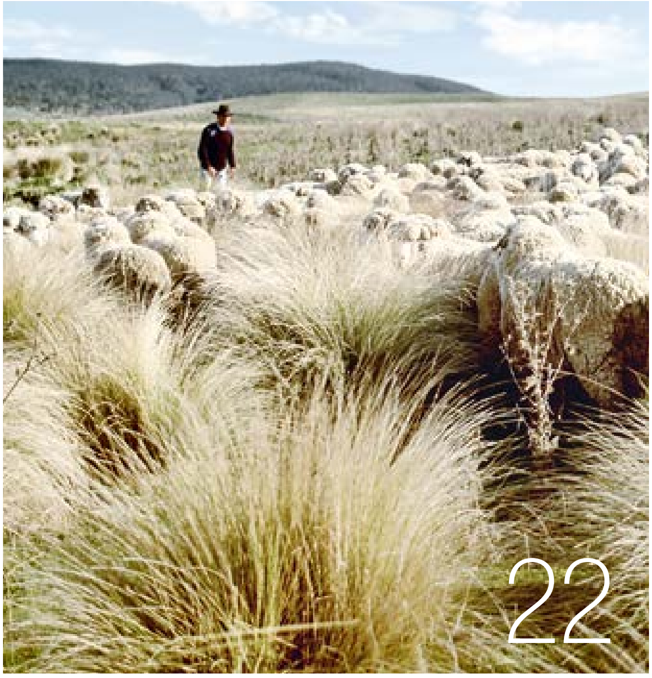
BERND KLEINHENS,
BOARD MEMBER BUSINESS DEVELOPMENT
→ Short profile, page 15

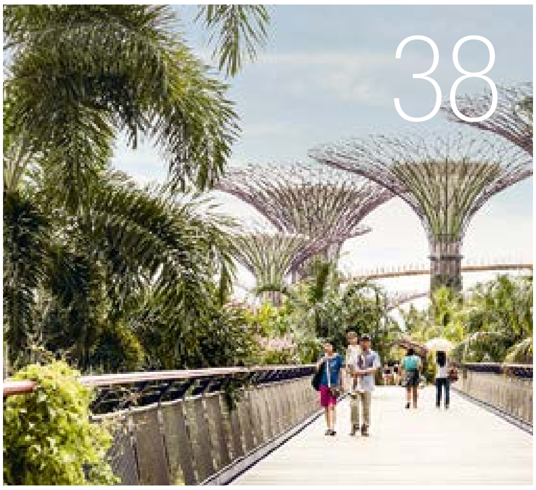
Mr. Kleinhens, how long has NORMA Group been active in the APAC region and what were the reasons for the market entry?
We entered the Asian market in 2008 when we opened our first own plant in China. Prior to making this move, NORMA Group was mainly a European company with a strong focus on the automotive industry.
Our declared goal has always been and still is to lower our dependency on specific industries and regions in order to achieve the greatest possible diversification with respect to end markets and regional presence. We consider Asia to be an extremely exciting market in this regard. We are growing by double-digit figures in this region and we are seeing strong demand for our products here. This is also the case with industrial original equipment manufacturers, among others, especially in countries like China and India that have a lot of catching up to do. Due to increased demand, we opened a second plant in Changzhou last year and started serial production of a new profile clamp for a major Japanese customer just a few months later. Besides the vehicle industry, we also see growth opportunities in new markets such as water management, for example, which we will obviously be looking to take advantage of.

Now that you've mentioned water, NORMA Group has expanded its water business quite significantly in recent years. What were the reasons for this and what are typical application areas?
Water is a scarce commodity and its efficient use is becoming more and more important, considering the steadily growing population figures. Innovative solutions that ensure a reliable water supply are thus in great demand. This is precisely where we can deliver added value with our products. Joining technology is used wherever water needs to be controlled and drained or fed efficiently, whether in agriculture, supplying or disposing of water, or in sewage and sanitary systems.

Does APAC play a special role here?
We see immense potential for our water business in the APAC region. One reason is that there are many places here that have either no or only poor access to drinking water. Take India, for example. On the other hand, there are many extremely dry regions like Australia, for instance, where irrigation systems play an important role in agriculture.
We have thus gradually expanded our activities in the region and bolstered them by acquiring the Malaysian connecting technology specialist Chien Jin Plastic in 2012 and the two Australian companies Davydick and Guyco in 2013.

What plans does NORMA Group have for the Asia-Pacific region in the future?
We plan to continue expanding our business in APAC in the future. APAC currently accounts for around 9% of our total sales. Our goal is to significantly increase its share over the medium term. We do not rule out making further acquisitions in the region as a way of achieving this objective.


22

30

38

48

CONTENTS

EXPLANATION OF SYMBOLS

@ Internet → Cross Reference

JOHN STEPHENSON WERNER DEGGIM DR. OTHMAR BELKER BERND KLEINHENS

The Management Board

WERNER DEGGIM
CHIEF EXECUTIVE OFFICER (CEO)

- Vice President and General Manager, TRW Automotive, USA
- Managing Director / Board member of Peguform GmbH
- Various executive management positions, thereof 7 years in the USA and Canada

DR. OTHMAR BELKER
CHIEF FINANCIAL OFFICER (CFO)

- CFO (Division) of an internationally active automotive industry supplier
- CEO of a Do-it-Yourself chain
- CFO of a listed German company
- Director at a listed investment company
- Restructuring consultant at Roland Berger & Partner

BERND KLEINHENS
BOARD MEMBER BUSINESS DEVELOPMENT

With NORMA Group since the beginning of his professional career:
- Global Sales Director for Commercial & Passenger Vehicles
- Business Area Sales Manager for NORMACLAMP
- Marketing Manager Automotive
- Development Engineer

JOHN STEPHENSON
CHIEF OPERATING OFFICER (COO)

- Vice President Operations at Hayes Lemmerz International
- Director of Operations for Northern Europe at Textron Fastening Systems
- Plant Manager and Managing Director of APW Electronics
- Various positions, among others in the area of project and production management at Valeo

Further information regarding the professional career of the Management and the Supervisory Board can be found in the Investor Relations section at the NORMA Group website @ http://investors.normagroup.com.

Letter from the Management Board

Dear shareholders, customers and business partners,

2014 proved to be an exceptionally successful financial year for NORMA Group. We achieved most of our goals and continued writing our growth story. We once again managed to set new records for both sales and earnings and contributed to our further diversification and expanded our business by making two strategic acquisitions. The economic recovery of the American market, which is of growing importance to us, in the second half of the year and the continued dynamic development in Asia further strengthened our growth.

But let us begin by taking a look at the most important figures: We managed to increase our sales by 9.3% last year to EUR 694.7 million and recorded (adjusted) EBITDA of EUR 138.4 million. (Adjusted) earnings for the period rose by 15.1% to EUR 71.5 million. Besides the positive effects of declining oil prices and the economic recovery in North America, the acquisitions of the two US companies, Five Star Clamps and National Diversified Sales (NDS), also contributed to our results. By resolutely implementing optimisation measures in all areas of the Group, we also managed to keep the largest cost positions relatively stable – despite the fact that the business continues to grow. With an (adjusted) EBITA margin of 17.5%, we again achieved a high level in 2014 that is well above the industry average. We were thus once again able to prove that our business is sustainably profitable.

To cover the long-term financing of NDS, we issued another promissory note in December 2014 in the amount of around EUR 209 million. The high demand on the part of our bank partners, which resulted in clear oversubscription, but also the extremely low interest rates, again showed what an excellent reputation we have on the capital market. We have strengthened this even further in recent years by engaging in an intensive and transparent dialogue with our stakeholders on the financial market.

In connection with the acquisition of NDS, our net debt increased to EUR 353 million, which equates a leverage of around 2.5. However, thanks to our strong cash flow and the positive prospects for further business development, we are optimistic that we will be able to reduce our net debt already in this financial year.

The acquisitions of NDS and Five Star were extremely important strategic milestones for us in financial year 2014. Five Star is a family-run company in the field of joining technology and has been marketing high-quality clamps and coupling products to more than 50 different industries for nearly 30 years. With its broad product range, many years of experience and its focus on the highest quality and service, the company fits in perfectly with NORMA Group. By acquiring Five Star's business activities, we were able to significantly expand our customer base in the US market and our product portfolio. Five Star posted sales of USD 6.2 million in 2014.

With the second acquisition we made at the end of October 2014, a company called NDS that specialises in water management, we took an important step into the fast growing water market and thus clearly diversified our business and future sales profile. NDS manufactures and markets products in the area of rainwater management and landscape irrigation, but also joining elements for infrastructure in the area of water, and has been doing so for over 40 years. With its more than 500 employees, 5,000 products and sales of around USD 128 million in financial year 2013, the acquisition of NDS marked the largest transaction for NORMA Group since its IPO. NDS will make a significant contribution to the Group's growth in the future. In fact, the company already contributed sales of close to EUR 14 million in the financial year that just ended.

Dear shareholders, we have repeatedly proven that we are a fast growing and profitable Company in recent years. Nevertheless, long-term success and competitiveness cannot be defined by using only financial figures. A convincing Company and convincing investment for you, ladies and gentlemen, also needs to distinguish itself through responsible corporate management that is compatible with the interests of all stakeholders. For this reason, we decided to anchor the topic of Corporate Responsibility in our Group strategy in recent years and defined long-term goals and key measures. In financial year 2014, we even published our own Sustainability Report for the first time. This report contains in-depth information on our Corporate Responsibility Strategy, but also many different performance indicators that we will use to evaluate ourselves and monitor our activities. NORMA Group in its current form is still a relatively young Company. For this reason, it would be presumptuous to claim that we are already perfect in all areas. Nevertheless, you can be sure that we will work very hard to increase our ambitious goals with respect to sustainability within the Group in the long term.

We will continue writing NORMA Group's success story during the current year as well. By focussing closely on innovations, we plan to continue to meet our customers' high demands for specific system solutions and thus strengthen our leading market and technological position even further in the future. Due to the high catch-up potential in the Asian region in particular and the constant progression of industrialisation, we see significant chances for our business and have therefore decided to dedicate this Annual Report to the Asia-Pacific region.

Furthermore, we expect stricter emission regulations to be passed in the future in all regions of the world that will continue to present our customers with new challenges and require new solutions and innovative technologies. The new regulation on fleets in the EU, which requires that the average CO_2 emissions per vehicle fleet with passenger cars be reduced by 5.1% per year from now until 2020 is just one example. Both, our business and our development work will focus on this and other megatrends. With this focus and an annual R&D investment ratio of 5% of EJT-sales, we are optimistic that we will be able to defend our leading position with respect to innovation in the future and make a significant contribution to sustainable use of resources.

Dear shareholders, by increasing in value by around 10% last year, our share once again performed much better than the overall market. At the end of the year, NORMA Group's market capitalisation amounted to around EUR 1.3 billion.

We would like to thank you for the trust you have shown in our Company. We are pleased to have you participate again appropriately in our good net profit that we earned in financial year 2014. For this reason, we will be proposing a dividend of EUR 0.75 for financial year 2014 at our Annual General Meeting to be held on 20 May 2015.

Last, but not least, we would like to thank our close to 6,000 employees all over the world who contribute to the success of NORMA Group each day through their hard work. Moreover, we would like to thank our customers and business partners for our good and trusting relationships. We look forward to receiving your continued support.

Sincerely

Werner Deggim
CEO

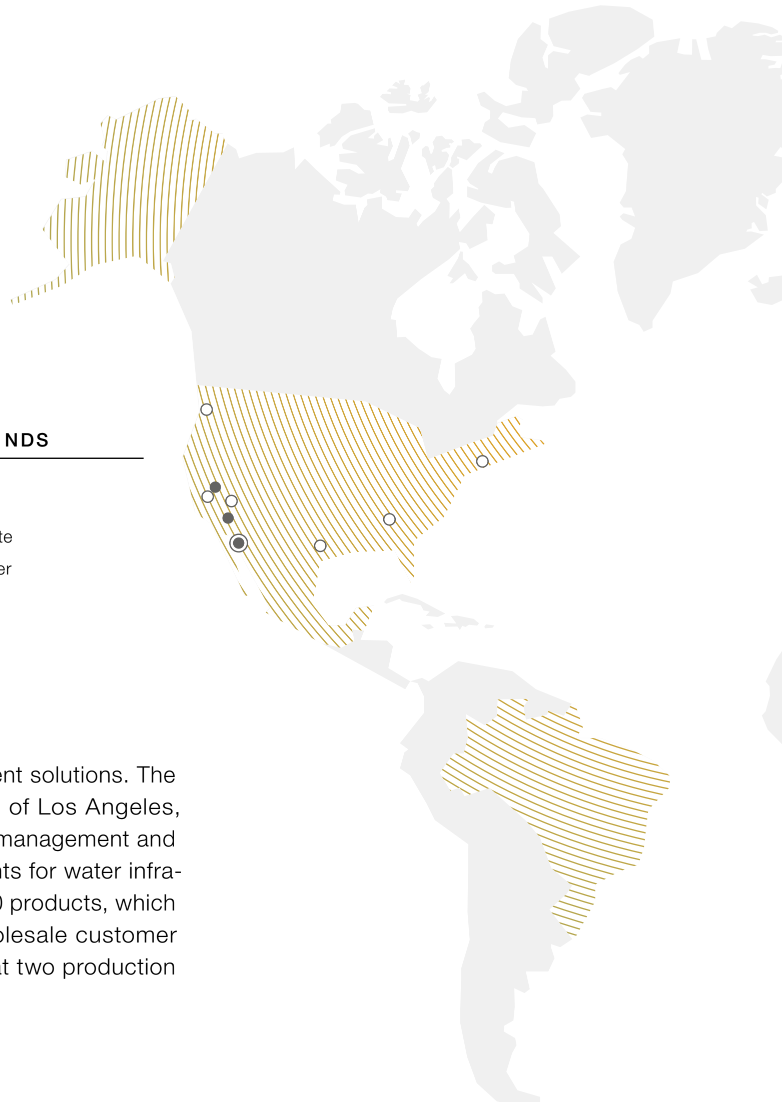
Dr. Othmar Belker
CFO

Bernd Kleinhens
Business Development

John Stephenson
COO

OCTOBER 2014

NORMA GROUP ACQUIRES NATIONAL DIVERSIFIED SALES



LOCATIONS OF NDS

- Headquarters
- Manufacturing site
- Distribution center

NATIONAL DIVERSIFIED SALES (NDS)

NDS is a leading US-American supplier of water management solutions. The company based in Woodland Hills, California, just north of Los Angeles, manufactures and markets products for use in stormwater management and landscape irrigation, but also flow management components for water infrastructure. The product line of NDS includes more than 5,000 products, which the company markets via more than 7,700 retail and wholesale customer locations in the USA. NDS has more than 500 employees at two production sites and six warehouses in the United States.

> “In light of the global scarcity of water, there is a growing need for efficient solutions for the water supply and infrastructure. By acquiring NDS, we expanded our product portfolio and geographic presence to respond to this trend.”

Werner Deggim, CEO of NORMA Group

STRATEGIC EXPANSION OF THE WATER BUSINESS

NORMA Group acquired NDS for the equivalent of EUR 226 million at the end of October 2014. For NORMA Group, the acquisition of the company that specialises in water represents the largest transaction since its IPO and is an important step toward further expanding its water business. By acquiring NDS, NORMA Group has not only broadened its product portfolio in the promising water market, but also extended its customer base and increased its geographic presence.

Due to its customer structure, strong brands and sales model, NDS fits in perfectly with NORMA Group’s existing Distribution Services business. The field of water management that NORMA Group has been active in for many years is to become a much stronger part of the DS business. NDS thus joins the acquisitions that have been made in Malaysia and Australia in the area of water in recent years and contributes to broader diversification with respect to NORMA Group’s end markets and executing its long-term growth strategy.

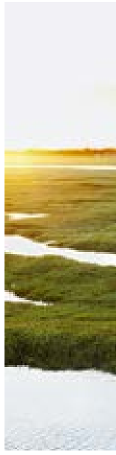
7,700

RETAIL AND WHOLESALE CUSTOMER LOCATIONS

With its two manufacturing sites and six distribution centres, NDS has a comprehensive sales network that enables it to supply approximately 7,700 retail and wholesale customer locations in the USA. Services such as overnight delivery at any time, high delivery reliability and outstanding product quality are of the highest priority.

USD 4.0 BN.

U. S. market potential in the area of water management



500

employees and a highly motivated management team

98 %

on-time delivery

5,000

PRODUCTS

NDS has a broad product portfolio that ranges from collection solutions for stormwater to irrigation systems, infiltration modules, valves and ground and subsurface drainage pipes. NDS's customers truly appreciate its comprehensive product line and the chance it gives them to do 'one-stop shopping.'

STORMWATER MANAGEMENT

Excess rainwater that is not drained off properly can cause severe damages to streets and buildings and have a significant impact on the environment. In order to avoid negative effects on the environment, legislators in the United States are calling on communities, companies and private homeowners to implement efficient rainwater management systems. NDS offers efficient solutions for this purpose that collect rainwater and transport it directly into the municipal sewage system.

EFFICIENT LANDSCAPE IRRIGATION

Water shortages pose a huge problem in many dry regions of the world. Moreover, the situation is further exacerbated by the steadily growing population and old and leaky infrastructure. Efficient use of water as a resource is therefore a top priority. NDS has developed innovative irrigation solutions for these applications that allow for water to be transported across long distances without any leakages. The NDS drip irrigation systems also ensure that only as much water is released as necessary.

FLOW MANAGEMENT

Water also plays an important role in the construction industry. Dependable solutions are needed for sanitary and pool systems, for example. NDS offers a wide range of water infrastructure solutions for these purposes.

AUSTRALIA

SUSTAINABLE MANAGEMENT OF RESOURCES IS BECOMING INCREASINGLY IMPORTANT. NORMA GROUP IS STRATEGICALLY EXPANDING ITS ACTIVITIES IN THE AREA OF INNOVATIVE AND EFFICIENT WATER MANAGEMENT – AN IMPORTANT STEP INTO THE FUTURE.

Leak-tight joining solutions of the highest quality
important in the water market. NORMA
its activities in Australia in the last few years. In

NORMA Group acquired Davydick and Guyco,

20

The Group has thus not only strengthened
presence quite significantly.

700 CUS

and top service are extremely
Group has been significantly expanding

2013,

who have been in the business for around

YEARS.

its product portfolio, but also its regional
Both subsidiaries serve

TOMERS.

GLASS FIBER REINFORCED NYLON BALL VALVE FROM GUYCO®
This glass fiber reinforced ball valve is a product from Guyco, the Australian subsidiary that was acquired in 2013. The valve is both UV- and corrosion-resistant and therefore ideally suited for use in landscape irrigation.

NORMA Group on the Capital Market

- NORMA Group share rises by 10% and outperforms indices
- Regionally highly diversified shareholder structure
- First Sustainability Report published

CAPITAL MARKETS CHARACTERISED BY HIGH VOLATILITY

The world's capital markets were very volatile in 2014. The many geopolitical crises, economic problems in the euro zone, the fear of the spread of the Ebola virus and the continued expansionary monetary policies of central banks resulted in lively rises and falls on the stock market, particularly in the second half of the year.

The DAX, which fell to a low of 8,354 points for the year in October, closed at a new record level of 10,093 points in early December. On the final trading days of the year, however, concerns about the political developments in Greece dimmed the sentiment on the German stock market once again so that the leading German index only recorded a meagre gain of 2.7% at the year's end by closing at 9,805 points. Despite temporary highs, the comparable MDAX index that is of relevance to NORMA Group also rose by only 2.2%.

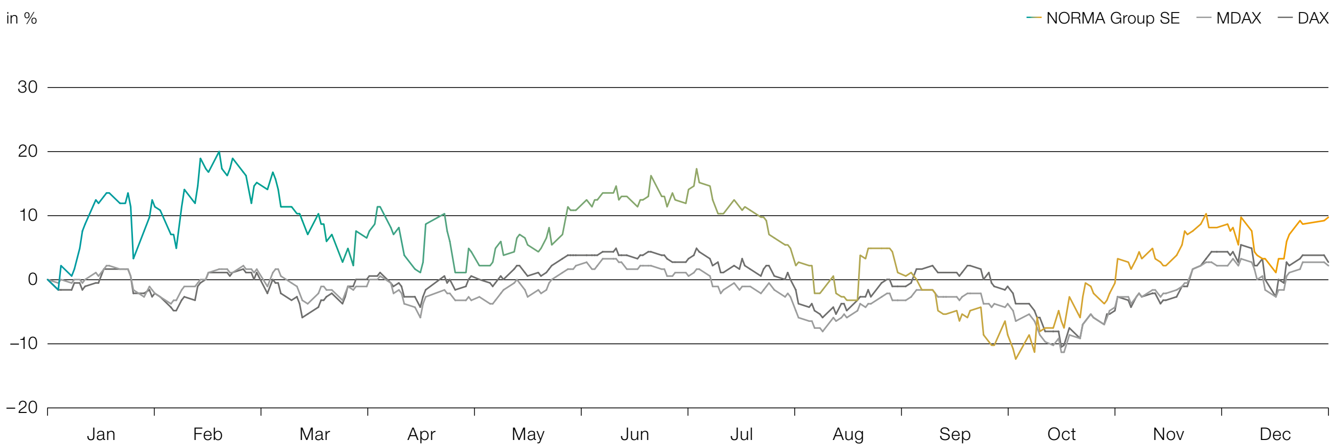
The US stock exchanges, on the other hand, performed somewhat better. Supported by positive corporate data and the solid growth of the US economy, the major US indices even recorded new highs in the fourth quarter. The Dow Jones ended the year 7.5% higher at 17,823 points. The S&P 500 even rose by as much as 11.4% and closed at 2,058 points.

NORMA GROUP SHARE ROSE BY ALMOST 10%

NORMA Group's share performed significantly better than the market in 2014 and continued its upward trend. At the end of the year, the share closed at a price of EUR 39.64 and thus achieved a profit of close to 10% over the closing price of the previous year (EUR 36.09).

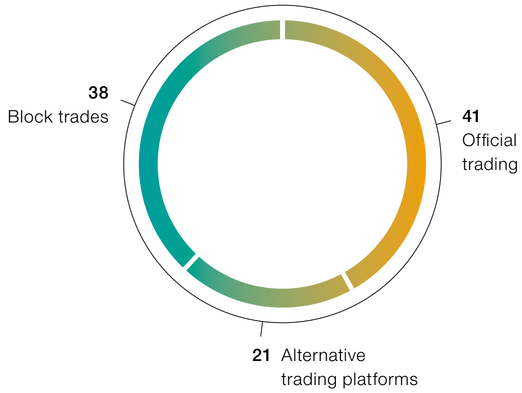
NORMA Group's market capitalisation amounted to EUR 1.26 billion on 31 December 2014. The underlying number of shares remained unchanged at 31,862,400 compared to the previous year. Measured against the market capitalisation of relevance for

SHARE PRICE PERFORMANCE INDEXED TO 100 COMPARED TO THE MDAX AND DAX



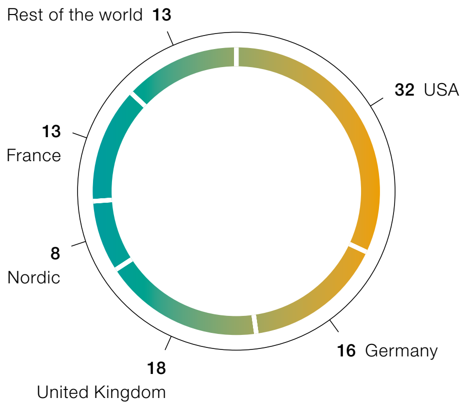
DISTRIBUTION OF TRADING ACTIVITY IN 2014

in %



FREE FLOAT BY REGION

in %



defining the index membership of the free float, which has been 100% since 2013, NORMA Group shares finished December 2014 unchanged compared to the previous year and came in 38th place in the MDAX.

SLIGHTLY LOWER TRADING VOLUME

The average Xetra trading volume of the NORMA Group share was 73,932 shares per day (2013: 86,570) in the period from January to December 2014. The NORMA Group share thus came in 47th place (2013: 46th) in the MDAX in December 2014. Though the value of the average daily Xetra trading volume was EUR 2.80 million (2013: EUR 2.53 million). The total average number of daily traded shares was 199,934 in 2014 (2013: 209,887).

The percentage of shares traded on the regulated market remained unchanged compared to the previous year at 41%. The percentage of shares traded via alternative platforms on the other hand rose from 15% to 21%, while the shares traded by way of block trades declined from 43% to 38%. → Chart: Free float by region.

BROADLY DIVERSIFIED SHAREHOLDER STRUCTURE

The NORMA Group share has gained greater international recognition in recent years due to active investor relations work. As a result, foreign investors have become increasingly important. In the meantime, NORMA Group now has a regionally highly diversified shareholder base with a huge share of international investors mainly from the USA, the UK, France and Scandinavia. German investors hold around 16% of the shares.

Approximately 96% of NORMA Group shares are owned by institutional investors, 2.42% (2013: 2.5%) by management, and 1.8% (2013: 1.5%) by private investors. The number of private investors (excluding management) increased from 2,149 to 2,510 over the course of financial year 2014.

VOTING RIGHTS NOTIFICATIONS 2014

According to the voting rights notifications received in 2014, shares of NORMA Group designated as free floating and amounting to over 3% are held by the following institutional investors:

in %	
Ameriprise Financial Inc., Minneapolis, USA	9.96
BlackRock, Inc., New York, USA	5.70
Mondrian Investment Partners, Ltd., London, United Kingdom	5.34
Allianz Global Investors Europe GmbH, Frankfurt, Germany	5.02
BNP Paribas Investment Partners S.A., Paris, France	3.15
Delta Lloyd N.V., Amsterdam, The Netherlands	3.08
The Capital Group Companies, Inc., Los Angeles, USA	3.05
T. Rowe Price International, Ltd., Baltimore, USA	3.02

As of 31 December 2014. More information regarding the voting rights can be found on page 168. All voting rights notifications are published on the Company's website @ http://investors/normagroup.com.

2014 ANNUAL GENERAL MEETING

The Ordinary Annual General Meeting of NORMA Group SE was held on the premises of the DVFA Center in Frankfurt/Main on 21 May 2014. 18,356,839 of the 31,862,400 shares with voting rights, i.e. 57.6% of the share capital were represented at the meeting. The participating shareholders resolved a dividend of EUR 0.70 per share. This corresponded to a distribution rate of 35.9% based on NORMA Group's adjusted net profit for the financial year of EUR 62.1 million. All items on the agenda were approved with majorities of more than 96%.

DIRECTOR'S DEALINGS

The following Director's Dealings took place in financial year 2014:

Description of the financial instrument	NORMA Group SE registered no-par value share
ISIN	DE000A1H8BV3
Issuer	NORMA Group SE
Person subject to mandatory reporting	Katrin Belker
Reason	Natural person in a close relationship
Relationship	Wife
Date	18 November 2014
Type of transaction	Sale
Trading place	Over the counter
Price	EUR 37.90
Number of shares	25,000
Total volume	EUR 947,500

RESEARCH COVERAGE AT A HIGH LEVEL

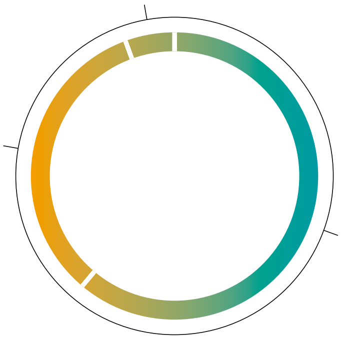
In 2014, 18 analysts from different banks and research firms followed NORMA Group. As of 31 December 2014, there were eleven recommendations to 'buy,' six to 'hold' and one to 'sell.' The average price target was EUR 41.34 at the end of December 2014 and thus around 15% higher than the price target on 31 December 2013 (EUR 35.81).

In February 2015, Benjamin Gläser from Jefferies started covering NORMA Group. In his initial study, he recommended buying the NORMA Group share with a price target of EUR 53.

ANALYSTS COVERING NORMA GROUP

Baader Bank	Peter Rothenaicher
Bankhaus Lampe	Christian Ludwig
Bankhaus Metzler	Jürgen Pieper
Bank of America Merrill Lynch	Paul R. Hartley
Berenberg Bank	Kai Müller
Commerzbank	Ingo-Martin Schachel
Deutsche Bank	Tim Rokossa
DZ Bank	Jasko Terzic
Exane BNP Paribas	Gerhard Orgonas
Goldman Sachs	Will Wyman
Hauck & Aufhäuser	Philippe Lorrain
HSBC	Jörg-André Finke
Jefferies	Benjamin Gläser
Kepler Cheuvreux	Hans-Joachim Heimbürger
Macquarie	Christian Breitsprecher
MainFirst	Tobias Fahrenholz
NordLB	Frank Schwope
Oddo Seydler Bank AG	Daniel Kukalj
Warburg Research	Christian Cohrs

ANALYST RECOMMENDATIONS



SUSTAINABLE INVESTOR RELATIONS ACTIVITIES

NORMA Group's investor relations activities seek to further increase awareness of the Company on the capital market, strengthen confidence in its share and achieve a realistic and fair valuation. Therefore, the management and those responsible for IR hold many discussions with institutional investors, financial analysts and private shareholders over the course of the year.

The Management Board and the IR team of NORMA Group conducted 43 roadshows in Europe and North America's most important financial centres in 2014. Furthermore, NORMA Group attended the following conferences.

- Kepler Cheuvreux German Corporate Conference, Frankfurt/Main
- Goldman Sachs European Small and Mid Cap Symposium, London
- Commerzbank German Mid Cap Investment Conference, Boston and New York
- Deutsche Bank German, Swiss and Austrian Conference, Berlin
- UBS Best of Germany Conference, New York
- Commerzbank Sector Conference, Frankfurt/Main
- Berenberg / Goldman Sachs German Corporate Conference, Munich
- Baader Investment Conference, Munich
- LBBW German Company Day, London
- Exane BNP Paribas Midcap Forum, London
- 12th Berenberg European Conference, Surrey

SERVICE FOR SHAREHOLDERS

Shareholders and those interested can register in the investor relations section of the Company website @ http://investors.normagroup.com to receive the circular letter for investors from NORMA Group. They will be informed promptly by e-mail of any developments within the Group and automatically receive the regular publications.

Furthermore, comprehensive information on the NORMA Group share is published on the website. Besides financial reports and presentations that can be downloaded, all important financial market dates and details on how to reach the contact partners can be found there. The teleconferences on the quarterly and annual financial statements are recorded and offered in audio format.

FIRST SUSTAINABILITY REPORT PUBLISHED

NORMA Group published its first Sustainability Report on financial year 2013 in November 2014. The growing interest of stakeholders in ecological, societal and social topics has thus now been taken into account.

The Sustainability Report entitled 'Responsibility Connects' contains further information on the Group's Sustainability Strategy and presents figures on employee development, ecological aspects and the social and societal activities of NORMA Group. The report thus complements NORMA Group's Corporate Responsibility website @ www.normagroup.com/cr that was published back in February 2014 and is available for downloading on the Company's website.

NORMA GROUP 2013 ANNUAL REPORT RECEIVES NUMEROUS AWARDS

NORMA Group's 2013 Annual Report excelled in numerous national and international competitions and received the following awards:

- **LACP Vision Award** Bronze in the category 'Other Industries'
- **2014 FOX Awards** Silver for the very good interplay between content and context
- **2014 Good Design Award** for outstanding design

In the competition 'Investor's Darling' that was held by manager magazin for the first time in 2014, NORMA Group came in 27th place out of 188 total entries for its capital market communications.

KEY FIGURES OF THE NORMA GROUP SHARE SINCE THE IPO

	2014	2013	2012	2011	8 April 2011[1]
Closing price on 31 Dec. (in EUR)	**39.64**	36.09	21.00	16.00	21.00[2]
Highest price (in EUR)	**43.585**	39.95	23.10	21.58	n/a
Lowest price (in EUR)	**30.755**	21.00	15.85	11.41	n/a
Number of unweighted shares as of 31 Dec.	**31,862,400**	31,862,400	31,862,400	31,862,400	31,862,400
Market capitalisation as of 31 Dec. (in EUR millions)	**1,263**	1,150	669	510	669
Average daily Xetra volume					
Shares	**73,932**	86,570	54,432	46,393	n/a
EUR million	**2.80**	2.53	1.04	1.45	n/a
Earnings per share (in EUR)	**1.72**	1.74	1.78	1.19	n/a
Adjusted earnings per share (in EUR)	**2.24**	1.95	1.94	1.92	n/a
Dividend per share[3] (in EUR)	**0.75**	0.70	0.65	0.60	n/a
Dividend yield (in %)	**1.9**	1.9	3.1	3.8	n/a
Distribution rate[4] (in %)	**33.4**	35.9	33.5	33.2	n/a
Price-earnings ratio	**23.05**	20.7	11.8	13.4	n/a
Indices	MDAX, CDAX, Classic All Share, Prime All Share, DAX International 100, DAXsector Industrial, DAXsubsector Products & Services, HDAX, MIDCAP MKT PR, MIDCAP MKT TR, STXE TM Automobiles & Parts Index, STXE TM Small Index, STXE Total Market Index				

[1] IPO and first trading day of the NORMA Group share [2] Issuing price [3] in accordance with the Management Board's proposal for the appropriation of net profit, subject to approval by the Annual General Meeting on 20 May 2015. [4] in relation to adjusted net profit

SHARE PRICE DEVELOPMENT SINCE THE IPO IN APRIL 2011

INDIA

ACCESS TO SUFFICIENT CLEAN WATER IS CRITICAL TO A COUNTRY'S HEALTHY GROWTH. NORMA GROUP HAS THE KNOW-HOW NEEDED TO BUILD A MODERN AND SUSTAINABLE INFRASTRUCTURE.

NORMA Group has been active in India in Pune since 2012. Connections for here on

6,500

The areas of development and construction launched the aid programme 'NORMA Clean

14,000 children and near Pune to benefit from improvements in

NORMACONNECT® FGR PIPE COUPLING

The FGR pipe coupling from NORMA Group allows for leak-free connection of pipes and is used for pipeline construction, shipbuilding and water industries, among other fields.

since 2009 and at the new plant
hoses and pipes are manufactured

m^2 of floor space.

have also been expanded strongly here. The Group
Water' in 2014. The objective is to enable

teachers at 50 schools located
the water supply and better hygiene.

Supervisory Board Report

The Supervisory Board of NORMA Group SE has monitored and advised on the activities of the Management Board in financial year 2014 in accordance with the rules of the German Stock Corporation Act, the German Corporate Governance Code and NORMA Group's Articles of Association.

The Management Board reports to the Supervisory Board regularly in written form on a monthly basis on the business development of NORMA Group SE and the Group and provides a forecast for the current financial year. The development of sales and earnings, incoming orders and order backlog are described in detail compared to the previous year and current targets. Other topics that are covered in the quarterly reports include the economic trend and significant operational performance indicators.

In financial year 2014, NORMA Group's Supervisory Board convened for four regular meetings which were also attended by the entire Management Board. Subsequent to this, the Supervisory Board convened without the Management Board. Additional Supervisory Board meetings, a total of four in financial year 2014, were also conducted as needed via teleconference on short notice.

The Management Board provided extensive information about the current course of business at the Supervisory Board's regular meetings. In particular, all key figures for the Group and NORMA Group SE were discussed and compared to the previous year's figures and current targets. At every meeting, the Management Board provided the Supervisory Board with information concerning the order situation as well as its assessment of the economic outlook and market developments. At each regular meeting of the Supervisory Board, the Management Board also presents a risk report in which the probability of occurrence and potential effects of all relevant risks are assessed. This regular risk reporting provides the Supervisory Board with a clear picture of which possible risks could have a negative impact on the Company's assets, financial and earnings position. The Supervisory Board worked together with the Management Board to develop measures to avoid and reduce potential effects of the risks that were considered highly relevant and likely to occur. In addition, the Supervisory Board and Management Board frequently discuss NORMA Group's long-term strategic orientation and current M&A projects. In addition to these regularly recurring topics, the Supervisory Board also dealt with the following issues in financial year 2014:

Supervisory Board meeting held on 26 March 2014 in Maintal

The 2013 annual financial statements and management report of NORMA Group SE as well as the corresponding consolidated financial statements and group management report presented by the Management Board were discussed in detail by the Supervisory Board with the auditors in attendance from the engaged auditing firm, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft. This discussion focused, among other matters, on the acquisitions made that year, the development of earnings and the further development of the internal control system in the respective Group subsidiaries. The members of the Audit Committee reported on their in-depth discussion with the auditors on 26 March 2014 and, among other topics, on changes in IAS 19 and DRS 20, the current impairment tests as well as the effects of the spin-off of NORMA Pennsylvania Inc. to NORMA Group SE.

The consolidated financial statements of NORMA Group SE were prepared in accordance with section 315a of the German Commercial Code (Handelsgesetzbuch, HGB) on the basis of International Financial Reporting Standards (IFRS). The auditor issued an unqualified opinion for the 2013 annual financial statements and management report of NORMA Group SE as well as for the consolidated financial statements and group management report. The documents pertaining to the financial statements, the Management Board's proposal for the appropriation of net profit and both auditors' reports were submitted to the Supervisory Board. The Supervisory Board accepted the auditor's findings and had no objections.

Dr. Stefan Wolf
Chairman of the Supervisory Board

The Supervisory Board then approved and adopted the annual financial statements of NORMA Group SE as well as the 2013 consolidated financial statements along with the associated management reports. The Supervisory Board also approved the Management Board's recommendation on the utilisation of unappropriated net profits and an increase in the dividend to EUR 0.70 per ordinary share.

As part of the report on current business trends, the Management Board presented different packages of measures, including a plan on how to improve the margin in the Asia-Pacific region over the medium term, the current status of implementation of quality assurance measures in production and measures aimed at increasing productivity. The Management Board also discussed the repayment of foreign currency loans that took place in the first quarter. Furthermore, it announced that the closure of the production site of the Italian Nordic Metalblok Srl. is being considered and therefore a consultation process is to take place with the SE works council and regional employee representatives.

The Supervisory Board discussed the purchase of leased land and buildings in the USA and agreed to purchase the property in St. Clair that is already being used.

The Supervisory Board discussed the status of acquisition projects and approved the acquisition of the business of the small company Five Star Clamps, Inc. in the USA.

The Supervisory Board discussed the principles of NORMA Group's IT strategy, in particular alternative ERP systems.

The Supervisory Board's examination of the efficiency of its activities specified in the German Corporate Governance Code was also carried out during the Supervisory Board meeting on 26 March 2014.

Supervisory Board meeting held on 21 May 2014 in Frankfurt/Main

The Supervisory Board meeting began immediately following the third annual shareholders' meeting of NORMA Group SE with a review of the successfully concluded annual shareholders' meeting.

The detailed discussion of current business developments included in particular questions pertaining to sales, high and stable delivery performance and expectations on changes in freight and material costs. The quality level that has been achieved was also discussed. The Management Board presented the impact of current exchange rate volatility on NORMA Group.

The Management Board also presented several major potential acquisition targets under the agenda item 'Strategic Projects and Acquisitions.' The Supervisory Board discussed the strategic implications and their opportunities and risks. The current price levels were also discussed. The Supervisory Board prioritised the existing acquisition alternatives and encouraged the Management Board to implement the M&A strategy that it had proposed.

The Supervisory Board discussed the considerations presented by the Management Board to finance potential acquisitions and agreed to the preparation of various financing components.

The risks of business in Russia and compliance issues were among the items discussed under the topic of risk management.

Supervisory Board meeting held on 19 September 2014 in Maintal

The Management Board reported in detail on the Group's business performance in the first eight months of 2014. The subsequent discussion focused, among other topics, on the volatile business development and the special costs of implementing a new ERP system at an American site. In addition, the economic expectations were discussed as the basis of the preview of the year's end. Additional investments in machine safety were planned as a result of a recent accident.

The Management Board presented an update of its growth strategy for the Asia-Pacific region. Following the many years of hard work that John Stephenson has done to lay the foundation, Bernd Kleinhens is now the member of the Management Board who has also taken over the role of Regional President based in Singapore.

The Supervisory Board discussed the multi-brand strategy that was presented, plans to form a reverse engineering team as well as the medium-term location of the regional headquarters.

The new president of the EMEA region introduced himself and explained his plans for the production site in Serbia.

The new CIO of NORMA Group presented a detailed update on the IT strategy that focuses on gradual further standardisation of the heterogeneous application landscape that has historically grown through acquisitions. Following detailed discussion, the Supervisory Board took note of the strategic direction and expressed its approval.

The Management Board reported on the status of the acquisition negotiations and the acquisition process with respect to National Diversified Sales, Inc. in the USA (NDS). After detailed discussion, the Supervisory Board approved the acquisition. The Management Board presented the replacement of the existing senior facility agreement (SFA, loan agreement) with a new credit agreement as well as the proposal of a bridge loan to cover a major acquisition. The Supervisory Board approved the financial measures presented after in-depth discussion.

Supervisory Board meeting held on 26 November 2014 in Maintal

After discussion of the current business development, the Management Board presented the Supervisory Board with the planning for financial year 2015 and the medium-term plan for the years 2016–2019. The planning is based on external data on the economic development of demand on a customer-specific and national basis. The Supervisory Board discussed the opportunities and risks of the expected market development, the assumptions on the development of major cost items and also discussed accounting implications, alongside utilisation and investment issues. Besides the balance sheet planning, the development of cash flow was also discussed in great detail.

The medium-term planning for 2016–2019 was then discussed. The 2015 budget and the medium-term planning were both approved by the Supervisory Board.

The Management Board presented the status of integration planning for NDS, which the Management Board is notified of at least once a month. Furthermore, the Management Board reported on the status of other ongoing M&A activities. Due to high demand and the associated favourable financing terms, the Supervisory Board approved an increase in the volume of the new promissory note, which had already been approved in advance by circular resolution.

In 2014, all Supervisory Board members, Erika Schulte, Dr. Stefan Wolf, Lars M. Berg, Dr. Günter Hauptmann, Knut Michelberger and Dr. Christoph Schug, participated in every Supervisory Board meeting.

During the additional conference calls, the Supervisory Board essentially discussed the search for a new CFO. Because one member of the Supervisory Board could not participate in a conference call, this Board member had already spoken with the Chairman in advance. All members of the Supervisory Board participated in the remaining three conference calls.

There were no conflicts of interest between the members of the Supervisory Board and the Company in financial year 2014.

In addition to the regular monthly reporting and the Supervisory Board meetings, the Chairman of the Supervisory Board remained in constant contact with the Chairman of the Management Board by telephone and e-mail in financial year 2014. This communication dealt with assessments of the Company's economic situation, important business transactions and special incidents as well as M&A and financing projects. The Chairman of the Supervisory Board informed the other members of the Supervisory Board of the important and relevant issues that were discussed by the Chairman of the Supervisory Board and the Chairman of the Management Board by e-mail or by phone.

The Management Board promptly alerted the Supervisory Board of all transactions requiring its approval in financial year 2014. The Supervisory Board made all of its decisions on the basis of detailed and well-founded documents.

The General and Nomination Committee did not convene in 2014. Personnel issues were discussed directly with all members of the Supervisory Board.

As the Chairman of the Audit Committee, Dr. Schug regularly reported on the committee's meetings during several Supervisory Board meetings.

The Audit Committee of NORMA Group convened four times in the financial year just ended. In addition, it held three detailed telephone conferences concerning the quarterly reporting and the annual audit and how it was to be prepared. All members of the Audit Committee, Dr. Christoph Schug as the Chairman and Lars Berg and Knut Michelberger, participated in all meetings of the Audit Committee. CFO Dr. Othmar Belker from the Management Board attended all the meetings, as did officers of the second management level to advise on technical issues in their areas of responsibility (including accounting, reporting, treasury, controlling, risk management, taxes, integration, internal audit, legal and IT). The auditors Dr. Ulrich Störk and Benjamin Hessel from PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft participated in the Supervisory Board meeting to approve the balance sheet as well as in five Audit Committee meetings and/or teleconferences. The Audit Committee discussed the quarterly figures and accompanied the audit of the 2014 annual financial statements. Core controls and areas of audit emphasis as well as the preliminary and final results of the audit were also discussed with the auditors. The execution and results of the audit of the NORMA Group SE annual and consolidated financial statements as well as individual accounting issues were discussed in detail. The Audit Committee accompanied the planning process and budgeting and dealt with the compliance management system and current compliance topics as well as current topics from Internal Auditing, Treasury (specifically the renewal of the SFA and acquisition financing by issuing a promissory note), Controlling and the integration of newly acquired companies.

In addition to the Audit Committee meetings, the Chairman of the Audit Committee was in regular personal and telephone contact with the CFO and held a separate meeting with the auditors and the CFO to discuss possible areas of emphasis for the audit of the 2014 annual financial statements.

The 2014 annual financial statements for NORMA Group SE presented by the Management Board were audited by the auditing firm PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft along with the management report and the corresponding consolidated financial statements and group management report. The auditors were engaged on 4 August 2014.

The consolidated financial statements of NORMA Group SE were prepared in accordance with section 315a of the German Commercial Code (Handelsgesetzbuch, HGB) on the basis of International Financial Reporting Standards (IFRS). The auditor issued an unqualified opinion for the 2014 annual financial statements and management report of NORMA Group SE as well as for the consolidated financial statements and group management report. The documents pertaining to the financial statements, the Management Board's proposal for the appropriation of net profit and both auditors' reports were submitted to the Supervisory Board. The Audit Committee and the Supervisory Board in its entirety thoroughly examined the reports and discussed and scrutinised them in detail together with the auditor. The Supervisory Board accepted the auditor's findings and had no objections.

The Supervisory Board then approved the annual financial statements of NORMA Group SE and the 2014 consolidated financial statements together with their respective management reports at its meeting on 18 March 2015. The Supervisory Board approved the proposal on the appropriation of profits by the Management Board. NORMA Group SE's annual financial statements are thereby adopted in accordance with section 172 of the German Stock Corporation Act (Aktiengesetz, AktG).

The Supervisory Board dealt with the declaration of conformity with the Corporate Governance Code and approved the version for financial year 2014 on 20 February 2014. NORMA Group's declaration of conformity is available on the Company's website @ http://investors.normagroup.com.

The Supervisory Board would like to thank all employees of NORMA Group all around the world and the Management Board for their personal efforts and successful work once again in financial year 2014. The Supervisory Board is confident that NORMA Group will continue to grow successfully, also by including the newly acquired company NDS in California in financial year 2015.

Dettingen/Erms, 18 March 2015

Dr. Stefan Wolf
Chairman of the Supervisory Board

SINGAPORE/MALAYSIA

BOTH COUNTRIES ARE HIGHLY DYNAMIC AND SERVE AS IMPORTANT HUBS IN THE SOUTHEAST ASIAN REGION. NORMA GROUP MAKES A VITAL CONTRIBUTION TO THE DRINKING SUPPLY AND PROVIDES WATER TO BUILDINGS.

Chien Jin Plastic became a
NORMA Group in 2014. The innovative
leakages and ensure that the valuable resource

250 DISTR

in more than 30 countries.

Equipping the 101

park 'Gardens by the Bay' in Singapore
special project.

100 % subsidiary of

products the Malaysian company supplies prevent

water is used efficiently. Chien Jin Plastic supplies

IBUTORS

HECTARE

with joining solutions can be considered a rather

FISH® PUSH FIT COMPRESSION FITTING

The FISH® brand compression fitting for non-potable applications enables fast and secure connection of polyethylene pipes for industrial, commercial or private use. The compression fitting manufactured in Malaysia provides for efficient irrigation in the Gardens by the Bay, a huge artificial park in Singapore.

Corporate Governance Report

The following is the Management Board's declaration of conformity in accordance with article 289a of the German Commercial Code (Handelsgesetzbuch, HGB) and section 3.10 of the German Corporate Governance Code. The declaration is part of the Consolidated Group Management Report.

1. DECLARATION OF CONFORMITY WITH THE GERMAN CORPORATE GOVERNANCE CODE

The Supervisory Board and Management Board of NORMA Group SE thoroughly examined which of the German Corporate Governance Code's recommendations and suggestions NORMA Group SE should follow and explains deviations from the recommendations and the reasons for deviating from the Code. The current declaration dated 20 February 2015 as well as all the other declarations are published on NORMA Group's website @ http://investors.normagroup.com.

The declaration dated 20 February 2015 is presented below:

With the following exceptions, NORMA Group SE has complied with the recommendations of the German Corporate Governance Code as amended on 24 June 2014, published by the Federal Ministry of Justice in the official section of the Federal Gazette ("Bundesanzeiger") since its last declaration was submitted and will continue to comply with the recommendations:

I. **With respect to the compensation of the members of the Management Board, the Supervisory Board does not take into account the compensation of the upper management or the workforce as a whole (Section 4.2.2 para. 2 of the German Corporate Governance Code).**
When determining the compensation of the Management Board, the Supervisory Board, advised by an external expert, also took into account the compensation structure of the Company as well as the entire NORMA Group. Due to the NORMA Group's dynamic development, the Supervisory Board has so far not explicitly defined the upper management or the relevant workforce and, therefore, does not take these groups or their development over time into account.

II. **The remuneration of the Management Board is not capped, either in total or in terms of its variable compensation elements (Section 4.2.3 para. 2 of the German Corporate Governance Code).**
The maximum gross option profit from the Matching Stock Programme (MSP) for the Management Board is limited in total to a percentage of the average annual EBITA during the vesting period; therefore a relative maximum limit that is dependent on the Company's success is applied rather than a maximum monetary amount. The maximum amount of the long-term variable remuneration under the Long-Term-Incentive-Programme (LTI) is limited to 250% of the amount that results based on the three-year average value of the annual EBITA or the free cash flow that the Company has budgeted multiplied by the respective bonus percentages set in the employment contract.

III. **The remuneration of the Management Board is not to be disclosed on an individual basis (Section 4.2.5 para. 3 of the German Corporate Governance Code).**
The Annual General Meeting held on 6 April 2011 resolved not to disclose the remuneration for individual Management Board members between 2011 and 2015. The Board is committed to upholding this resolution. For this reason, the reference tables attached to the German Corporate Governance Code cannot be used unchanged, but rather only the individual components of remuneration each as a total sum for the entire Management Board. Both the Management Board and the Supervisory Board believe that this overview is sufficient in assessing the appropriateness of the remuneration of the Management Board.

IV. Concrete objectives regarding the composition of the Supervisory Board are not set and, therefore, are not published in the Corporate Governance Report. There is no age limit. (Section 5.4.1 para. 2 of the German Corporate Governance Code).

All members of the Supervisory Board will continue to comply with all pertinent legislation related to Supervisory Board nominations for new Supervisory Board members and take the professional and personal qualifications of candidates into account, regardless of their gender. Thereby they will take the number of independent members of the Supervisory Board, potential conflicts of interest, the international business of the Company and the diversity of the Supervisory Board into consideration. Because of this, the Company sees no need to set concrete objectives in this area or to introduce an age limit.

V. During the transformation of NORMA Group AG into an SE, the members of the Supervisory Board were not chosen in a separate election (Section 5.4.3 of the German Corporate Governance Code).

All members of the first Supervisory Board of NORMA Group SE were elected as part of the transformation pursuant to Article 40 para. 2, 2nd sentence SE VO in accordance with the Articles of Association to ensure that the resolution on the election of the members of the Supervisory Board could not be challenged separately. Otherwise, the risk could not be ruled out that the Company would have no Supervisory Board or that the board would have an insufficient number of members after the transformation was entered in the commercial register.

2. RELEVANT INFORMATION ABOUT CORPORATE GOVERNANCE PRACTICES

Responsibility, honesty and mutual respect among management and employees define NORMA Group's corporate culture. NORMA Group expects its managers and employees to not only comply with mandatory laws and regulations, but also ethical rules. The compliance documents are the most important resources for demonstrating to the employees their ethical and legal obligations. The central compliance documents, the 'Code of Conduct' and the two fundamental guidelines 'Conflicts of Interest' and 'Anti-corruption' are binding for all employees of NORMA Group. These documents are adjusted to reflect changes in legal requirements and current topics as necessary and regularly updated. Potential compliance infringements can be reported via a special e-mail address. The staff is trained in in-person meetings or online training courses on compliance-related issues. In addition, compliance risks are analysed as part of internal compliance risk assessments.

The Supervisory Board monitors the Management Board's adherence to compliance rules. The Compliance Officer of NORMA Group SE performs this function for the employees of NORMA Group SE. In the other Group companies, the Chief Compliance Officer of NORMA Group Holding GmbH is responsible for the observance and administration of the above-mentioned Code for all employees of NORMA Group Holding GmbH and its associated companies. Each Group company with business operations has its own compliance officer and the three regional compliance officers for the regions EMEA, Americas and Asia-Pacific report to the Chief Compliance Officer. Among other things, the local Compliance Officers organise on-site compliance training measures for the employees. They are also responsible for ensuring that potential violations of compliance rules are reported, investigated, sanctioned, rectified and prevented in the future. NORMA Group encourages its employees to report violations of regulations and internal guidelines – skipping the chain of command if necessary – and to recommend measures for improvement.

3. ALLOCATION OF COMPETENCES BETWEEN THE MANAGEMENT AND THE SUPERVISORY BOARD

NORMA Group SE has a dual management system in which the management, i.e. the Management Board, is monitored by a separate Supervisory Board. The Management Board manages the Company under its own responsibility and determines the strategy in agreement with the Supervisory Board, while the Supervisory Board appoints, advises and monitors the Management Board. This model corresponds to the organisation of a traditional German stock corporation and has not been changed with the transformation of NORMA Group AG into a Societas Europaea.

The Management Board provides the Supervisory Board with regular updates about business policies and the position of the Company – in particular the development of sales and transactions that could have a significant impact on profitability or liquidity. The Management Board reports on a monthly basis the key figures of the Group and the current course of business to the Supervisory Board, in particular with regard to the published statements on the expected development of the Company.

Based on the written documents that were submitted to the Supervisory Board in advance, the members of the Management Board report in great detail on business developments and provide an outlook on the expected future development of NORMA Group at the Supervisory Board meetings. Other recurring topics at all meetings include the monthly and quarterly figures, risk analysis and measures aimed at minimising any risks that had been detected, reports by the respective Committee Chairmen on the previous meetings held and strategic projects, especially acquisitions as part of the Group-wide M&A strategy. All Management Board members participate in the Supervisory Board meetings. The Supervisory Board convenes separately after meeting with the Management Board.

The Chairman of the Supervisory Board and the Chairman of the Management Board coordinate the collaboration of the two boards. They also stay in regular contact between Supervisory Board meetings and discuss current corporate governance issues.

In accordance with the by-laws of the Management Board and NORMA Group's Articles of Association, the Supervisory Board must approve certain important transactions. This applies not only for measures at NORMA Group SE, but also for measures at its subsidiaries. In order to ensure that the Management Board is promptly informed of corresponding matters involving subsidiaries so that it can request the approval of the Supervisory Board, a hierarchical system of approval requirements organised by functional areas, levels of responsibility and countries applies worldwide at NORMA Group.

4. MANAGEMENT BOARD AND REGIONAL MANAGEMENT

The allocation of responsibilities and internal order of the Management Board are based on relevant legislation, NORMA Group SE's Articles of Association and the Management Board by-laws enacted by the Supervisory Board as well as the internal guidelines, including the compliance documents. The members of the Management Board are mainly responsible for Company functions.

In general, Management Board resolutions are passed by simple majority. The Chairman has the deciding vote if the vote is tied. However, the members of the Management Board are obliged to make an effort to reach unanimous decisions. If a member of the Management Board cannot participate in a vote, his vote will be obtained at a later date. The entire Management Board is responsible in matters of particular importance. In accordance with the Management Board by-laws, these include the following matters: Producing the Management Board reports for the purpose of informing the Supervisory Board and the quarterly and half-yearly reports, fundamental organisational measures, including the acquisition or disposal of significant parts of companies and strategic and business planning issues, measures related to the implementation and supervision of a monitoring system pursuant to section 91(2) of the German Stock Corporation Act (Aktiengesetz, AktG), issuing the Declaration of Conformity pursuant to section 161(1) AktG, preparing the consolidated and annual financial statements and similar reports, convening the Annual General Meeting and inquiries and recommendations by the Management Board that are to be handled and resolved by the Annual General Meeting. In addition, every Management Board member may request that a specific issue be dealt with by the entire Management Board. The Management Board did not form any committees.

Every Board member is obliged to inform the Supervisory Board immediately, but also the other members of the Management Board, of any conflicts of interest. No such conflicts of interest arose for a Board member in 2014.

No transactions took place between NORMA Group companies on the one hand and a member of the Management Board, related parties or businesses on the other hand. In accordance with the Management Board guidelines, the Supervisory Board must approve of such transactions, as well as any secondary activities by a member of the Management Board.

The Management Board of NORMA Group SE was composed of four members on the balance sheet date: Werner Deggim (Chief Executive Officer), Dr. Othmar Belker (Chief Financial Officer), Bernd Kleinhens (Managing Director Business Development) and John Stephenson (Chief Operating Officer). Dr. Belker will be leaving the Company at the end of the first quarter of 2015. The new Chief Financial Officer is expected to take office by September 2015 at the latest. The Chief Executive Officer will attend to his duties until then.

Local presidents in the three regions EMEA, Americas and APAC are responsible for carrying out business on a daily basis. These three Presidents report directly to the CEO. The entire Management Board of NORMA Group SE meets at least once a year with the presidents and their managers at the local headquarters – Singapore for the Asia-Pacific region, Auburn Hills, Michigan, for the Americas, and Maintal for the EMEA region. In addition, individual members of the Management Board meet regularly with the local teams. The leading employees of NORMA Group work in a matrix structure in which they have both a disciplinary as well as a technical supervisor.

5. SUPERVISORY BOARD

The Supervisory Board of NORMA Group SE is comprised of the following members:

- Dr. Stefan Wolf (Chairman of the Supervisory Board)
- Lars M. Berg (Vice Chairman of the Supervisory Board)
- Dr. Christoph Schug
- Günter Hauptmann
- Knut J. Michelberger
- Erika Schulte

All members of the Supervisory Board are independent as defined in Section 5.4.2 of the German Corporate Governance Code. No Supervisory Board member has ever served as a member of the Management Board of NORMA Group SE or been a member of management of any of its predecessor companies.

All members of the Supervisory Board are obligated to report any conflicts of interest. No such conflicts of interest arose in 2014. Furthermore, no member of the Supervisory Board exercised an executive function or served as a consultant for a major competitor of NORMA Group. No consulting or other service contracts were concluded between any NORMA Group companies and a member of the Supervisory Board.

In financial year 2014, the Supervisory Board of NORMA Group convened for four regular meetings. All members of the Supervisory Board and the Management Board took part in these meetings. In addition, four additional telephone conferences were held. One member of the Supervisory Board was unable to participate in one of the telephone conferences, but had already consulted with the Chairman of the Supervisory Board beforehand. All members of the Supervisory Board took part in the remaining telephone conferences.

All members of the Supervisory Board were elected when NORMA Group AG was transformed into NORMA Group SE at the 2013 Annual General Meeting. Their term of office extends at least until the Annual General Meeting which resolves on the formal approval of the actions of the Supervisory Board members for the fourth financial year after the commencement of their term of office (financial year 2013 in which the term of office begins is not counted in this respect), however no longer than six years. This is presumably the Annual General Meeting for the fiscal year 2018, in May 2019 latest.

The Chairman of the Supervisory Board represents the Supervisory Board externally. He organises the work of the Supervisory Board and chairs its meetings. The Supervisory Board can pass resolutions by simple majority, whereby the Chairman has the deciding vote if a vote is tied.

The Supervisory Board formed two committees: the Audit Committee and the General and Nomination Committee.

The Audit Committee deals in particular with monitoring the accounting process and the effectiveness of the internal control and risk management systems as well as the audit of the annual financial statements, in particular the independence of the auditor, the additional services rendered by the auditor, engaging the auditor, determining areas of audit emphasis and agreeing to the auditor's fees. The Audit Committee accompanies the collaboration between NORMA Group SE and the auditors and ensures that opportunities for improvement identified during the audit are promptly implemented. It is responsible for preparing the accounting documents and adopting the Supervisory Board's resolution on the consolidated and separate financial statements. Moreover, it is responsible for compliance and reviews the compliance with statutory provisions and the internal guidelines.

The Chairman of the Audit Committee is Dr. Christoph Schug and the other members are Lars M. Berg and Knut J. Michelberger. The members of the Audit Committee have special knowledge and experience in the application of accounting policies and internal control processes due, in particular, to their many years of work as Chief Financial Officer, managing director or consultant. They are independent financial experts within the meaning of section 100(5) AktG.

The Audit Committee of NORMA Group convened seven times in financial year 2014. Besides overseeing risk reporting, it also dealt with the internal control system and the quarterly reports to be published in 2014, particularly with the changes in the financing structure, first and foremost the financing plan on acquiring National Diversified Sales, Inc. and the new promissory note, but also current tax proceedings, legal disputes and compliance topics.

The General and Nomination Committee prepares personnel-related decisions and monitors the Management Board's compliance with its by-laws. This committee has the following specific responsibilities: preparing Supervisory Board resolutions regarding the formation, amendment and termination of employment contracts with members of the Management Board in accordance with the remuneration system approved by the Supervisory Board, preparing Supervisory Board resolutions regarding legal applications to reduce the remuneration of a Management Board member pursuant to section 87(2) AktG, preparing Supervisory Board resolutions regarding the structure of the remuneration system for the Management Board, acting as representatives of the Company to Management Board members who have left the Company pursuant to section 112 AktG, approving secondary employment and external activities for Management Board members pursuant to section 88 AktG, granting loans to the persons specified in section 89 AktG (loans to members of the Management Board) and section 115 AktG (loans to members of the Supervisory Board), approving contracts with members of the Supervisory Board pursuant to section 114 AktG and proposing suitable candidates to the Annual General Meeting when there is a vote on Supervisory Board members. In 2014, the Chairman of the General and Nomination Committee was Chairman of the Supervisory Board Dr. Stefan Wolf and the other members Dr. Christoph Schug and Lars M. Berg. No formal meeting of the General and Nomination Committee was held in 2014.

6. SHAREHOLDERS AND ANNUAL GENERAL MEETING

The shareholders of a Societas Europaea decide on the company's important and fundamental matters. The shareholders exercise their voting rights at the Annual General Meeting, which takes place at least once every year. The Annual General Meeting resolves among other topics on how earnings are to be distributed, the formal approval of the Management Board and the Supervisory Board, the selection of the auditor, but also on amendments to the Articles of Association and any capital-changing measures.

Shareholders are entitled to vote if they are registered in the shareholders' register of NORMA Group SE and provide NORMA Group SE or another location specified in the invitation with written notice, in German or English, at least six days before the Annual General Meeting that they will be attending. Each share entitles the bearer to one vote.

NORMA Group SE publishes the invitation and all documents made available at the Annual General Meeting promptly on its website. Information regarding the number of attendees and the voting results are published there following the Annual General Meeting.

7. SHAREHOLDINGS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

On 31 December 2014, the Management Board and the Supervisory Board jointly held 771,431 (2.4%) of the total 31,862,400 shares of NORMA Group SE. Members of the Supervisory Board held 87,083 (0.3%), and members of the Management Board 684,348 (2.1%). No member of the Management Board held more than 1% of the shares in NORMA Group SE. The members of the Supervisory Board and Management Board acquired most of these shares prior to the initial public offering, because they held interest in the former NORMA Group GmbH, which was transformed into NORMA Group AG prior to the initial public offering in 2011. Therefore, these acquisitions were never published as directors' dealings.

8. DIRECTORS' DEALINGS

According to section 15a of the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG), members of the Management Board and the Supervisory Board and related parties are obliged to disclose Directors' Dealings in NORMA Group SE shares if the value of these transactions reaches EUR 5,000 within a calendar year.

The following transaction was reported in connection with Directors' Dealings in 2014:

Buyer / seller	Katrin Belker
Type of transaction	Sale
Date of transaction	18 November 2014
Price per share in EUR	37.90
Number of shares	25,000
Total value in EUR	947,500.00

9. STOCK OPTION PLANS AND EQUITY-BASED INCENTIVE PROGRAMMES

The principles of the management remuneration are described in the remuneration report which is also part of the management report. → Remuneration Report, p. 100.

In fiscal year 2013, a Long-Term-Incentive-Programme (LTI) was launched for the second management level, which involves the employees participating in NORMA Group's success over the medium term.

10. OTHER MANDATES

In financial year 2014, the members of NORMA Group's Supervisory Board sat on the Supervisory Boards or comparable supervisory committees of other companies:

Supervisory Board member	Other mandates
Dr. Stefan Wolf	Member of the Supervisory Board of Fielmann AG, Hamburg, Germany
	Member of the Supervisory Board of Allgaier Werke GmbH, Uhingen, Germany
	Member of the Board of Directors of Micronas Semiconductor Holding AG, Zurich, Switzerland
Lars M. Berg	Chairman of the Supervisory Board of Net Insight AB, Stockholm, Sweden
	Chairman of the Supervisory Board of KPN OnePhone Holding B.V., Düsseldorf, Germany
	Member of the Supervisory Board of Ratos AB, Stockholm, Sweden
	Member of the Supervisory Board of Tele2 AB, Stockholm, Sweden
Günter Hauptmann	Member of the Supervisory Board of Geka GmbH, Bechhofen, Germany
	Chairman of the Advisory Board of GIF GmbH, Alsdorf, Germany
Knut J. Michelberger	Member of the Advisory Board at Gauff Management GmbH & Co. KG, Frankfurt, Germany
	Member of the Management Board of Kaffee-Partner Holding GmbH and its subsidiaries, Osnabrück, Germany
Dr. Christoph Schug	Member of the Supervisory Board of Baden-Baden Cosmetics AG, Baden-Baden, Germany
	Member of the Board of Directors of AMEOS Gruppe AG, Zurich, Switzerland
Erika Schulte	No seats on other boards


世紀大道
CENTURY AVE
源深路
YUANSHEN RD

CHINA

THE HIGH DEMAND FOR MOBILITY IS STILL UNDIMINISHED. NORMA GROUP SERVES THIS MARKET BY OFFERING SPECIALISED JOINING SOLUTIONS AND HELPS ITS CUSTOMERS MEET THE STRICTER EMISSION STANDARDS.

NORMA Group opened its first plant in
and expanded manufacturing by opening

45 MN.

are manufactured each year for Asian

manufacturers on **8,000**

of floor space. The Group also plans to
the economically strong country

VPP138 CLAMP
The VPP138 clamp is manufactured at the new plant that opened in Changzhou, China, in 2014. The fast-mountable clamp is a product from the EJT area that was designed specifically for a Japanese automotive customer. Here it is used in exhaust and cooling systems in particular.

Qingdao, China, in 2008
a second plant in Changzhou in May 2014.

CLAMPS

and western commercial vehicle

m²

continue expanding its presence in
of China in the future.

IT IS NORMA GROUP'S EXPLICIT GOAL TO CONTRIBUTE TO AN ECOLOGICALLY AND SOCIALLY SUSTAINABLE SOCIETY IN ITS BUSINESS ENVIRONMENT. THUS THE QUALITY AND SAFETY OF PROCESSES ARE CONSTANTLY OPTIMISED.

CONSOLIDATED MANAGEMENT REPORT

Consolidated Management Report 2014

Principles of the Group

BUSINESS MODEL

NORMA Group is an international market and technology leader in the area of advanced engineered joining and mounting technology. With its 22 production sites and numerous sales offices, the Group has a global network with which it supplies more than 10,000 customers in over 100 countries. NORMA Group's product portfolio includes approximately 35,000 high-quality joining products and solutions in the three product categories clamps (CLAMP), joining elements (CONNECT) and fluid systems / connectors (FLUID). The products NORMA Group offers are used across industries in a wide range of applications, whereby the product specifications differ depending on the application and customer requirements.

High customer satisfaction forms the foundation of NORMA Group's continued success. The main factors here are the customised system solutions the Company offers, the global availability of products in consistently high quality and delivery reliability.

By opening new plants and competence centres and making strategic acquisitions, NORMA Group has succeeded in expanding its international presence quite significantly in recent years while optimising its distribution channels and intensifying its cooperation with local customers.

ORGANISATIONAL STRUCTURE

Corporate legal structure

NORMA Group SE is the parent company of NORMA Group. It has its headquarters in Maintal near Frankfurt / Main, Germany. NORMA Group SE serves as the formal legal holding company of the Group. It is responsible for the strategic management of business activities. In addition, it is also responsible for communicating with the Company's most important target audiences. Group-wide functional management responsibilities such as Group Accounting and Group Controlling, IT, Internal Audit, and Treasury, are all based at the subsidiary NORMA Group Holding GmbH. Three regional management teams located in Auburn Hills, USA, Maintal, Germany, and Singapore steer the business activities in the regions. This is how the Company ensures that subsidiaries are able to concentrate solely on everyday business.

As of 31 December 2014, NORMA Group SE holds shares in 45 companies that all belong to NORMA Group either directly or indirectly and are fully consolidated. → Notes, p. 129.

Acquisitions in 2014

In February 2014, NORMA Group acquired the remaining 15% of the shares in the Malaysian company Chien Jin Plastic Sdn. Bhd. and holds 100% of the shares in this company since then. Due to the fact that Chien Jin Plastic has been fully consolidated since the acquisition in November 2012, there were no changes in financial year 2014 compared to last year.

NORMA Group acquired the US-based joining technology manufacturer Five Star Clamps, Inc. (Five Star) in the second quarter of 2014 with economic effect as of 25 April 2014. The acquisition of National Diversified Sales, Inc. (NDS), a US company that specialises in water management solutions, followed at the end of October. NDS was included in the group of consolidated companies of NORMA Group on 1 November 2014. → Economic Report, p. 67.

Simplifications of legal structure

To reduce the complexity of its structures and costs, NORMA Group always strives to simplify its corporate structure while maintaining its focus on customer service. For this reason, the following corporate changes were made in 2014:

In the Asia-Pacific region, the business activities of NORMA Malaysia were integrated into the company Chien Jin Plastic Sdn.

NORMA GROUP (SIMPLIFIED STRUCTURE)

A list of the Group companies and NORMA Group's shareholdings as of 31 December 2014 can be found on page 129.

NORMA Group SE

- NORMA Group Holding (Germany)
  - NORMA Germany
  - NORMA Serbia
  - Groen BV (The Netherlands)
  - NORMA Poland
  - NORMA Netherlands
  - NORMA Czech
  - NORMA Italy
  - NORMA Turkey
  - NORMA France
  - NORMA Spain
  - NORMA Sweden
  - NORMA UK
  - Connectors Verbindungs-technik AG (CH)
  - NORMA Russia
  - Nordic Metalblok (Italy)[1]
  - NORMA China[2]
- NORMA Pennsylvania (USA)
  - Craig Assembly (USA)
  - NORMA Michigan (USA)
  - R.G.Ray (USA)
  - NORMA Group Mexico
  - National Diversified Sales (USA)
  - NORMA DS Mexico
  - NORMA Brazil
  - NORMA LLC (USA)
- NORMA Group APAC Holding (Singapore)
  - NORMA Singapore
  - NORMA Thailand
  - NORMA Australia
  - NORMA EJT (China)
  - Guyco (Australia)
  - NORMA Korea
  - Chien Jin Plastic (Malaysia)
  - NORMA Japan
  - NORMA India

[1] The company is currently under liquidation.
[2] NORMA China is organisationally assigned to the APAC segment. In terms of company law, it belongs to NORMA Group Holding GmbH.

Bhd. that was acquired in 2012 and is also based in Malaysia. NORMA Malaysia was then liquidated as a result of this move.

Furthermore, the entity NORMA Distribution and Services S. de R.L. de C.V. was formed in Mexico to handle the domestic business. The already-existing NORMA Group Mexico S. de R.L. de C.V. will continue its operation. The need for a second Mexican company was a result of changes in Mexico's import / export laws.

In line with the further consolidation of NORMA Group's production activities worldwide, the Company closed the production in its Italian subsidiary Nordic Metalblok S.r.l. at the end of September 2014. For efficiency reasons parts of the production were transferred to NORMA Group's headquarter in Maintal. Nordic Metalblok is currently under liquidation.

The shares which the Swedish holding company DNL Sweden AB previously held in the two operating companies NORMA Italia S.p.A. and NORMA Czech s.r.o. were transferred over to NORMA Group Holding GmbH, a direct subsidiary of NORMA Group SE and DNL Sweden AB's sole shareholder.

The corporate changes mentioned will have no impact on the operational business.

Group management

NORMA Group SE has a dual management system that consists of a Management Board and a Supervisory Board. The Management Board manages the Company under its own responsibility, while the Supervisory Board advises and monitors the Management Board. The Supervisory Board consists of six members who have been elected by the shareholders at

SIMPLIFIED GROUP STRUCTURE

NORMA Group SE			PARENT COMPANY UNDER COMPANY LAW
EMEA	Americas	Asia-Pacific	SEGMENTS
Engineered Joining Technology (EJT)		Distribution Services (DS)	DISTRIBUTION CHANNELS

the Annual General Meeting. Information on the composition of the Management Board and the Supervisory Board, as well as the distribution of responsibilities among themselves, can be found in the Corporate Governance Report, which forms part of the Management Report. The Statement of Corporate Governance pursuant to section 289a HGB, including the Declaration of Conformity pursuant to Section 161 AktG, a description of the procedures of the Management Board and the Supervisory Board, and relevant information on corporate governance practices, is also part of the Corporate Governance Report. → Corporate Governance Report, p. 42. The curriculum vitae of the Supervisory and Management Board members are published on NORMA Group's website. @ http://investors.normagroup.com.

Operative segmentation by regions

NORMA Group's strategy is based, among other things, on regional growth targets. In order to achieve these, the Group business is managed by the three regional segments EMEA (Europe, Middle East, Africa), the Americas (North, Central and South America) and Asia-Pacific (APAC). All three regions have networked regional and cross-company organisations with different functions. The internal Group reporting and control system that Management uses is also therefore quite regional in nature. The distribution service is based on regional and local priorities.

PRODUCTS AND END MARKETS

Product portfolio

The products that NORMA Group offers can basically be divided into the three product categories clamps (CLAMP), joining elements (CONNECT) and fluid systems / connectors (FLUID).

The clamp products (CLAMP) are manufactured from unalloyed or stainless steel and are generally used to join or seal elastomer hoses.

The connection products (CONNECT) include connectors made of unalloyed or stainless steel that are partly equipped with elastomer or metal seals and are used as the joining and sealing elements of metal and thermoplastic pipes.

FLUID products are either single or multiple layer thermoplastic plug-in connectors for liquid systems that reduce installation times, ensure reliable flow of liquids or gases and occasionally replace conventional products such as elastomer hoses.

NORMA Group's advanced engineered joining technology is used in all applications in which pipelines, tubes and other systems need to be connected together. Because joining technology plays a role in nearly all industries, NORMA Group serves many different end markets. Besides the automotive, commercial vehicle, and aviation industry, NORMA Group is also active in the construction industry, the pharmaceutical and biotechnology fields, agriculture and the drinking water supply and irrigation industry. NORMA Group products are also used in consumer products such as home appliances.

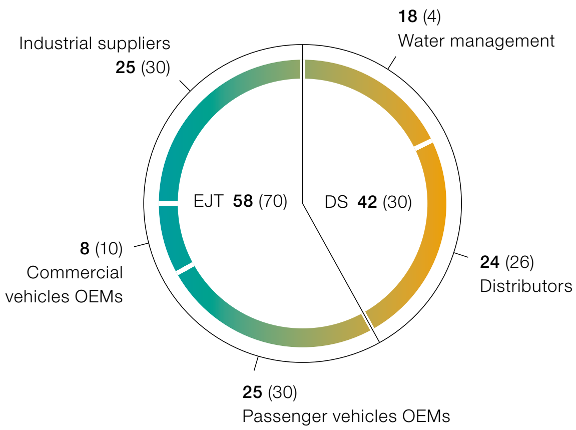
By acquiring NDS in the USA at the end of October 2014, NORMA Group has substantially expanded its product range in the area of water management systems that collect and drain stormwater and irrigation solutions as well as joining products for use in flow management applications. NDS's business has been completely integrated into NORMA Group's Distribution Services division. This business unit's share in sales will therefore increase by NDS's sales in the future.

With the acquisition of NDS, the water market is becoming increasingly important as an end market for NORMA Group. → Significant developments in 2014, p. 67. The share of sales revenues in the water sector amounted to 18% on a pro forma basis in 2014. In 2013, it accounted for approximately 4%.

SALES BY END MARKETS (PRO FORMA 2014*)

in %

2013 in brackets



* In order to facilitate comparison with the previous year's figures, the chart includes NDS sales for the full year 2014. The actual NDS sales since consolidation amounted to EUR 13.9 million.

Two complementary distribution channels

NORMA Group supplies its customers via two different sales channels:

- **Engineered Joining Technology – EJT** and
- **Distribution Services – DS.**

The two distribution channels differ in terms of the degree of specification of the products, while having intersections in production and development that enable cost benefits and ensure quality assurance.

The area of **EJT** includes sophisticated, customised joining technology and is particularly characterised by close development partnerships with OEMs (original equipment manufacturers). During long term projects, NORMA Group's central development departments and resident engineers work together with the customer on developing solutions for specific industrial challenges. Due to the constant proximity to customers in the area of EJT, NORMA Group's engineers gain comprehensive knowledge and a deep understanding of the various challenges their end markets and customers face. Such development partnerships result in high-technology products that are designed not only to meet the needs of customers with respect to efficiency and performance, but that also take aspects such as weight reduction and quick installation into consideration. As a result, they generate substantial added value for the customers and contribute to their economic success.

Via its **Distribution Services (DS)**, NORMA Group markets a broad range of high-quality, standardised brand products. In addition to its own global distribution network, the Company also relies on multipliers such as sales representatives, retailers and importers. Its customers include, among others, distributors, specialised wholesalers, OEM customers in the aftermarket segment, do-it-yourself stores and small application industries. The brands ABA®, Breeze®, Clamp-All®, FISH®, Five Star®, Gemi®, NDS®, NORMA®, R.G.RAY®, Serflex® und TORCA® exemplify technological know-how, high quality and reliability and meet the technical standards of the countries in which they are sold.

UNIQUE SELLING PROPOSITIONS AND COMPETITIVE SITUATION

Economies of scale and synergies

By combining expertise in developing customised solutions for industrial customers (EJT) and providing high-quality standard brand products through global distribution (DS), NORMA Group is not only able to realise cross-selling effects, but also many synergies in the areas of production, logistics and sales. In addition, the Company benefits from significant economies of scale and scope due to the broad variety of its product offerings and high quantities and therefore differentiates itself clearly from smaller, usually more specialised competitors.

Broad diversification with respect to products

With its products, NORMA Group provides solutions for numerous industrial applications. Its expertise covers metal-based connection solutions and products (CLAMP and CONNECT) as well as thermoplastic materials (FLUID). Thanks to the unique combination of expertise in both metal and plastics processing

Segment	Main product categories	Distribution channels	End markets	Brands
EMEA	CLAMP CONNECT FLUID	EJT DS	Industrial suppliers, Passenger vehicle OEMs, Distributors, Commercial vehicle OEMs, Water management	ABA®, NORMA®, Serflex®, Gemi®
Americas	CLAMP CONNECT FLUID	EJT DS	Industrial suppliers, Passenger vehicle OEMs, Distributors, Commercial vehicle OEMs, Water management	Breeze®, R.G.RAY®, Five Star®, TORCA®, NDS®, Gemi®, NORMA®, ABA®, Clamp-All®
Asia-Pacific	CLAMP CONNECT FLUID	EJT DS	Industrial suppliers, Passenger vehicle OEMs, Distributors, Commercial vehicle OEMs, Water management	FISH®, Gemi®, NORMA®, Breeze®, ABA®

and the broad diversification of its product portfolio, NORMA Group can offer its customers a wide range of solutions to different problems from a single source.

Competitive environment

In the area of Engineered Joining Technology, NORMA Group operates in a highly fragmented market, which is characterised by a very heterogeneous structure due to the abundance of specialised industrial companies. With its diversified product portfolio and international business alignment, however, NORMA Group stands out from its mostly only regionally active competitors.

Furthermore, NORMA Group sees itself as a provider of solutions that are based on the specific needs of its customers and generate significant value for them. With this approach, the Company differentiates itself particularly in the area of CLAMP and CONNECT from the large number of smaller competitors who specialise in marketing only specific groups of products.

In the area of FLUID, NORMA Group finds itself facing mainly competitors that are globally active and mainly offer solutions that are based on rubber and elastomer products. NORMA Group, however, has focused more on innovative plastic-based solutions that generate significantly higher value for its customers due to their lower weight and price, as well as the environmental compatibility of the materials used. → Research and Development, p. 63

In the much more standardised business area Distribution Services, NORMA Group is active in mass markets and competes primarily with providers of similar standardised products. It differentiates itself from them particularly through its strong brands that are the result of a deliberate brand policy that focuses on the regional needs of its customers. In addition, customers appreciate the high quality of service. NORMA Group offers its trade customers a complete range of products that meets all of their end users' needs. These products are available on short notice, therefore the dealer is always in a position to meet his delivery obligations even with uncommon applications or if demand fluctuates.

ECONOMIC AND LEGAL FACTORS OF INFLUENCE

Economic factors

NORMA Group is active in many different industries and regions. Seasonal and economic fluctuations in individual countries or industries can have varying effects on customer demand and the order situation at NORMA Group. Thanks to its diversified product portfolio and broad customer base, NORMA Group is, however, perfectly equipped to compensate for temporary drops in demand. Temporary production peaks can be intercepted quite flexibly due to its efficient production structures and use of temporary workers. Additionally, the high proportion of long-term development partnerships makes NORMA Group more independent of short-term fluctuations in demand.

Exchange rate fluctuations

Due to NORMA Group's international activities, exchange rate fluctuations also influence its business. While fluctuations between two non-euro currencies have only little impact on the operating result of NORMA Group as a result of regional production, exchange rate fluctuations against the euro as the reporting currency may have a greater impact on its results. Due to the fact that NORMA Group generated roughly 30% of its sales in US dollars in 2014, a value change of the dollar against the euro in particular would have more of an impact on the Group's results. In 2015, the dollar revenue share will very likely be at least 40% mainly due to the consolidation of NDS. The Euro revenue share will account for around 30% while the remaining 20% will disperse to around 20 other currencies. → Risk and Opportunity Report, p. 93 and Notes, p. 130.

Changes in personnel and material costs

With respect to costs, the development of wages and salaries in particular has an effect on NORMA Group, as do changes in material costs.

Because the majority of the companies that make up NORMA Group are not bound by a collective agreement, personnel costs are based mainly on the country-specific cost of living. For companies that have collective agreements such as Germany or Sweden, for example, personnel costs are influenced by the cost levels in the collective agreements or by the outcomes of local collective pay negotiations.

Short-term fluctuations in material prices generally have less effect on earnings because the prices for important materials are set in long-term contracts – generally one year – when an order is placed. This pertains to both procurement as well as sales to customers.

Negative developments on the cost side are absorbed in part with the help of the Global Excellence Programme which was launched back in 2009. → Global Excellence Programme, p. 60.

Legal and tax-related aspects

Due to the international focus of the business and against the background of its acquisition strategy, various legal and tax-related regulations are of relevance to NORMA Group. Among others, these include product safety and product liability laws, construction, environmental and employment-related regulations as well as foreign trade and patent laws. → Risk and Opportunity Report, p. 98.

In addition, the growing degrees of regulation in the area of environmental law affect NORMA Group's product strategy quite significantly. New emission standards, particularly in the automotive and commercial vehicle industry, increase the demand for innovative joining technology and thus contribute to NORMA Group's business. For example, the introduction of the EURO-6 standard in September 2014 had a positive impact on

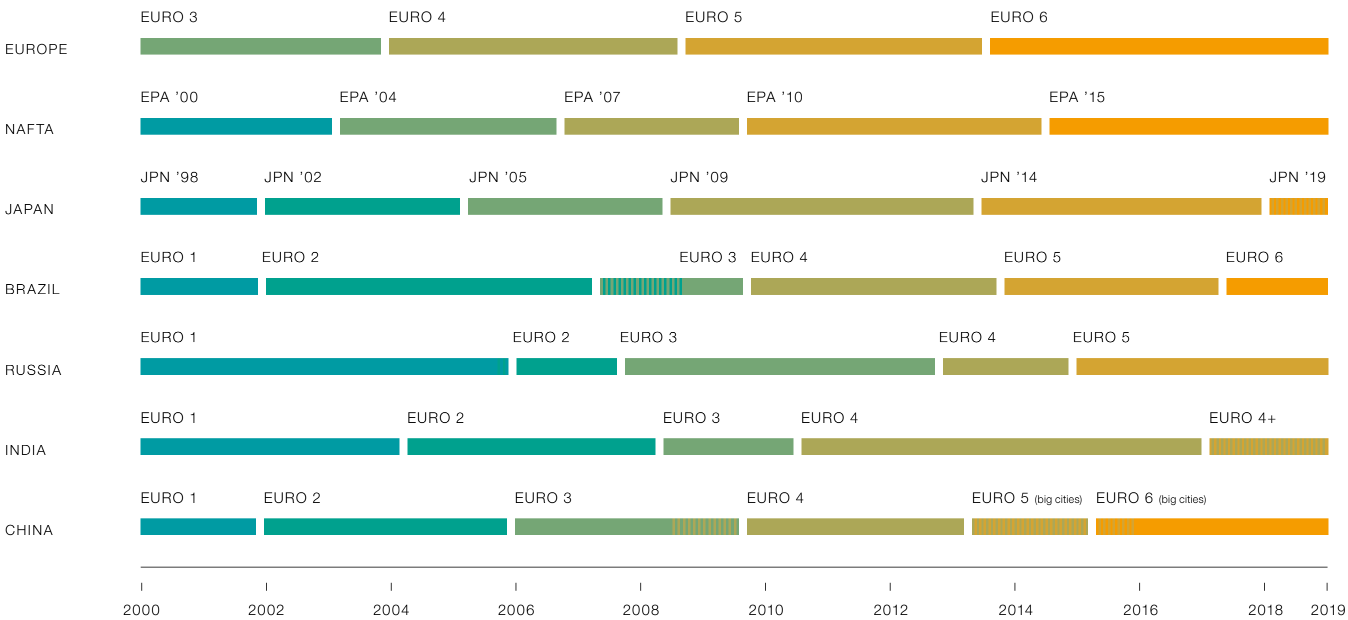
NORMA Group's business, which was reflected primarily in the development of sales in the EMEA region in the first half of 2014.

NORMA Group expects the gradual implementation of the appropriate standards in other countries to have an equally positive effect. In the world's largest automobile market China the emission levels for all newly registered diesel commercial vehicles will now also be regulated as of January 2015. More strict emission standards now apply for these vehicles. Since China lags behind the European countries in terms of introducing emission standards, the technologies needed to implement them are already available in Europe. European car manufacturers and suppliers in particular will therefore benefit from the stricter regulations in China.

NORMA Group also expects the new EU fleet regulation for passenger cars to have a positive effect on its business. According to it, maximum average emissions per vehicle fleet of 130 grams of carbon dioxide (CO_2) per kilometre and car will become mandatory in the EU starting in 2015. This value is to be reduced to 95 grams of CO_2 per kilometre by no later than 2021. → Chart: EU regulation of average emissions of vehicle fleets. The governments of other countries have already adopted similar regulations. In order to achieve the emission targets set, vehicle manufacturers must develop innovative technologies that will lead to improvements in engine technology. NORMA Group products strongly support OEM customers in their efforts to meet these requirements.

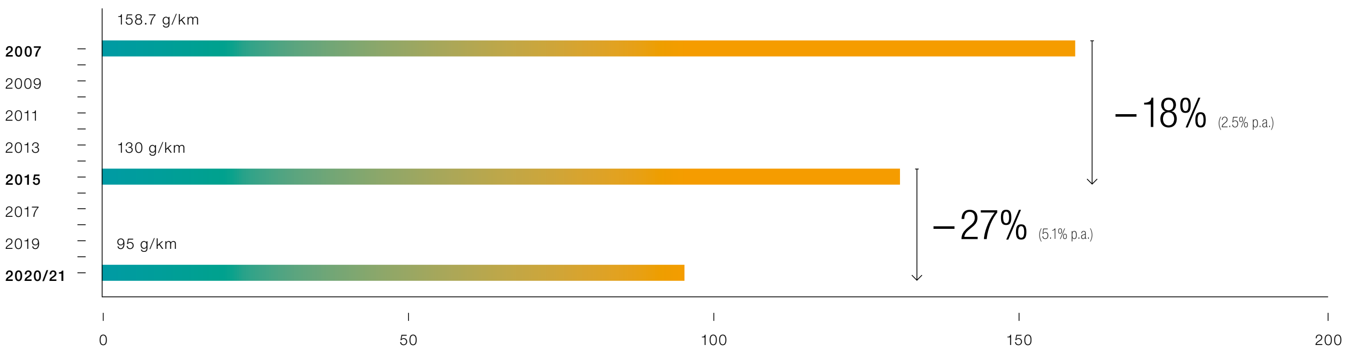
INTRODUCTION OF EMISSION STANDARDS FOR PASSENGER CARS

Sources: Integer Research, DieselNet, ACEA, NORMA Group



EU REGULATION OF AVERAGE EMISSIONS (CO_2) OF VEHICLE FLEETS (PASSENGER CARS)

in g/km



GOALS AND STRATEGY

NORMA Group's strategic goal in both sales areas and all regions is to continuously extend its business activities and increase its market shares in all business segments. Here, NORMA Group also relies on targeted acquisitions that will contribute to the diversification of the business and strengthen growth. Furthermore, the Group also focuses closely on high profitability and stable cash flows.

By focusing on innovations and high service quality, the Company seeks to sustainably increase the value of NORMA Group and achieve the highest level of customer satisfaction.

Robust business model through broad diversification

Broad diversification with respect to the products, regions and end markets that the Company operates in represents the core of NORMA Group's growth strategy. The Company is able to expand and strengthen its business activities and international presence by constantly adding application solutions for existing EJT customers, identifying and signing up new EJT customers, extending and deepening its customer base in the area of Distribution Services and entering new markets with attractive growth potential. NORMA Group sees immense growth potential especially in the emerging markets where demand for advanced engineered joining technology is on the rise in all industries due to the ongoing industrialisation and increasing quality requirements. To benefit from this growth trend, NORMA Group has positioned itself in the major Asian growth markets of India and China as well as in the emerging economies of South and Central America in recent years. In order to meet the increasing demand, the sites in these regions will be expanded even further in the mid-term.

In identifying new end markets, NORMA Group places a strategic focus on niche markets that are attractive with respect to margins, sophisticated with respect to products, fast-growing with respect to sales and fragmented with respect to competition. By engaging in strategic knowledge transfer to new, fast-growing industries, the Company seeks to achieve broad diversification with respect to the end markets. This also strengthens the defensive earnings profile, independence from economic trends and contributes to the stability of the business. The large number of relevant growth trends in the end markets that NORMA Group serves offer the Company attractive growth potential. → Products and End Markets, p. 56.

Furthermore, NORMA Group focuses on occupying technical niches in order to be able to enter into the application areas of existing customers in which no NORMA Group components are being used yet. The goal here is to achieve high market penetration within the various individual technical applications.

Selective value-added acquisitions to supplement organic growth

By making selected acquisitions, NORMA Group intends to contribute to the diversification of its business and strengthen its growth. Acquisitions are therefore an integral part of the Company's long-term growth strategy. NORMA Group observes the market for engineered joining technology very closely and contributes to its consolidation through targeted acquisitions. NORMA Group has acquired nine companies since 2012 and successfully integrated them into the Group. NORMA Group strengthened its US business in 2014 by acquiring the two US companies Five Star Clamps, Inc. and National Diversified Sales, Inc. → Acquisitions, p. 54.

The main focus of M&A activities is always on companies that help to realise the diversification objectives of NORMA Group and / or to generate synergies. The preservation of growth and high profitability also play an important role.

Focus on high-quality joining technology and sustainable product solutions

The technological requirements that end products for NORMA Group's customers must meet constantly change. Increasing environmental consciousness, rising fuel costs and growing cost pressure also play key roles for virtually every industry. Other factors include binding targets by lawmakers that place special requirements on the materials used, particularly in the automotive and commercial vehicle industry, due to more stringent emission regulations or special requirements. → Economic and Legal Factors, p. 58. This marks the starting point for the development of new products. NORMA Group therefore focuses on value-added solutions that assist its customers in reducing emissions, leakages, weight, space and installation time. Innovations play an important role in meeting customer requirements, which increase with each new production cycle. Therefore, NORMA Group employs more than 250 engineers who constantly work on developing new solutions and optimising existing systems. NORMA Group invests around 5% of its EJT sales in research and development activities to sustainably strengthen its power of innovation. → Research and Development, p. 63.

Highest quality standards and strong brands

Although the joining products that NORMA Group sells make up a relatively small proportion of the final product, they are often mission-critical. Quality management therefore plays a crucial role for NORMA Group. The high quality standards are highly appreciated by customers and regularly receive awards. → Quality Management, p. 78.

The area Distribution Services which offers and sells more standardised brand products is focused on a specific, regionally-driven brand strategy that is based on the respective performance parameters of the well-known brands. → Marketing, p. 84. In this business unit, the focus is on ensuring high-quality service and the availability of products at all times. NORMA Group ensures this through its worldwide distribution network.

Ongoing efficiency improvements

In order to increase NORMA Group's profitability, the focus is on continuously improving processes in all functional areas and regions. The Global Excellence Programme launched back in

2009 serves as an important tool for achieving this. As part of this programme, all internal processes are continuously optimised. Projects on increasing efficiency are systematically recorded and monitored using a web-based programme. This makes it possible to quantify the monetary savings that result from a specific measure fairly accurately at the end of the 12-month project cycles. Senior management reviews the current status of all projects once a month and a steering committee does so once a quarter. The aim of the programme is to be able to absorb and minimise both the unexpected negative cost developments and inflationary cost increases.

CONTROL SYSTEM AND CONTROL PARAMETERS

The consistent focus on the Group objectives mentioned is also reflected in the internal control system at NORMA Group, which relies on both financial and non-financial control parameters.

Important financial control parameters

The most important financial control parameters for NORMA Group include the following value-oriented indicators that are directly related to value creation at NORMA Group: sales, profitability (adjusted EBITA margin) and net operating cash flow.

NORMA Group strives to achieve short and medium term growth in sales that exceeds the market average. Due to the heterogeneous industries that use joining technologies, the Management Board aligns its forecast of expected market development both on internal analyses and studies from important economic research institutes on the development of production and sales figures in the relevant customer industries. In addition, the customer order patterns in the area of Distribution Services and the order book also provide an indication of the expected revenue.

The adjusted EBITA margin (EBITA as a percentage of sales) as another key performance indicator for NORMA Group provides information on the profitability of its business activities. Both, performance in the past and the planning of the individual business units, are used in forecasting the EBITA target value.

The target margin for the Group is determined as the weighted average of the divisions. They are adjusted for the amortisation effects from the purchase price allocation of acquired companies as well as for integration and transaction costs in case of NDS. → Notes, Adjustments p. 133.

Operating net cash flow is yet another target figure besides those already listed. By focusing on this financial indicator, NORMA Group ensures that the financial solidity of the Group is maintained in the future. It is calculated based on the EBITDA plus changes in working capital, less investments from the operational business.

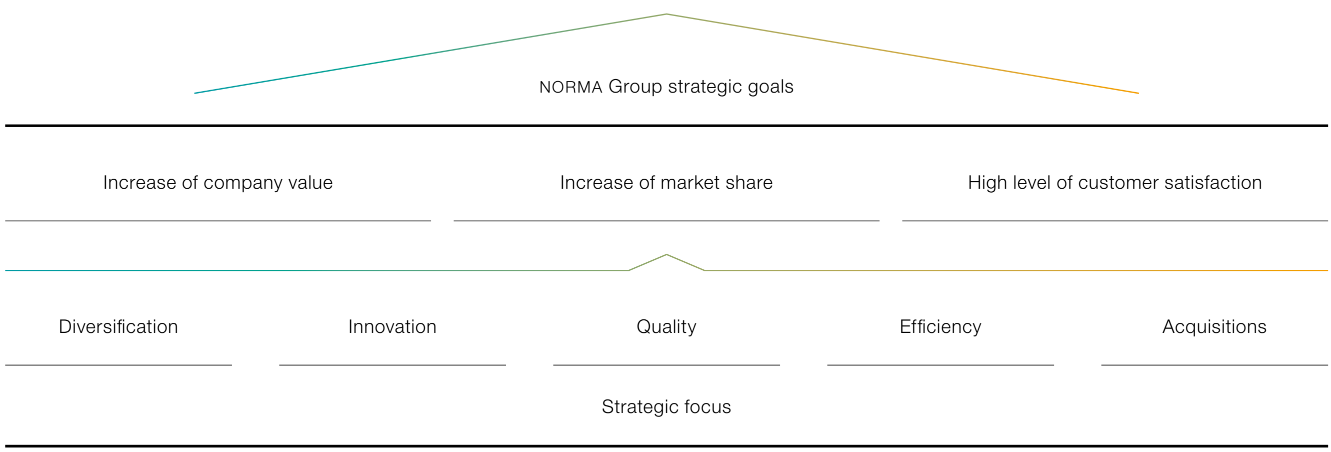
All financial indicators are planned and continuously monitored at the Group, regional and Group company levels. Deviations between forecasted and actually achieved targets are measured on a monthly basis inside all local companies. Detailed business plans are regularly projected based on existing monthly and quarterly results that perhaps include various scenarios.

Important non-financial control parameters

The most important non-financial control parameters for NORMA Group include the extent of market penetration, the Group's power of innovation, the employee's problem-solving behaviour and the sustainable overall development of NORMA Group as a whole.

Sustainably securing its innovation capability is a key driver for the future growth of NORMA Group. The Group uses patents as a way of protecting its innovations. The number of patent applications per year is therefore part of the internal control system and an important indicator of NORMA Group's innovative capacity. In addition, it is used to steer the long-term development strategy. The extent of market penetration is reflected in the organic growth of the Group in the medium term.

NORMA Group stands for the highest possible reliability and quality of service. The reputation of its brands and reliability



FINANCIAL CONTROL PARAMETERS

	2014	2013	2012
Group sales (in EUR million)	**694.7**	635.5	604.6
Adjusted EBITA margin (in %)	**17.5**	17.7	17.4
Operating net cash flow (in EUR million)	**103.2** [1]	103.9	81.0

[1] without balance sheet effects caused by the acquisitions of NDS and Five Star.

NON-FINANCIAL CONTROL PARAMETERS

	2014	2013	2012
Number of new patent applications	**95**	68	77
Defective parts per million (PPM)	**17**	24	34
Customer complaints per month	**8**	9	10

of its products are key factors in the Company's success. In developing and manufacturing products, the Group therefore relies on the highest quality standards. In order to minimise production losses and maximise customer satisfaction, NORMA Group measures and manages the problem solving behaviour of its employees by using two performance indicators: the average number of customer complaints per month and defective parts per million of manufactured parts (parts per million / PPM). The two metrics are collected and aggregated at Group level on a monthly basis. → Quality Management, p. 78.

NORMA Group considers it to be its main responsibility to bring the effects of its business activity into balance with the expectations and needs of society. For this reason, operational decisions are based on the principles of responsible company management and sustainable actions. NORMA Group's strategy and goals are influenced by its Corporate Responsibility (CR) policies and described in detail in the 2013 Sustainability Report and the Corporate Responsibility website.

Other non-financial performance indicators include employee and environmental indicators and indicators on occupational safety and healthcare within the Group. They are discussed in the respective chapters of this Management Report.

Financial and liquidity management

NORMA Group's objectives with respect to central finance and treasury management have not changed since the previous year and are as follows:

I. Ensuring solvency at all times

The main financial objectives are maintaining the necessary liquidity for the Group's operating business at all times, maintaining sufficient strategic liquidity reserves and thus ensuring NORMA Group's long-term solvency.

II. Limiting financial risks

The Group Treasury division constantly identifies and assesses interest rate and currency risks as well as risks related to changes in the price of raw materials and selects suitable hedging instruments to reduce these risks.

III. Optimising the Group's internal liquidity

NORMA Group Holding GmbH is responsible for investing surplus liquidity as well as for intra-Group financing. Last year, NORMA Group also extended the possibilities of internal financing by engaging in various projects in the Treasury area. The overall objective has been to place Group-wide financing on a broad and well-balanced foundation and thus further optimise the Group's cash flow which is already quite strong. The main components of the policy on limiting financial risks include a clear definition of process responsibility, multilevel approval processes, and risk assessments, which have been adopted in a Treasury policy. The new EMIR (European Market Infrastructure Regulation) requirements have already been addressed as well.

NORMA Group's goal is to bundle the surplus liquidity of Group companies and allocate this money optimally within the Group or invest it outside the Group in order to make a profit. This is done using a professional treasury management system which provides an overview of the cash holdings of the most important subsidiaries at all times. In addition, regional cash pools have been installed. More cash concentrations are performed in periodic intervals. Manually pooling funds allows for these funds to be invested with external institutions at better terms, whereby particular the local terms for international payments must be taken into account.

RESEARCH AND DEVELOPMENT

Research and development activities at NORMA Group are aimed at further expanding the Group's innovation leadership in the area of joining technology and tapping into new groups of customers. The focus of development is orientated towards the specific industry challenges the end markets are facing. Customer demands with respect to installation safety, efficiency improvements and reductions in weight, for example, play an important role here.

Strategic collaboration with customers and research institutes

NORMA Group develops new products in the area of EJT in close cooperation with its customers. Thus, the Company can respond to the demands of the market immediately and seamlessly turn these into new products. This allows for a high degree of customisation on the one hand and for fast marketing of product innovations on the other.

NORMA Group also cooperates closely with research and higher education institutions such as material and other testing institutes. For competitive reasons, however, the Company does not disclose the specific nature of these research partnerships.

The Distribution Services division is purely a commercial unit; the market does not require the same type of technological research as is conducted in the EJT unit. Moreover, customers of NORMA Group in this business division expect a strong brand image and the most complete product range. Therefore, the focus in the DS area lies on making useful additions to the product range and targeted marketing measures.

Reorganisation of the R&D department

NORMA Group has already built up extensive basic research capacities over the last few years. The areas of engineering and product development were reorganised in financial year 2014. The goal was to strengthen the Company's expertise in the area of fundamental research and bundle customer-specific development topics. In doing so, R&D activities are to be aligned to address overlapping customer requirements to an even greater extent. By reorganising the R&D department, NORMA Group expects to be able to increase its efficiency in the areas of product and customer development.

Development focuses in 2014

The main focus of R&D activities in 2014 was on driving implementation of the SCR (Selective Catalytic Reduction) systems with major automotive customers. To this end, optimised detailed solutions were developed, which could then be expanded by using the building block system that is part of NORMA Group's SCR system. The Group was thus able to further increase the market potential for this product and improve the overall performance of the system. Its testing capacity has also been expanded by adding improved testing capabilities and an additional endurance test bench for SCR systems. In addition, NORMA Group continued to develop the Urea Transport System (UTS) even further in 2014. As a result, the robustness and performance of the pipeline system has been significantly improved, which was also reflected in newly acquired customer projects.

Another focus during the reporting year was on improving the profile clamps. The goal here was to further optimise the tolerance effect on the holding and sealing ability of profile clamp connections in order to increase the reliability of the connections. Furthermore, NORMAQUICK XM quick connectors for charged air were validated for use in passenger cars in 2014. In this context, validation of the connection technology between the coupling element and the charge air hose / charge air pipe was also undertaken. In other projects that will continue in 2015, the transferability of this connection technology to the commercial vehicle sector will be examined. This technology has not been used thus far for this purpose.

In the area of fundamental research, NORMA Group continued to structure the development and validation of plastic materials. This significantly improves the informative value of using plastics in certain applications, for example in the area of cooling water. Here, the main focus will be on the component- and manufacturing-related properties of materials and material combinations.

Know-how protected by patents

Specific know-how in the area of engineered joining technology represents a key success factor for NORMA Group. The Company therefore uses patents to protect its innovations. As of 31 December 2014, the Group held 850 patents (2013: 867) and utility models in 154 patent families (2013: 161). In 2014, 95 new patent applications (2013: 68) were filed in 17 patent families (2013: 16). Licensing revenue plays a subordinate role since NORMA Group uses most of its licenses and rights itself for competitive reasons.

R&D expenses

Research and development expenses in the area of EJT totalled EUR 25.7 million in 2014 (2013: EUR 21.9 million). This represents approximately 5.3% (2013: 4.9%) of sales in this area. The other own work capitalised amounted to EUR 3.6 million in the reporting period. This represents a share of 14.0% in relation to the R&D expenses.

Apart from internal audits, audits are secured externally if necessary to meet the required audit extent in an economical manner. The audit costs incurred in the financial year amounted to EUR 4.2 million (2013: EUR 2.5 million). In 2014, NORMA Group received public funding support for Research and Development in the amount of EUR 231 thousands (2013: EUR 0 thousands).

R&D employees

As of 31 December 2014, 250 employees (2013: 205) worldwide worked for NORMA Group in the R&D department. This represents approximately 5.2% of all permanent employees of the Group (2013: 5.0%). Most of the employees who work in R&D are engineers, technicians and technical draftsmen.

R&D KEY FIGURES

	2014	2013	2012	2011
Number of R&D employees	**250**	205	190	174
R&D employee ratio in relation to permanent staff (in %)	**5.2**	5.0	5.1	5.1
R&D expenses in the area of EJT (in EUR millions)	**25.7**	21.9	22.1	16.8
R&D ratio in relation to EJT-sales (in %)	**5.3**	4.9	5.1	4.1
External R&D expenses excluding personnel costs (in EUR millions)	**4.2**	2.5	3.2	3.0
R&D subsidies received (in EUR thousands)	**231**	0	55	58

NORMA Group develops new and innovative products for various types of applications each year. The most important new developments in recent years are listed in the following table.

IMPORTANT PRODUCT LAUNCHES IN RECENT YEARS

Product	Application	Industry
Next generation Push&Seal NORMAQUICK® PS3 quick connector	Cooling water systems	Automotive industry
Diesel tank filling system	Tank systems	Automotive industry
ABA® Mini W1 clamp	Fuel, pneumatic and water systems	Automotive industry, water industry
NORMACLAMP® TORRO Tamper Proof	Tank, air induction and cooling systems	Agriculture, automotive industry, ship building, construction industry
NORMAFLEX® Low Emission Tubes	Fuel systems	Automotive industry
NORMAQUICK® TWIST III	Charge air and cooling water systems	Agriculture, automotive industry, ship building, construction industry
NORMACONNECT® VPP profile clamp	Flanged pipes, exhaust gas, cooling and filter systems	Agriculture, automotive industry, ship building, construction industry
Red Grip	Electrical, hydraulics, air ducts, drainages	Aviation industry
Thermoplastic material for high temperature applications in cooling systems	Cooling systems	Agriculture, automotive industry, ship building, construction industry
SCR Urea Generation II lines	Dosing lines for SCR systems	Agriculture, automotive industry

Newly introduced products accounted for EUR 50.6 million (2013: 51.9 million) in sales in 2014. This corresponds to 7.3% of total sales (2013: 8.1%).

Economic Report

GENERAL ECONOMIC AND INDUSTRY-SPECIFIC CONDITIONS

Global economy lacks momentum – extremely heterogeneous regional development

In 2014, the world economy was supported on the one hand by the continued loose monetary policy of the central banks and the low inflation rates in the industrialised countries. On the other hand, the dynamics of the world's largest economy, China, eased further over the course of the year. In addition, the economy has been slowed by significant uncertainties due to the numerous geopolitical crises. Thus, after starting the year off strongly, the economic development began to stagnate in the second quarter. With the sharp decline in oil prices beginning in the summer, sentiment has gradually improved again, particularly in the industrialised countries. According to the calculations of the International Monetary Fund (IMF), the world's economic output has grown by 3.3% just as it did the previous year.

According to the IMF and the Chinese Bureau of Statistics NBS, China grew by only 7.4% in 2014 (2013: 7.7%). The government's strategy of aligning China to focus more on the private domestic economy rather than government infrastructure investments and exports has led to a slight decline in momentum, but it should strengthen the quality of growth in the long term. The overheated real estate market stagnated noticeably, the increase in industrial production slowed to 8.3% (2013: 9.7%). While the pace of expansion in the Southeast Asian countries (ASEAN-5) flattened to 4.5% (2013: 5.2%), India's economy picked up considerably and this resulted in GDP growth of 5.8% (2013: 5.0%). Brazil hardly grew at all at 0.1% (2013: 2.5%). The Russian economy sagged markedly as a result of the drop in oil prices, the massive capital outflows, the devaluation of the rouble, sharply higher inflation, and the economic sanctions. Growth still amounted to 0.6% (2013: 1.3%) only due to the record grain harvest. The IMF estimates that the growth of the developing and emerging economies slowed down to 4.4% in 2014 compared to 4.7% in 2013.

After the US economy had shrunk at the beginning of the year due to the cold winter, the upward forces grew stronger. Private consumption picked up and was supported by the recovery of the real estate markets, asset growth and low energy prices. According to the US Federal Reserve, industrial production rose by an average annual rate of nearly 5%, capacity utilisation increased by 1.2 percentage points through December to 79.7%. According to the IMF and the US Department of Commerce, the gross domestic product in the USA grew by 2.4% in 2014. In Japan, demand suffered and the economy stagnated (2014: 0.1%) because of the VAT increase. The United Kingdom delivered robust growth at a rate of 2.6%, while the euro zone remained anaemic. According to the IMF, growth in the mature economies accelerated to 1.8% in total (2013: 1.3%).

GDP GROWTH RATES (REAL)

in %	2014	2013	2012
World	+3.3	+3.3	+3.4
USA	+2.4	+2.2	+2.3
China	+7.4	+7.8	+7.7
Euro zone	+0.8	−0.5	−0.7
Germany [1]	+1.6	+0.1	+0.4

Sources: IMF, [1] Federal Statistical Office (Destatis)

Sluggish growth in the euro zone

The euro zone recovered somewhat in 2014, nevertheless growth remained sluggish despite the monetary stimulus. The recovery lost momentum after a strong start to the year, therefore the IMF assumes that moderate growth of 0.8% (2013: −0.5%) is all that remained for the year as a whole. The development remained very heterogeneous in the various countries of Europe. On the one hand, the reforms of the peripheral countries bore fruits and Portugal, Ireland, Spain and Greece returned to a growth path. On the other hand, France and Italy dampened growth in the euro zone. Falling oil prices increased the trend of increasingly weak inflation in the second half of the year. The ECB lowered its key lending rate to a record low of 0.05% due to the continuing weak growth in the euro zone and to combat the risks of deflation early on. The euro came under significant downward pressure in the second half of the year.

According to the Statistical Office of the European Union (Eurostat), the unemployment rate in the euro zone remained high throughout the year and was seasonally adjusted in December at 11.3% (December 2013: 11.8%). Economic development was slowed down by the still high euro exchange rate up until the summer and above all by the growing uncertainties in the wake of numerous geopolitical crises. It thus came to a halt in investment and industrial production starting in the early summer. The increase in gross capital investments slowed down over the course of the year from 2.6% initially (1st quarter) to 0.1% (3rd quarter). Industrial production in the euro zone showed an increase of 0.6% in 2014. Nevertheless, capacity utilisation improved slightly in the euro zone and reached 79.9% in the fourth quarter of 2014, (end of 2013: 79.2%).

German economy in strong shape thanks to domestic demand

According to the calculations of the German Federal Statistical Office, the gross domestic product in Germany grew by 1.6% in real terms (2013: 0.1%) in 2014. Thus, the German economy appeared to be quite robust in a difficult international environment. It was supported by the positive net export contribution and, above all, by strong domestic demand. Private consumption rose by 1.1% in real terms compared to 0.8% the previous year. A new employment record, higher incomes, low interest rates and declining inflation contributed to this. Additional stimuli resulted from falling oil and fuel prices at the end of the year.

According to the Federal Statistical Office, gross fixed asset investments also increased by 3.1% compared to the weak previous year (2013: – 0.6%).

This development slowed down during the year, however. Following a dynamic recovery in the first quarter due to the mild weather, the boom noticeably came to a halt starting in the spring of 2014. The residential real estate market cooled down unexpectedly. The bustling investment activities on behalf of the companies to start the year largely came to a halt. Industrial economic activity stagnated due to the Ukraine-Russia crisis and the decline in incoming orders. According to data from Eurostat, industrial production even fell below the level at the turn of the year 2013 / 2014. Due to the multi-year restraint on investment, the capacity utilisation of German industry improved slightly and rose to 84.1% in the last quarter of 2014 (2013: 83.7%).

Mechanical engineering grew significantly worldwide, production and sales records in Germany

According to the estimates of the industrial association VDMA, mechanical engineering gained momentum globally and achieved real sales growth of 5% (2013: 2%) in 2014. In line with the global economy, significant regional differences were observed. The two largest individual markets China (9% in real terms) and the USA (6% in real terms) grew accordingly. Japan and some Southeast Asian countries recorded strong, in many cases double-digit increases. The market in the United Kingdom grew by 7% and in the euro zone by 1% in real terms. This was offset by declines in Russia and Latin America. The Brazilian market even collapsed by 10% in real terms.

In this environment, German manufacturers were able to increase production by 1% in real terms, according to a VDMA estimate. Sales rose by approximately 3% to EUR 212 billion in 2014. The previous record high levels from 2008 were thus exceeded. With an export share of 76%, German mechanical engineering has a strong global network. By the end of November, exports had risen by 1.4% in nominal terms. In addition, the domestic market was very strong in 2014, although the capital investment restraint by industry dampened growth. Imports rose by 4.7% in nominal terms in the first three quarters. Domestic sales by German manufacturers increased by 3% by the end of October 2014. Furthermore, the order situation improved again slightly. Orders from within Germany and from abroad rose by 2% for the full year. The situation improved visibly towards the end of the year after getting off to a weak start due to the large-scale plant orders that were received.

Car industry continues to grow – Western Europe recovered well

According to an estimate published by the German industry association VDA in December, 74.7 million cars were sold worldwide in 2014, 2% more than the previous year. The US market research firm IHS Automotive says that the market for passenger cars and light trucks even grew by 4.6% to 78.9 million units. China, the largest single market, grew strongly again despite diminishing momentum. According to the Chinese association CAAM, car sales increased by 9.9% and car production by 10.2%. SUVs were in particularly high demand. In contrast, production and sales of commercial vehicles in China declined by around 6% in the wake of new emission regulations. The US market benefited from favourable financing, sales promotions and falling fuel prices. According to the VDA, 5.8% more passenger cars were sold in the United States than in the previous year. In Japan and India respectively, car sales rose slightly in 2014 (3.0% and 0.7%). In contrast, the downward trend continued in Brazil (– 6.9%) and Russia (–10.3%).

Following the turnaround at the end of the previous year, the European market recovered considerably in 2014 by recording an increase in sales of 5.4% to 13.0 million passenger cars (EU28 & EFTA), according to data from the European Association ACEA. Sales rose by 5.7% in the EU alone, with above average growth in the Eastern European member countries (14.2%). Of the high volume markets, France lagged behind the development of other countries by recording an increase of only 0.3%. The car market grew by 4.2% in Italy, by 9.3% in the United Kingdom and by as much as 18.4% in Spain. In Germany, new registrations increased by 2.9% to 3.0 million cars. According to the VDA, German manufacturers managed to increase exports by 2.4% and domestic production by 3.2% to 5.6 million cars due to how well the export markets had recovered. The VDA estimates that foreign production by German manufacturers most likely increased by around 6% to just under 9.2 million units.

According to the ACEA's figures, sales of trucks and buses on the European market increased by 7.3% to 1.9 million commercial vehicles. The increase was 7.6% in the EU. While sales in France (– 0.4%) dropped again, sales in Spain (31.6%), Italy (13.9%) and the United Kingdom (10.8%) increased at double-digit rates. In Germany, registrations of commercial vehicles rose by 4.8%. Growth in the European market was driven by the high-volume segment of light commercial vehicles up to 3.5 tons, which grew by about 11%. The other truck segments (over 3.5 tons and over 16 tons) declined. The bus segment grew by approximately 1%.

Turnaround for European construction, rise in orders in Germany

The European construction industry recovered in 2014 following a long period that saw some significant declines. According to the Ifo Institute and the industry network Euroconstruct, European construction grew by 1.0% in real terms (West: 0.8%, East: 4.8%) due to low interest rates and pent-up demand. Commercial construction and civil engineering were the driving forces behind this. While residential construction virtually stagnated, expenditure on maintenance and modernisation developed positively. Construction production in Western Europe differed greatly from region to region, however. Construction output continued to decline in France, Italy and Portugal. Gains were recorded in the United Kingdom, Spain and Scandinavia.

According to the Federal Statistical Office, German construction spending rose by 3.4% in real terms (2013: – 0.1%) in 2014. According to the IfW from Kiel, this development rested on a strong foundation thanks to price-adjusted growth in industrial construction (3.6%), public-sector construction (3.7%) and residential construction (3.1%). In fact, construction spending grew by double-digit rates to begin with in 2014. Growth was barely registered from the spring on, however, as companies acted increasingly cautiously due to greater uncertainty. In addition, residential construction temporarily came to a halt, therefore continued impulses were lacking. According to the Federal Statistical Office, orders in construction fell by 1.8% in real terms in 2014 (building construction: – 0.9%, civil engineering: – 3.0%). The industry associations ZDB and HDB estimate that the construction trade's sales rose by 4.0% to EUR 99.1 billion in 2014 (+2.5% in real terms).

SIGNIFICANT DEVELOPMENTS IN 2014

Acquisition of remaining shares in Chien Jin Plastic, Malaysia

In February 2014, NORMA Group acquired the remaining 15% of shares in Chien Jin Plastic Sdn. Bhd. in Malaysia and thus increased its share in the company to 100%. Chien Jin Plastic is a manufacturer of thermoplastic joining technology based in Ipoh, Malaysia. The company has been in the market for over 20 years and manufactures connecting elements for plastic and iron pipe systems that are used in a wide variety of different applications, most notably to supply drinking and industrial water, but also in irrigation systems. The complete acquisition of Chien Jin Plastic is in line with NORMA Group's strategic goal of further expanding its presence in Asia. Due to the fact that the company has already been fully consolidated since its acquisition in November 2012, there were no effects on the operative figures for the fiscal year 2014.

Production commences in Brazil and China

In April 2014, NORMA Group commenced with production at its new plant in Atibaia, Brazil. The new production site located near São Paulo manufactures quick connectors and fluid systems for the automobile and commercial vehicle industry. Since June 2014, exhaust pipe couplings and V-band profile clamps are also being manufactured here for the South American market. With this new plant, NORMA Group has expanded its business activities and improved its position in the emerging markets of South America.

In May 2014, NORMA Group commenced the manufacturing of worm-drive hose clamps and profile clamps at its new plant in Changzhou, China. The new manufacturing site located near Shanghai is already NORMA Group's second plant in China and represents a reaction to the growing demand in the Asia-Pacific region.

Acquisition of the business activities of Five Star Clamps in the USA

At the end of April 2014, NORMA Group acquired the business activities of Five Star Clamps, Inc. (Five Star) in the USA. Five Star is a family-run business that manufactures and markets joining products for applications in over 50 different industries in both the area of EJT and DS. By acquiring the activities of Five Star, NORMA Group continued to expand its customer base and activities in the USA.

Acquisition of water specialist National Diversified Sales in the USA

In October 2014, NORMA Group acquired all shares in National Diversified Sales, Inc., (NDS) in the USA. The acquisition of NDS marks NORMA Group's biggest transaction since its IPO in 2011 and will have an essential future impact on the Company's sales. NDS' product portfolio comprises more than 5,000 products including solutions for stormwater management, efficient landscape irrigation and connecting flow management components for water infrastructure. The company has more than 500 employees and sells its products to more than 7,700 retail and wholesale customer locations in the USA.

The payment for the acquisition of all shares in NDS amounted to EUR 228.8 million (USD 285 million) in total, including the financial liabilities which were assumed and repaid in full with the help of a temporary bridge loan provided by the Landesbanken Hessen-Thüringen and Baden-Württemberg.

With the acquisition of NDS, NORMA Group continues its expansion in the water management market and contributes to the further diversification of the business.

Placement of a second promissory note

In order to increase its financial flexibility, NORMA Group issued a second promissory note in December 2014. The issue volume of EUR 150 million that was originally planned was heavily oversubscribed and therefore increased to around EUR 209 million (EUR 106 million / USD 128.5 million). The promissory note was allocated with terms of three, five, seven, and ten years. Loan tranches could be subscribed to in euros as well as US dollars, for the first time. The funds from the promissory note were used, among other purposes, to cover medium-term financing of the acquisition of NDS. → Financial management, p. 72.

ACTUAL BUSINESS DEVELOPMENT COMPARED TO FORECAST

	Results 2013	Forecast March 2014	Forecast May 2014	Forecast August 2014	Forecast November 2014	**Results 2014** [3]
Group sales (in EUR millions)	635.5	n/a	n/a	n/a	n/a	**694.7**
Growth of Group sales	2.5% plus EUR 26.7 million from acquisitions	solid organic growth of around 4% to 7%, in addition, approximately EUR 5 million from acquisitions	solid organic growth of around 4% to 7%, in addition, approximately EUR 8 million from acquisitions [1]	no adjustment	solid organic growth of around 4% to 7%, in addition, approximately EUR 20 million from acquisitions [2]	**6.5% plus EUR 22.0 million from acquisitions**
Cost of materials ratio	42.4%	around the same as in the two previous year	no adjustment	no adjustment	no adjustment	**41.7% (adjusted)**
Personnel cost ratio	26.7%	gradual and continuous improvement	no adjustment	no adjustment	no adjustment	**27.1% (adjusted)**
Adjusted EBITA margin	17.7%	sustainable at the same level as in previous years of more than 17%	no adjustment	no adjustment	no adjustment	**17.5%**
Financial result (in EUR millions)	–15.6	approx. –18	no adjustment	no adjustment	approx. –20 [2]	**–14.5 (reported) –9.1 (adjusted)**
Tax ratio (adjusted)	32.6%	around 30% to 32%	no adjustment	no adjustment	no adjustment	**33.3%**
Earnings per share (in EUR)	1.95 (adjusted) 1.74 (reported)	moderate increase	no adjustment	no adjustment	no adjustment	**2.24 (adjusted) 1.72 (reported)**
Operating net cash flow (in EUR millions)	103.9	between the levels of the previous two years (EUR 81 million to EUR 103.9 million)	no adjustment	no adjustment	no adjustment	**103.2** [4]
Investments in R&D (related to EJT sales)	4.9%	around 4%	no adjustment	no adjustment	no adjustment	**5.3%**
Investment rate (excl. acquisitions)	4.8%	operationally around the same level as the previous years of around 4.5%	no adjustment	no adjustment	no adjustment	**5.7%**
Dividend (in EUR) Payout ratio	0.70 35.9%	approx. 30% to 35% of adjusted annual Group earnings	no adjustment	no adjustment	no adjustment	**0.75** [5] **33.4%**

[1] Adjustment due to acquisition of business acitivities of Five Star Clamps, Inc., USA.
[2] Adjustment due to acquisition of National Diversified Sales, Inc., USA.
[3] The adjustments refer to one-off effects from acquisitions. → Notes, adjustments, p. 133.
[4] Without balance sheet effects caused by the acquisition of NDS and Five Star.
[5] In accordance with the Management Board`s proposal for the appropriation of net profit, subject to the approval by the Annual General Meeting on 20 May 2015.

GENERAL STATEMENT BY THE MANAGEMENT BOARD ON THE COURSE OF BUSINESS AND ECONOMIC SITUATION

Financial year 2014 was essentially in line with the Management Board's expectations. With EUR 694.7 million and organic growth of 6.5%, the total sales that NORMA Group generated were in line with expectations. Additional sales from acquisitions totalled EUR 22.0 million and accounted for 3.5% of the Group's growth. The forecast for acquisition-related sales was adjusted twice during the year due to the acquisition of the two US companies Five Star and NDS. As part of the Q3 report (November 2014), acquisition-related sales of around EUR 20.0 million were forecast, a figure that was exceeded slightly at EUR 22.0 million. This includes in particular the additional sales revenue from the acquisition of NDS at the end of October 2014 in the amount of EUR 13.9 million.

In terms of sales distribution by segments, slight shifts occurred compared with the forecast. While the EMEA region developed somewhat weaker than had been assumed, the Americas region grew faster than predicted. Overall, however, these effects offset one another. As projected, the Asia-Pacific region showed strong growth all year round.

The main cost positions also developed as expected overall. While the Company was once again able to lower its material costs, personnel costs increased slightly due to acquisitions. In total, adjusted operating profit (EBITA) increased again and the adjusted EBITA margin was maintained at a sustainable high level of 17.5%.

All in all, the Management Board is satisfied with how business developed. Most of the objectives set for 2014 were achieved. The two acquisitions contributed to the further expansion of activities and the customer base. Furthermore, with the acquisition of NDS, another important milestone was achieved on the way to further diversifying the business.

The Management Board considers the economic situation of NORMA Group to be stable and sustainable. This assessment is based on the results of the balance sheet and NORMA Group's individual results in 2014 and takes business development up until the drawing up of the Group management report 2014 into consideration. Business development through the start of 2015 has been in line with the Management Board's expectations up until this Annual Report was prepared.

As of 31 December 2014, the order book remained at a good level at EUR 279.6 million (2013: EUR 236.7 million), which suggests that 2015 is off to a good start. The Management Board therefore believes that NORMA Group will be able to continue to pursue its course of growth in the current year.

EARNINGS, ASSETS AND FINANCIAL POSITION

Adjustments

In 2014, acquisition-related costs in the amount of EUR 6.9 million, especially in connection with the acquisition of NDS, were adjusted within EBITDA. The adjustments reflect material expenses (EUR 2.2 million) resulting from valuation of acquired inventories performed within the purchase price allocation of the acquisition of NDS. Other acquisition-related operating expenses (EUR 4.5 million) and expenses for employee benefits (EUR 0.2 million) were also adjusted.

Besides the adjustments described, the depreciation of fixed assets (EUR 1.3 million) and intangible assets (EUR 10.1 million) from purchase price allocations has been adjusted as in previous years.

In financial year 2014, NORMA Group also repaid parts of the syndicated loan that it has had since April 2011 valued at EUR 108.6 million. The associated hedging transactions (interest / currency swap and interest rate swap) as well as the discount deferred over its term to maturity were released to income at the time of repayment. These one-off expenses of EUR 5.4 million were adjusted within the financial results for 2014.

Fictitious income taxes that arise from adjustments are calculated using the tax rates of the respective affected local companies and included in adjusted earnings after tax. In financial year 2014, there were no direct adjustments of tax expenses.

The following table shows the adjustments.

	adjusted	adjustments	reported
Sales revenue (in EUR millions)	694.7		694.7
EBITDA (in EUR millions)	138.4	6.9	131.5
EBITDA margin (in %)	19.9		18.9
EBITA (in EUR millions)	121.5	8.2	113.3
EBITA margin (in %)	17.5		16.3
EBIT (in EUR millions)	116.2	18.3	97.8
Financial income (in EUR millions)	−9.1	5.4	−14.5
Profit for the period (in EUR millions)	71.5	16.6	54.9
EPS (in EUR)	2.24	0.52	1.72

Sales and earnings performance

The development shown below describes the changes in the essential items of the income statement during the year adjusted for the special effects mentioned. For comparison purposes, adjustments will be discussed separately in certain cases. All other adjustments are explained in the notes. → Notes, p. 133.

Sales development

Solid organic sales growth – additional growth through acquisitions

The Group's revenue in financial year 2014 amounted to EUR 694.7 million and was therefore 9.3% higher than in the previous year (2013: EUR 635.5 million). At 6.5% (2013: 2.5%), organic growth improved compared to the previous year and was bolstered by the very good development of business in the Americas and the dynamic development in the Asia-Pacific region in particular.

The acquisitions made in 2013 and 2014 accounted for close to EUR 22.0 million or 3.5% of the Group's sales growth. NDS, the company acquired at the end of October 2014, accounted for EUR 13.9 million of this amount.

The economic recovery in the USA went hand in hand with the marked appreciation of the US dollar in the second half of the year. This had a positive effect on NORMA Group's sales, which nearly made up for the negative currency effects from the first half of the year. For the full year, the currency effects had a slightly negative effect on sales development of −0.6%.

NORMA Group's business development is subject to a certain seasonal fluctuation and is typically characterised by a strong first half of the year compared to the second half. Since sales development in 2013 had followed a rather atypical course with an exactly opposite trend, the past financial year again showed the usual pattern. The opposite movement in 2013 and the resulting low or high base values in the first or second half of 2013 reinforced this trend and should be taken into account in the year-on-year comparison.

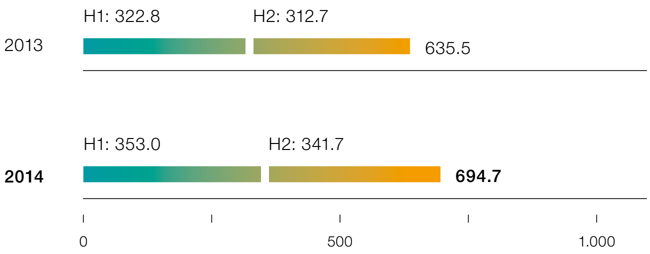
OVERVIEW OF SALES CONTRIBUTIONS FROM COMPANIES ACQUIRED IN 2013 AND 2014

Company	First consolidation	Share of sales contribution 2014* in EUR millions
Davydick & Co. Pty. Limited, Australia	January 2013	0.1
Variant S.A., Poland	June 2013	1.1
Guyco Pty. Limited, Australia	July 2013	3.6
Click Automotiva Industrial Ltda., Brazil	September 2013	0.1
Five Star Clamps, Inc., USA	April 2014	3.2
National Diversified Sales, Inc., USA	November 2014	13.9
Total		**22.0**

* until 12 months have expired following the acquisition

SALES GROWTH IN 2014

in EUR millions



EFFECTS ON GROUP SALES

	in EUR millions	share in %
Sales 2013	635.5	
Organic growth	41.3	6.5
Acquisitions	22.0	3.5
Currency effects	–4.1	–0.6
Sales 2014	**694.7**	**9.3**

Heterogeneous developments in the various regions

Overall, the financial year for NORMA Group began with a strong first quarter in which the start-ups had a positive impact on the organic growth of the Group due to the EURO-6 emission standard in Europe and the robust macroeconomic environment across all regions. But from the second quarter on a partially heterogeneous development was seen in the various regions. While sales growth flattened in the EMEA region due to the general downturn in the economy and the overall decline in industrial production in Europe, the regions Americas and Asia-Pacific developed very dynamically throughout the year. → Segment Reporting, p. 74.

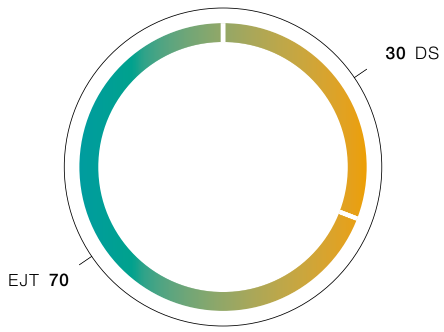
Organic growth in the area of EJT; DS bolstered by acquisitions

NORMA Group generated total sales of EUR 484.5 million in the EJT unit in financial year 2014, an increase of 9.2% over the previous year (2013: EUR 443.9 million). At the beginning of the year, the new ramp-up due to the EURO-6 standard and the positive economic conditions worldwide had a positive impact. This resulted in strong organic growth in all three segments in the first half of the year. In the second half of the year, the EMEA region lost some of its momentum in this area, however this was offset by the solid performance in the Americas and Asia-Pacific.

Revenues in the Distribution Services unit amounted to EUR 216.6 million in 2014 and thus increased by 11.9% over the previous year. Here, too, the Americas turned out to be the main growth driver. There, especially revenue from the water business had a positive impact in the fourth quarter of 2014 due to the acquisition of NDS.

SALES DISTRIBUTION BY DISTRIBUTION CHANNELS

in %



DEVELOPMENT OF THE DISTRIBUTION CHANNELS

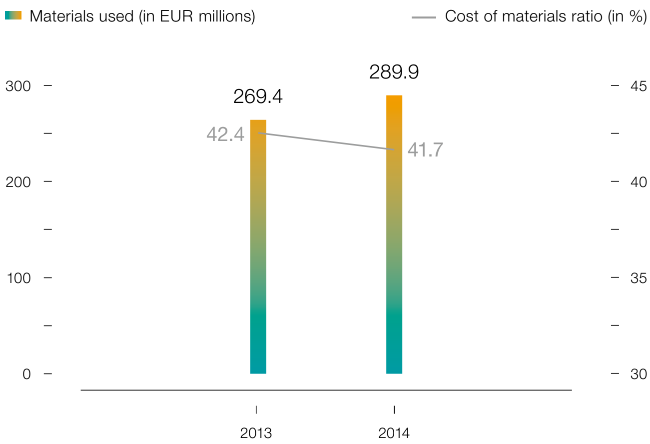
	EJT		DS	
	2014	2013	**2014**	2013
Sales (in EUR millions)	**484.5**	443.9	**216.6**	193.6
Growth (in %)	**9.2**	3.8	**11.9**	11.0
Share of sales (in %)	**70**	70	**30**	30

Development of earnings

Adjusted cost of materials ratio improved – gross margin constant

Thanks to targeted procurement management and the building of an effective Group purchasing structure, NORMA Group has been able to continuously improve its cost of materials ratio in recent years. In the reporting year 2014, the adjusted costs of materials amounted to EUR 289.9 million (2013: EUR 269.4 million). In terms of sales, this resulted in a significantly lower adjusted material cost ratio of 41.7% (2013: 42.4%). After deducting changes in inventories (EUR −2.9 million) and other own work capitalised (EUR 3.6 million) from sales, NORMA Group reported adjusted gross profit of EUR 405.6 million, an increase of 9.2% compared to the previous year (EUR 371.4 million). In relation to sales, this resulted in an unchanged high gross margin of 58.4% compared to 2013.

COST OF MATERIALS AND COST OF MATERIALS RATIO



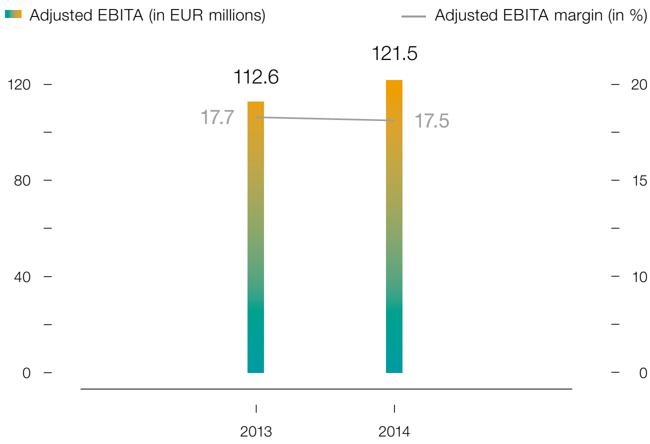
Adjusted operational results increased

Other significant factors influencing the development of operational results – earnings before interest, taxes, depreciation and amortisation (EBITDA) – include personnel costs and other operating income and expenses. In relation to sales, adjusted personnel expenses rose slightly disproportionately by 11.0% to EUR 188.3 million (2013: EUR 169.7 million) in the reporting year. The resulting slightly higher adjusted personnel expense ratio of 27.1% (2013: 26.7%) can be attributed to the increase in the average number of employees during the reporting year also as a result of the acquisitions. On the other hand, adjusted other income and expenses (EUR 78.9 million) showed a stable development compared to sales, which is reflected in a rate of 11.4%, unchanged to 2013.

This resulted in adjusted earnings before interest, taxes, depreciation and amortisation (adjusted EBITDA) for the financial year of EUR 138.4 million, an increase of 7.1% over the previous year (2013: EUR 129.3 million).

The more significant financial control parameter for NORMA Group, the adjusted EBITA, amounted to EUR 121.5 million in 2014, which is 7.9% higher than the adjusted EBITA of the previous year (2013: EUR 112.6 million). The resulting adjusted operating EBITA margin was 17.5% (2013: 17.7%). This means that NORMA Group's business was sustainably profitable again in 2014.

ADJUSTED EBITA AND ADJUSTED EBITA MARGIN



Financial result

The unadjusted financial result for financial year 2014 came to EUR –14.5 million (2013: EUR –15.6 million). This was mainly influenced by one-off effects from the reversal of the discount related to the partial repayment of the syndicated loan, but also to derivative hedging transactions (EUR −5.4 million). Furthermore, the development of the US dollar had a positive impact on the currency earnings from financing activities. → Notes, p. 136. The financial result adjusted for the one-off effects mentioned was EUR −9.1 million.

Adjusted net income after tax increased

Adjusted net income after tax for the period amounted to EUR 71.5 million in 2014 and thus increased by 15.1% compared to the previous year (2013: 62.1 million). Adjusted income taxes amounted to EUR 35.7 million, resulting in an effective tax rate of 33.3%. Unadjusted net income in 2014 amounted to EUR 54.9 million and was 1.3% lower than in 2013 (EUR 55.6 million). Overall, the adjustment effect after tax amounted to EUR 16.6 million.

With an unchanged number of 31,862,400 shares compared to last year, this resulted in adjusted earnings per share of EUR 2.24 (2013: EUR 1.95). Unadjusted earnings per share amounted to EUR 1.72 (2013: EUR 1.74).

Financial position and cash flows

Total assets reflect acquisition of NDS

Total assets amounted to EUR 1,078.4 million as of 31 December 2014 and were thus 30.9% higher than in the previous year

(EUR 823.7 million). They were mainly influenced by the acquisition of the two US companies Five Star and NDS. The increase in liabilities reflected in particular the issuance of the promissory note in the amount of around EUR 209 million (EUR 106 million and USD 128.5 million) in the fourth quarter and the resulting rise in non-current liabilities.

Non-current and current assets

The acquisitions in the USA already mentioned resulted in an increase in non-current assets by 67.4% to EUR 754.3 million. Following the initial consolidation of the acquisitions, there was an increase in goodwill, which amounted to approximately EUR 78 million. Other changes in goodwill are attributable to currency effects. Furthermore the other intangible and tangible assets increased. → Notes, p. 141.

Current assets, on the other hand, decreased by 13.1% from EUR 373.1 million as of 31 December 2013 to EUR 324.1 million. This resulted mainly from the decrease in cash and cash equivalents, which were primarily used to repay the existing syndicated credit line in the first quarter of 2014. Inventories and receivables for goods and services also increased due to the acquisitions.

The share of non-current assets to total assets at the end of 2014 amounted to 70.0%. Consequently, current assets accounted for a 30.0% share.

Equity ratio

Consolidated equity as of 31 December 2014 amounted to EUR 368.0 million and thus rose by 15.0% compared to the previous year (2013: EUR 319.9 million). This increase resulted mainly from the net profit for the period of EUR 54.9 million and positive currency translation differences in the amount of EUR 14.3 million. In contrast, the dividends paid in the second quarter in the amount of EUR 22.3 million reduced equity. Due to the increased debt ratio as a result of the acquisition of NDS, the equity ratio at the end of financial year 2014 was 34.1% (2013: 38.8%).

Net debt increased by acquisition financing

Net debt after the acquisition of NDS and the issuance of the promissory note at the end of the reporting period was EUR 373.1 million (included herein are derivative and thus non-cash financial instruments in the amount of EUR 20.2 million), a significant increase compared to the previous year (2013: EUR 153.5 million). Gearing (net debt in relation to equity) was 1.0 (2013: 0.5). → Notes, p. 161.

(Trade) working capital

(Trade) working capital (inventories plus receivables minus liabilities, both primarily from trade payables and trade receivables) was EUR 141.8 million as of 31 December 2014, and thus 27.9% higher than the previous year (2013: EUR 110.9 million). The increase resulted primarily from the initial consolidation of NDS. In relation to sales, trade working capital was 20.4% (2013: 17.5%) on the balance sheet date. Considering NDS sales for the full year 2014, the (pro forma) working capital accounts for 18.1% of sales.

Non-current liabilities

Non-current liabilities amounted to EUR 555.1 million as of 31 December 2014 (2013: EUR 261.4 million), and were thus around 51.5% of total assets. This reflects in particular the increase in long-term debt of EUR 201.0 million at the end of 2013 to EUR 408.2 million as of the balance sheet date in 2014 due to the issuance of the promissory note in the fourth quarter. Furthermore, derivative financial liabilities increased in terms of valuation. In addition, deferred income tax liabilities of EUR 33.0 million in December 2013 increased to EUR 104.6 million as of the balance sheet date. This increase mainly resulted from the consolidation of NDS.

Current liabilities

Current liabilities amounted to EUR 155.3 million at the end of 2014 (2013: EUR 242.4 million) and were thus reduced by EUR 87.1 million or 35.9% compared to the previous year. This is mainly due to the repayment of the revolving credit facility in the first quarter of 2014 in the amount of EUR 101.4 million, which was still reflected under current liabilities in the balance sheet for the previous year. Furthermore, trade liabilities increased by EUR 21.8 million to EUR 80.8 million.

Off-balance sheet financial instruments

NORMA Group relies on rental agreements (so-called operating leasing) for its financing, but only to a limited extent. These are not reflected in the consolidated financial statements. → Notes, p. 164. In addition, a variety of supply chain financing programmes are used to improve working capital, including a supplier-side reverse factoring programme. An attempt is also made to optimise working capital on the customer side using the appropriate instruments. → Notes, p. 151. In addition, there were no other off-balance sheet financial instruments during the reporting period January to December 2014.

Unrecognised intangible assets

NORMA Group's rights to the brands it owns, if acquired externally, are recognised in the balance sheet as intangible assets together with its patents. However, the reputation of these brands and how well known they are among its customers also play important roles in its success, as does consumer confidence in NORMA Group's products. Well-established customer relationships that are based on NORMA Group's distribution network that has continually grown over the course of many years are equally important. The know-how and experience of NORMA Group employees also play important roles in the Company's success. The many years of research and development expertise and project management know-how are also seen as competitive advantages for NORMA Group. These values are not recognised in the balance sheet.

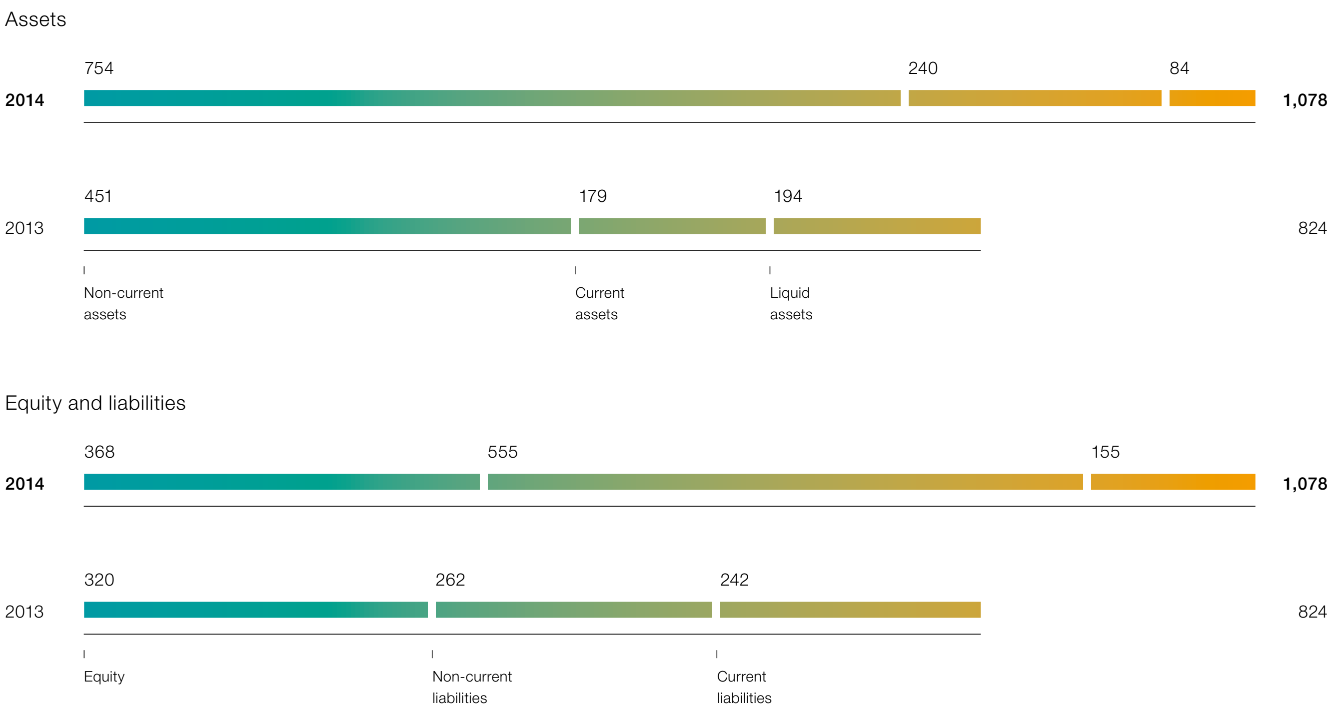
Financial management

Financial measures and capital costs

Risks from changes in exchange rates are continuously monitored and limited by using derivative structures. Furthermore NORMA Group strives to achieve a broad diversification of its

ASSET AND CAPITAL STRUCTURE

in EUR millions



financing instruments over the medium term in order to reduce risk. These also include prolongation of repayment obligations and an even distribution of the maturity profile. Most of the supply and service relationships between individual currencies are simultaneously hedged over the course of the year.

In financial year 2014, NORMA Group took further steps toward improving its financial structure. The credit line originally agreed to at the time of the IPO was renegotiated by September 2014 and continued with improved conditions. The new syndicated loan has a term of five years (with a double extension option) and a total volume of EUR 150 million. It includes a revolving line of credit in the amount of EUR 50 million and a loan facility in the amount of EUR 100 million. As of the reporting date 31 December 2014, no use was made of the revolving line. In order to achieve maximum flexibility, a so-called accordion facility was also negotiated in the loan agreement. This enables NORMA Group to take out loans from other banks up to a maximum volume of EUR 250 million and thus extend the overall credit line.

The entire syndicated loan that was issued solely on a variable euro basis was for the most part converted into a fixed-rate position in US dollars by using derivative instruments. This made it possible to minimise currency and interest rate change risks. The changes in value of the instruments chosen are recorded directly in the equity position as part of hedge accounting. A small portion of the credit line was intentionally not hedged to allow for special repayment options. NORMA Group considers the risk of a significant increase in interest rates in the short term to be relatively low. If this assessment changes, the interest rate risk will be limited by using the appropriate instruments.

Following the successful placement of the first promissory note in 2013, NORMA Group issued another promissory note in the amount of EUR 209 million (EUR 106 million / USD 128.5 million) in late 2014. The new promissory note has a term of three, five, seven and ten years. Parts of the USD tranches are not secured and act as a natural hedging instrument and reduce the Group's increased US dollar exposure.

The funds raised through the issuance of the promissory note were partially used to repay the bridge loan that was provided by the Landesbank Hessen-Thüringen and the Landesbank Baden-Württemberg for a short time in connection with the acquisition of National Diversified Sales (purchase price payment in USD).

The strong interest from the banking institutes resulted in a high oversubscription and therefore also an attractive credit margin. As with the first promissory note, hedging was performed using derivative structures as fixed interest payment positions to avoid the risk of a change in interest rates. With the new financing structure, the Company managed to achieve a significant extension of the term and an even repayment profile. The average interest rate of the promissory note loan of 3.0% (EURIBOR plus margin) corresponds to the market assessment of an 'Investment Grade' for NORMA Group.

As of the balance sheet date in 2014, NORMA Group complied with all of the conditions contained in the loan contracts (financial covenants: financial debt ratio and change of control).

Further concrete financing steps will depend on the current changes in the financing markets and acquisition potentials.

Development of cash flow

Net operating cash flow

In 2014, NORMA Group achieved an operating net cash flow of EUR 103.2 million. Compared to the previous year, the net cash flow is on a comparable high level (2013: EUR 103.9 million).

Cash flow from operating activities

Cash flow from operating activities in financial year 2014 amounted to EUR 96.4 million (2013: EUR 115.4 million) and was also affected by outflows from income taxes related to liabilities from previous years. In particular non-cash expenses from the stock option programme in the amount of EUR 0.5 million and non-cash interest expenses in the amount of EUR 2.5 million are reflected in other cash expenses and income. In addition, non-cash income from foreign currency translation, external financing liabilities and intragroup monetary items totalling EUR –4.4 million are included therein. Furthermore, the cash flows from the reverse factoring programme and the corresponding financial instruments on the customer side are shown in the cash flow from operating activities.

Cash flow from investing activities increased

Cash flow from investing activities amounted to EUR 265.1 million (2013: EUR 43.4 million) in financial year 2014. The significant increase over the previous year is primarily due to the acquisition of the two US companies Five Star and NDS. Overall, net payments for acquisitions amounted to a total of EUR 232.2 million. The investment ratio (tangible and intangible assets) was 5.7%.

Cash flow from financing activities primarily impacted by the promissory note

Cash flow from financing activities amounted to EUR 57.7 million (2013: EUR 51.7 million) in 2014. This mainly comprises proceeds from borrowings, repayments of borrowings, payments made in connection with the repayment of hedging derivatives, payment of the dividend as well as cash flows resulting from interest paid.

Proceeds from borrowings resulted from the issuance of the promissory note valued at EUR 209 million in December 2014 as well as from syndicated loans in the amount of EUR 20.1 million. Outflows, however, resulted from the repayment of a portion of the syndicated loan in the amount of EUR 123.0 million and the repayment of hedging derivatives in the amount of EUR 8.0 million in this context. Furthermore, a revolving credit facility in the amount of EUR 5.5 million, which was taken in claim on 31 December 2013, was repaid in full in the third quarter of 2014. In addition, payments for the acquisition of the remaining shares of Chien Jin Plastic (EUR 0.9 million) and payments for finance leases (EUR 0.3 million) are reported in cash flow from financing activities.

Investment analysis

NORMA Group invests the funds from its operating cash flow in its continued growth. Investments made in the reporting year 2014 pertained to the acquisition of the two companies Five Star and NDS, the acquisition of the remaining shares of the Malaysian company Chien Jin Plastic, but also investments in production facilities and expanding capacity. Furthermore, parcels of land were purchased in the USA to achieve long-term reductions in operating costs. → Production and Logistics, p. 77.

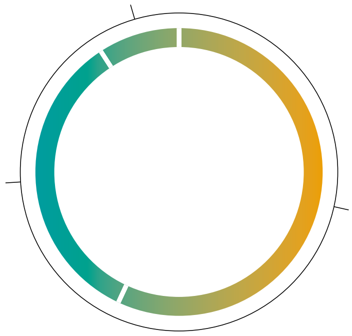
SEGMENT REPORTING

By developing new markets in line with the continuing strategy of internationalisation of NORMA Group, the share of sales realised internationally increased from 70.4% to 72.2%.

The distribution of sales across the three segments EMEA (Europe, Middle East, Africa), Americas (North, Central and South America) and Asia-Pacific (APAC) has changed slightly due to currency effects and the acquisitions of the two US companies Five Star and NDS in financial year 2014 and is now as follows:

SALES BY SEGMENT

in % | 2013 in brackets



Due to the fact that financing as a whole is controlled centrally, NORMA Group forgoes publishing a separate list of financing by segments. In every segment the aim is to achieve an investment ratio and cash generation that is in line with the Group average in the medium-term. → Financial and Liquidity Management, p. 62.

EMEA

External sales in the EMEA region amounted to EUR 394.5 million in 2014, and thus increased by 1.7% over the previous year (2013: EUR 388.0 million). While the region showed solid organic growth in the first quarter due to the new ramp-ups as a result of the EURO-6 standard, the momentum slowed down during the year. The main reasons were the generally weaker

SALES BY SEGMENT

in EUR millions	EMEA 2014	EMEA 2013	EMEA Δ	Americas 2014	Americas 2013	Americas Δ	Asia-Pacific 2014	Asia-Pacific 2013	Asia-Pacific Δ
External sales	**394.5**	**388.0**	**1.7%**	**237.8**	**191.6**	**24.1%**	**62.5**	**56.0**	**11.6%**
Contribution to consolidated sales	**57%**	61%		**34%**	30%		**9%**	9%	
Adjusted EBITDA [1)]	**84.6**	83.9	0.9%	**49.3**	45.2	9.0%	**7.7**	6.5	18.7%

[1)] The adjustments are described in the notes. → Notes, p. 133.

economic environment and the overall decline in industrial production in Europe. The EMEA region's share of total sales declined slightly compared to the previous year from 61% to 57% due to currency effects and acquisitions in the USA.

Adjusted EBITDA in the EMEA region increased by 0.9% to EUR 84.6 million (2013: EUR 83.9 million). At 21.5%, the adjusted EBITDA margin remained at a sustained high level (2013: 21.6%).

Assets increased by 1.2% compared to the previous year to EUR 496.4 million, mainly due to the growth of the business.

Investments amounted to EUR 13.1 million, and were thus at the same level as last year. The funds were invested primarily in production facilities for the purpose of capacity expansion at the German plants and in Serbia, the Czech Republic, Sweden and the UK. → Production and Logistics, p. 76.

The Americas

The Americas segment generated EUR 237.8 million in sales in 2014, and thus increased by 24.1% over the previous year. Here, the generally improved economic situation in America in particular, which was further strengthened by lower oil prices and the appreciation of the US dollar during the year, had a positive effect. In addition, the recovery of the US automotive market had a positive effect on sales growth in America. Consequently, the region experienced strong organic growth of 15.3%. Additional revenue from the acquisition of NDS in the amount of EUR 13.9 million also had an effect in the fourth quarter. Due to these developments, the share of sales of the Americas region of total sales increased to 34% (2013: 30%).

Adjusted EBITDA was EUR 49.3 million in 2014, and thus 9.0% higher than the previous year (2013: EUR 45.2 million). This resulted in a lower adjusted EBITDA margin of 20.7% (2013: 23.6%) compared to the previous year. This was due, among other factors, to the start-up costs related to the opening of the plant in Brazil.

Assets increased quite significantly compared to the previous year, mainly due to the acquisitions of Five Star and NDS, and amounted to EUR 574.9 million (2013: EUR 210.0 million) at the end of the year. Investments amounted to EUR 16.2 million and were also significantly higher than the previous year (2013: EUR 7.3 million). Investment priorities included the plant in Brazil. In addition, NORMA Group acquired parcels of land in the USA to lower its operating costs in the long term. → Production and Logistics, p. 76.

Asia-Pacific

Sales in the Asia-Pacific region amounted to EUR 62.5 million in 2014 and thus increased by 11.6% compared to the previous year. The region once again experienced a very dynamic development with solid organic growth over the course of the year, which was further supplemented by revenue from acquisitions (Davydick & Co. and Guyco) in the first half of the year.

Adjusted EBITDA rose by 18.7% to EUR 7.7 million (2013: EUR 6.5 million). The adjusted EBITDA margin increased to 12.3% (2013: 11.6%).

Assets increased from EUR 61.9 million by 16.2% to EUR 71.9 million during the reporting year. This was mainly due to the general growth of business operations in this region.

Investments, which amounted to EUR 5.8 million (2013: EUR 6.7 million) in 2014, were mainly used to expand NORMA Group's second site in China.

SUSTAINABLE VALUE CREATION

NORMA Group considers reconciling the effects of its business activities with the needs of society to be its primary responsibility. The management therefore takes the principles of responsible management and sustainable conduct into consideration in making company decisions.

Corporate Responsibility, NORMA Group's responsibility to society and the environment, is therefore an integral component of the corporate strategy. The CR steering committee that was founded in 2012 under the leadership of CEO Werner Deggim is responsible for setting and formulating long-term goals for CR and coordinates the respective cross-divisional activities.

Five key areas of Corporate Responsibility

In order to serve the needs of all stakeholders, NORMA Group has systematised its CR activities in the following five key areas.

- Responsible Management
- Business Solutions
- Employees
- Environment
- Community

The main focuses of the individual areas of activity are discussed in greater detail in the Sustainability Report that NORMA Group published for the first time in 2014. This report also provides information on many of the Group's performance indicators and is orientated towards the latest standard of the Global Reporting Initiative (GRI 4).

PRODUCTION AND LOGISTICS

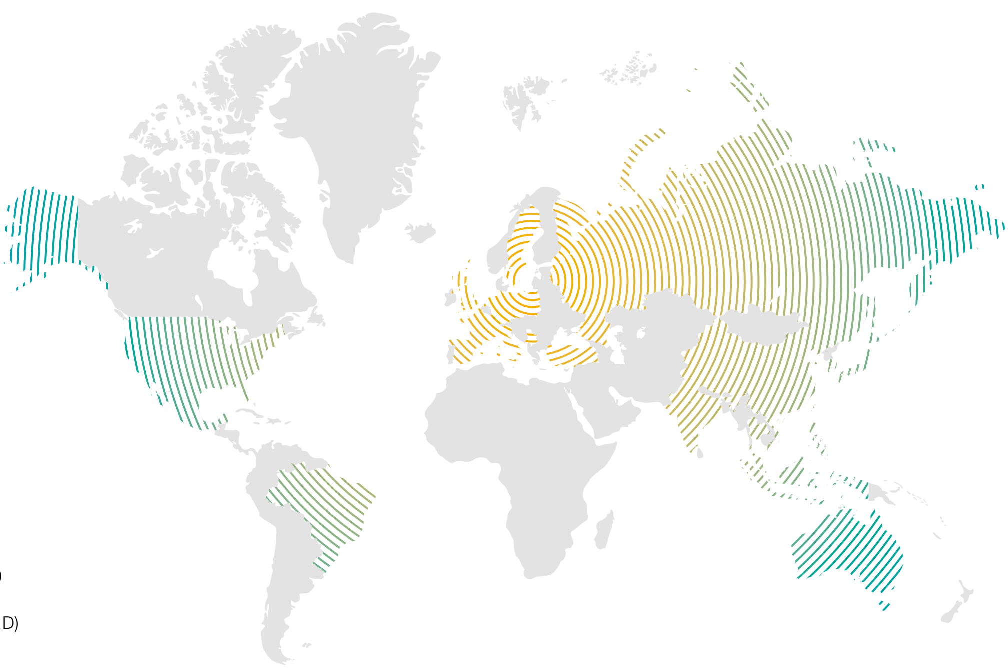
NORMA Group manufactures and markets approximately 35,000 different products and has 22 production sites all over the world. Furthermore, the Company has a network consisting of numerous distribution, sales and competence centres that supply to its customers in the respective regions. → Graphic: Production and Distribution sites.

In financial year 2014, NORMA Group further expanded its global presence by opening two new production sites in Atibaia, Brazil, and Changhzou, China. Through the acquisition of National Diversified Sales in October 2014, the number of NORMA Group sites increased to include two more sites in the USA in the financial year. The production operated by Five Star, the company acquired in April, on the other hand, was consolidated, and these operations were relocated to the NORMA Group plant in Michigan. Furthermore, production was discontinued at the Italian Nordic Metalblok site. A new distribution centre was also opened in Michigan to ensure higher performance, more flexible storage and even faster delivery times.

Production and capacity utilisation

The capacity utilisation of NORMA Group's manufacturing and storage facilities varies from site to site. In markets such as the emerging countries of Asia and South America, where NORMA Group's business is still being developed, the area-related utilisation of production plants is currently relatively low. This can be attributed to the fact that investment decisions are planned in advance to ensure that sufficient production space is available to be able to expand production capacity in a flexible manner. In industrial nations and the markets in which NORMA Group already has an established market position and the plants are largely working to capacity, an attempt is made to avoid investing in additional manufacturing space whenever possible. Instead, the goal is to optimise the current manufacturing processes by improving efficiency in order to be able to use the existing space to create additional capacity.

NORMA GROUP PRODUCTION AND DISTRIBUTION SITES



EMEA
Czech Republic (P)
France (P, D)
Germany (P, D)
Italy (D)
Poland (P, D)
Russia (P, D)
Serbia (P)
Spain (D)
Sweden (P, D)
Switzerland (P, D)
The Netherlands (D)
Turkey (D)
United Kingdom (P, D)

Americas
Brazil (P, D)
Mexico (P)
USA (P, D)

Asia-Pacific
Australia (D)
China (P, D)
India (P, D)
Indonesia (D)
Japan (D)
Korea (D)
Malaysia (P, D)
Philippines (D)
Singapore (D)
Thailand (P)
Vietnam (D)

The capacity utilisation of manufacturing plants can be ramped up flexibly to suit customer demand and the order situation. Within each product category, a wide variety of different products with different specifications can be manufactured at the existing plants by performing only minor conversion measures. Thus, production can be optimally adapted to suit customer demand.

Investment in capacity expansion

Apart from the acquisitions already mentioned, the following investments toward expanding capacities were made last year:

Country	Site	Description
Germany	Maintal	Refurbishment of tooling and production equipment, investment in a new assembly machine
Sweden	Anderstorp	Refurbishment of machinery and equipment in order to improve quality and productivity
France	Briey	Implemented overmoulding capability for UTS systems
Czech Republic	Hustopece	Investment in hot gas testing and 3D metrology equipment
Germany	Gebershausen	Expansion of the Eurocoupler capacity
United Kingdom	Newbury	Installation of transfer presses for VPP clamp production
China	Changzhou	Start-up of a facility for manufacturing VPP clamps for a Japanese customer, investment in production equipment for coupler, QRC and Gemi products
China	Qingdao	Installation of new production equipment for UTS systems, fluid systems and V2 connectors
Malaysia	Ipoh	Upgrade of an electrical substation in order to operate additional moulding machines
India	Pune	Extension of the extrusion capacity
USA	Auburn Hills	Purchase of land and buildings to reduce operating expenses, investments in additional production equipment
Brazil	Atibaia	Start-up of a facility for producing quick connectors for the local market, expansion of production capacity
USA	St. Clair	Purchase of land and buildings to expand capacity, purchase of two moulding machines
Mexico	Monterrey	Implementation of an extrusion process to reduce the level of imports, expansion of UTS system capacity to support market growth
Mexico	Juarez	Investment in new press capacity to support growth, implementation of safety systems on presses and welding equipment to reduce the risk of accidents

Continuous optimisation of the entire value chain

At NORMA Group, all internal processing steps in the value chain are constantly analysed for optimisation potential. The Global Excellence Programme that was introduced in 2009 represents an essential tool here that helps to analyse existing processes, identify potential for improvements and introduce the appropriate measures for implementation. As a result, many processes have already been automated and standardised in recent years, so that significant economies of scale have been achieved.

By introducing the NORMA Group Production System (NPS) at the beginning of 2014, yet another step towards becoming a value-oriented company has been taken. The NPS and the implementation of lean manufacturing associated with it are both aimed at making production even more efficient in the future, increasing productivity and achieving further cost savings. In this respect, NORMA Group also employs innovative methods to optimise its processes. These include, for example, statistical process regulation, kaizen, the 5S methodology on optimisation of workplaces, the Six Sigma method for analysing and eliminating defects in development and manufacturing, but also the daily Gemba Walk through the production halls.

A uniform, Group-wide ERP system that was implemented starting in 2012 provides software-based support for all important business processes. The system was expanded step by step at further NORMA Group sites and divisions in 2013 and 2014. The roll-out is not yet completed and will be continued in future. By using a standardised system, NORMA Group is able to harmonise and integrate all processes, which is particularly important in light of the Group's rapid growth and its many acquisitions in recent years.

Customer focus and secure supply chain

In order to optimise its logistics costs, NORMA Group always strives to keep the geographical distances in the value chain as short as possible and avoid non value-adding intermediate steps via other NORMA Group sites. The goal is therefore to always manufacture in the regions that its customers are based in. This not only optimises working capital and lowers logistics costs, but also minimises delivery risks and reduces negative impacts on the environment.

Despite these efforts, cross-border deliveries are still indispensable for NORMA Group in many places, therefore optimised and secure customs processes are extremely important. For this reason, NORMA Group participates in various customs and trade partnership programmes. By participating in an export control programme that is part of the global compliance programme, NORMA Group ensures that its supply chain meets all of the legal requirements. By reviewing all of its business partners at least once a year, NORMA Group is able to rule out deliveries to legally sanctioned third parties. In addition, compliance with the relevant legal regulations on export control is ensured through internal organisational procedures and regular checks.

QUALITY MANAGEMENT

The products that NORMA Group supplies are often critical to the ability of its customers' end products to function properly. It is therefore extremely important for NORMA Group to ensure that it delivers outstanding quality. In order to be able to offer the same high quality all over the world, the quality standards ISO 9001, TS 16949 are observed throughout the entire Group, with the exception of the plants that were acquired only recently or built during the financial year. Two sites that supply to the aviation industry have also been certified in accordance with EN 9100, and various product categories have been approved especially for the shipping and construction industry. Plants that are not yet connected to the quality management system are to obtain the appropriate certifications as soon as possible. Because customer needs vary in the many different regions and markets, regional standards and customer requirements are also taken into consideration in production. This know-how is shared inside the Group through close collaboration between the various sites and gradual implementation of quality management (CAQ) software.

Through its integrated, holistic approach to quality management and extensive measures aimed at optimising processes, NORMA Group was also able to improve key figures that measure customer satisfaction in 2014. The number of returned parts per million (PPM) was reduced to 17 (2013: 24). In addition, the number of quality-related complaints per month was reduced to an average of 8 (2013: 9)

Higher customer satisfaction is also reflected in the results of this year's Customer Satisfaction Survey (CSS). This detailed survey covers all aspects of NORMA Group's products, including quality, logistics, packaging and labelling, customer service and online presence. More than 550 customers took part in last year's survey.

The many awards that NORMA Group has received in recent years also clearly show how pleased customers are with the Company:

- Received the Best Partner Award from General Motors in China
- Honoured as the Best Medium Enterprise 2013 in Serbia
- Recognised as a First-Class Supplier by FAW-Volkswagen Automobile Co., Ltd. in China
- Received the 50 PPM Award from PACCAR
- Recognised with the Komatsu Award for outstanding achievements and results as a supplier
- Received the General Motors Supplier Quality Excellence Award
- Recognised as the Top Supplier in China by General Motors and Ford

PURCHASING AND SUPPLIER MANAGEMENT

Material costs represent the highest cost position for NORMA Group next to personnel costs. Because they significantly affect the Company's profits, purchasing and supplier management both play a decisive role in the success of the Group. The most important goal for the purchasing department is to reduce price risk and leverage economies of scale within the Group through proactive management of the direct and indirect costs of materials and services purchased.

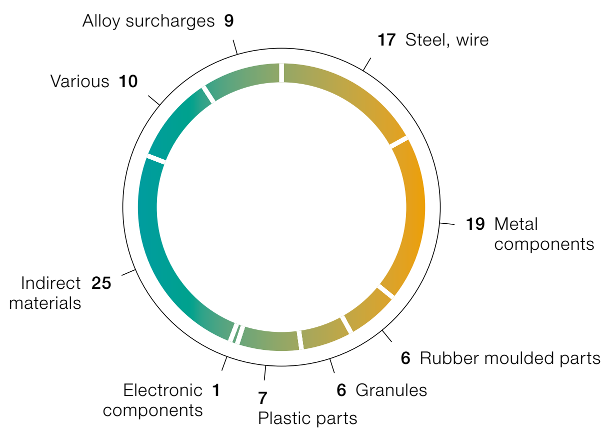
Purchasing and supplier management at NORMA Group is organised primarily on the basis of the following three higher level commodity groups:

- Steel and metal components (various grades / materials)
- Granules and plastic products
- Capital goods, non-production materials and services

The commodity organisation is integrated into the NORMA Group plants worldwide in the form of a matrix structure. Additional commodity responsibilities emerged in recent years in purchasing and supplier management, particularly in the areas of water infrastructure and pharmaceutical biotechnology, due to the Company's continued growth, acquisitions and the related expansion into new markets.

MATERIAL PURCHASING IN 2014

in %



Global Group structure and regional expertise

NORMA Group has established a powerful Group purchasing structure that also includes the area of non-production materials and services since 2013. Purchasing is controlled centrally for all domestic and foreign Group companies, while regional teams contribute their specific knowledge of local market conditions and typical regional cost drivers. Commodities and services can be obtained extremely competitively and the related costs can be reduced significantly due to the higher degree of professionalism and the combination of global and regional purchasing management. This is also reflected in a significantly improved (adjusted) material purchasing rate of 41.7% in 2014 (2013: 42.4%). → Economic Report, p. 71.

Development of material prices and prices of non-production materials

The market prices for steel grades purchased were slightly lower in 2014. Improvements in the supplier selection process have made an additional positive value contribution. In contrast, the nickel price quotes which have a significant influence on the alloy surcharges of austenitic materials were considerably more volatile in 2014 than in the previous year. While they were at a relatively high level in the period June to October, they declined again towards the end of the year. Slightly higher expenditures were therefore recorded on an annual average. → Graphic: Development of Nickel Prices.

The prices of ferritic materials developed at a relatively stable rate throughout the year. The average of the quotations changed only slightly over the previous year.

Because of the clearly improved economic and order situation in the USA in the second half of 2014, NORMA Group was temporarily faced with an increase in orders and had to purchase steel at the comparatively higher spot price in the short term to meet customer demand. In general, NORMA Group protects itself from the volatility of commodity prices by signing long-term contracts with suppliers.

The market prices of most of the other commodities such as polyamides or polypropylene materials remained relatively stable or were even slightly lower. In the area of non-production materials better overall conditions for the Group subcontracting agreements could also be achieved due to the specific market and competitive understanding of the buyers.

Supplier management

Constantly optimising the selection of suppliers is yet another key task of purchasing. This is done not only solely on the basis of traditional criteria such as quality, price, delivery times and loyalty, but also takes important aspects of risk management and sustainable development into consideration.

With this in mind, NORMA Group published the Supplier Code of Conduct in 2014. These guidelines formulate NORMA Group's expectations with respect to the sustainable economic activity of its suppliers and serve as a basis for additional sustainability criteria such as compliance with human and employee rights, workplace safety and ecological and ethical aspects when selecting suppliers. @ http://normagroup.com/cr. NORMA Group's goal is to ensure that it acts responsibly throughout the entire value creation chain.

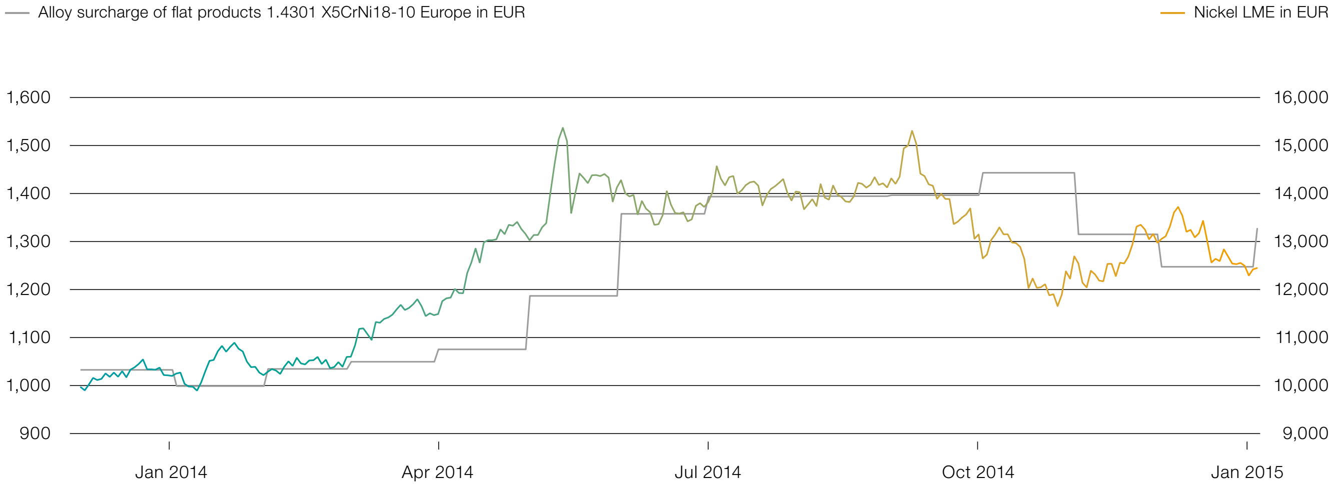
By the end of 2014, all production material suppliers of strategic importance to NORMA Group had confirmed their commitment to the Code. The written consent of all large and medium-sized suppliers and suppliers from so-called high-risk countries (China, India, South East Asia, etc.) is to be obtained in 2015.

To honour its suppliers' commitment to sustainability, NORMA Group awarded the Global Supplier Recognition Award for the first time in 2014. This award for outstanding achievements and results was presented to the longstanding and reliable global supplier to NORMA Group, EMS Chemie Holding AG from Switzerland.

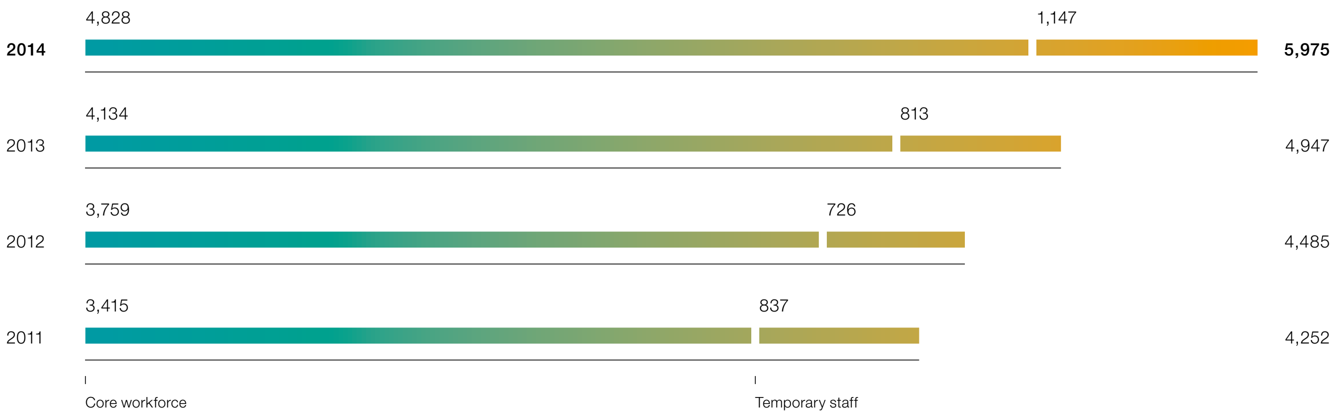
Supplier structure

Total production materials turnover amounted to approximately EUR 179 million in 2014. The top 10 suppliers accounted for roughly 28%, while the Company's top 50 suppliers accounted for nearly 60% of the total volume. Thus there are no excessive dependencies on individual suppliers.

DEVELOPMENT OF NICKEL PRICES AND THE ALLOY SURCHARGE 1.4301 IN 2014



PERSONNEL DEVELOPMENT AT NORMA GROUP



EMPLOYEES

Personnel development

NORMA Group employed a staff (core workforce including temporary staff) of 5,975 in total at the end of December 2014 and thus 21% more people than in the previous year (2013: 4,947). There were 1,147 temporary workers on this date. This equates to around 19% of the total workforce.

NORMA Group recorded the highest increase in employees in the Americas region in 2014. The workforce here grew by 85% to 1,315 employees. The acquisition of the US company National Diversified Sales, the continued expansion of the Brazilian site in Atibaia and expansion of production in Mexico were the main reasons for this.

In the Asia-Pacific growth region, the number of employees rose by 18% to 710 permanent employees. This can be attributed for the most part to the setup of the second Chinese site in Changzhou and the increase in production capacity at Chien Jin Plastics in Malaysia.

There were 2,803 permanent employees in the EMEA region at the end of the year, which means that the number of employees in this region essentially remained stable compared to the previous year.

Decentralised personnel management

NORMA Group relies on a local personnel management organisation in order to be able to meet the various needs in different regions. In other words, the individual sites are largely responsible for selecting, training and deciding on the remuneration of their own employees. On the other hand, they must still observe the strategic and operational corporate guidelines on personnel policies and compliance.

In light of the many acquisitions that the Company has made in recent years and consequently the rapid increase in the number of employees, the 'HR Invent' initiative was launched in 2014. The objective of this project is to analyse all processes in the human resources department for optimisation potential. The employer branding project which aims at increasing NORMA Group's appeal as an employer and, at the same time, encouraging a uniform corporate culture within the entire Group is one component of the HR Invent initiative. Initial results of the employer branding project are expected in the first quarter of 2015.

Supporting diversity and internationality

NORMA Group's employees come from 40 different nations and have various ethnic and cultural backgrounds. NORMA Group believes that supporting the diversity of its employees gives the Company an important competitive advantage. The Company not only gains a better understanding of the changing markets, but also has access to an even larger talent pool. NORMA Group reaffirmed its position on diversity by signing the 'Charter of Diversity' in March 2013. Three regional diversity officers are employed on a Group-wide basis to see to it that all employees benefit from receiving the same respect and equality of opportunity.

More female expertise

One objective of NORMA Group's diversity strategy is to increase the share of female employees in management positions. On 31 December 2014, the Group employed 1,628 female employees, which equates to roughly 34% of its total workforce. Women hold 24% of all management positions.

NORMA Group offers a variety of programmes and working time models that make it easier for its female employees to reconcile work and family life. One example of this is a lifetime working time account that allows for the employees at German sites to set up wage credit accounts by saving parts of their monthly salaries, bonuses or remaining vacation days. The resulting credits can then be used to take time off to attend to their children, for example. Furthermore, NORMA Group gives its employees the chance to perform some or even all of their work-related tasks outside the Company at their home offices.

CORE WORKFORCE BY SEGMENT

	2014	in %	2013	in %
EMEA	2,803	58	2,820	64
Americas	1,315	27	711	20
Asia-Pacific	710	15	603	16
Total	4,828		4,134	

AGE STRUCTURE OF NORMA GROUP EMPLOYEES [1)]

< 30 years	30 to 50 years	> 50 years	Average age
25%	54%	21%	37.5 years

[1)] 4,753 employees in total (98.4% of permanent staff in total). For legal reasons, reporting on employees' ages is not possible for all Group companies.

LENGTH OF SERVICE OF NORMA GROUP EMPLOYEES

up to 5 years	> 5 years	> 10 years	Average length of service
57%	17%	26%	7.2 years

Inclusion of the handicapped

At NORMA Group, people who have handicaps are also given the chance to take part in normal work life. In fact, NORMA Group currently employs 46 handicapped men and women in Germany.

Integration through cooperation

Fostering diversity also means seeing to it that all parties are able to get along well in their immediate environment. People from 25 different countries work at NORMA Group's headquarters in Maintal alone. In order to also support effective integration outside the workplace, NORMA Group cooperates with a non-profit organisation in Germany that offers the foreign employees of the site in Maintal the opportunity to participate in German courses at no charge.

Performance management

Rewarding performance

NORMA Group strives to attract and retain qualified and committed employees. For this reason, particular importance is placed on fair remuneration. By holding regular benchmarks, NORMA Group ensures that its employees are paid market-oriented salaries and wages based on their responsibilities. The remuneration system also contains variable remuneration elements to encourage employees to take an interest in the further development of the Company and share in its economic success. Furthermore, we ensure that all of the remuneration and social contributions paid satisfy at least the local statutory standards. For tariff and non-tariff employees in Germany, this is based on important financial performance indicators, for example. Furthermore, achieving personal goals plays a role in evaluating employee performance. All of the remuneration and social contributions that NORMA Group pays satisfy at least the local statutory standards.

Responsibility for temporary employees

Temporary employment of workers represents an important instrument for manufacturing companies like those of NORMA Group that allows for temporary peaks in production and economic cycles to be compensated for in a flexible manner. Furthermore, it allows for special projects to be worked on and employees to be filled-in for. Temporary employment thus contributes to its operational results. Due to the fact that NORMA Group does not want to achieve this success at the expense of its temporary employees, the Company only works with temporary employment agencies in Germany that follow a valid collective labour agreement that has been signed by a workers' organisation that is a member of the German Trade Union Federation.

Knowledge as a resource

In order to maintain its high degree of innovative capabilities and ensure that the Group continues its successful development in the future, NORMA Group invests heavily in the further education and training of its employees. The goal is to recruit as many expert employees from its own youth as possible and thus lower its dependence on the external job market.

Numerous training opportunities for career entrants

Training its young people represents an elementary component of NORMA Group's personnel policy. In keeping with its global focus, the Company's training and further education programmes also have an international focus. Young employees participate in traineeships and exchange programmes at other national companies in order to prepare them for working in international teams at an early point in time.

NORMA Group has been giving its people the chance to obtain a combination of practical training and university studies in the fields of industrial engineering, mechanical engineering, mechatronics, and business administration since 2006. In addition, NORMA Group trains young people in various technical and commercial areas and offers internships for students in all of its departments and regions.

In 2014, NORMA Germany employed 39 trainees, three of whom pursued dual studies. NORMA Group gave all of these trainees who successfully completed their training or studies in 2014 permanent employment.

Due to the increasing complexity of the Group structures and the demand for qualified young employees in the area of information technology, NORMA Group started an AX Trainee Programme last year in cooperation with Microsoft for the first time.

Broad continued education offerings for employees

NORMA Group's success is also dependent on how quickly and effectively the Company can react to its customers' changing technical requirement and external influencing factors. For this reason, NORMA Group must be able to ensure that its employees are always up-to-date in all relevant areas. The Company therefore supports comprehensive measures on the continued personal development of its employees and works closely with universities such as the Frankfurt School of Finance, for example.

Each and every employee who works for NORMA Group was able to benefit from an average of 35 hours of additional occupational training in the reporting year 2014 (2013: 28 hours). 92% of its employees (2013: 97%) participated in at least one training activity.

Targeted search for talent

The development of its technical and managerial personnel is of high priority to NORMA Group. All supervisors are required to hold an assessment and qualification conversation with each individual employee at least once a year in order to be able to evaluate their staff's performances, specialised knowledge and development potential. During these meetings, personal goals are set for the next year.

Furthermore, so-called talent reviews help NORMA Group to identify employees with potential at all levels of management on a regular basis. These so-called high potentials are given the opportunity to participate in a three-year talent programme in which they are trained in various strategic and entrepreneurial disciplines and taught special management and conflict solving skills.

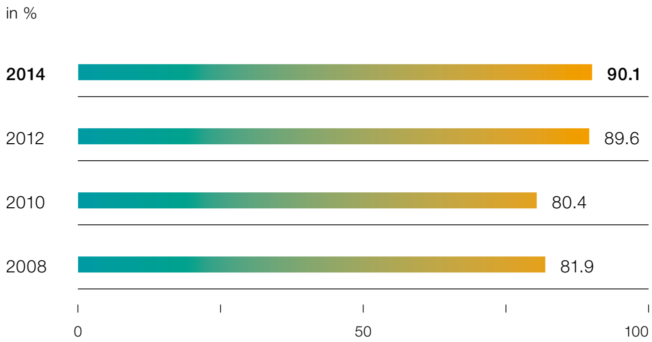
Exchanges of personnel: More communication, better understanding

NORMA Group will continue to grow internationally in the future, both organically and through acquisitions. In order to be able to integrate new parts of the Group and for the individual sites to work together efficiently, communication that functions well is essential at all levels. To achieve this, NORMA Group offers a variety of exchange programmes for its employees, one to three-month so-called 'bubble assignments,' three to twelve month 'short term assignments' and 'long-term assignments' with a term of at least one year. Expert personnel and managers who participate in this initiative bring special skills and experience to the new sites and, at the same time, benefit from the know-how that their new colleagues have. Through these projects, NORMA Group promotes the internal transfer of knowledge, intercultural awareness, the establishment of networks and the individual development of the participants.

Feedback culture – employees express their opinions

NORMA Group has been conducting an employee survey every other year since 2008. This enables the Company to systematically analyse its strengths and weaknesses from the perspective of its employees and represents the most important feedback instrument at the organisational level. The survey makes it possible to identify challenges and respond by initiating important change processes.

PARTICIPATION RATE IN THE EMPLOYEE SATISFACTION SURVEY



90.1% of the entire workforce participated in the survey conducted in 2014. The results of the survey and the high participation rate clearly suggest that NORMA Group's employees are interested in actively designing changes as well as the further development of NORMA Group and are basically satisfied with their situation at work.

The fluctuation rate (voluntary departures) of 8.5% on a Group-wide basis suggests that employees are generally quite satisfied. In the medium term, NORMA Group hopes to achieve a fluctuation rate of 3% to 5% at all sites with the exception of Mexico and the Asian region. Due to the special conditions in these regions (cultural peculiarities, high competition, low employer loyalty), the goal will be to achieve fluctuation of 10%.

The absence rate was 2.5% for the Group as a whole in 2014, compared to 4% in 2013.

Healthy team – healthy company

A productive company like NORMA Group depends on having healthy and satisfied employees. For this reason, NORMA Group contributes to its employees' health by conducting various activities, such as skin screening, intraocular pressure and blood fat measurements, tests on lung function, cardiovascular disease prevention and flu vaccinations. Furthermore, each and every workplace is analysed with respect to all possible work-related healthcare risks by conducting tours of all facilities on a regular basis.

Furthermore, NORMA Group in Germany cooperates with an external healthcare consultancy, whose doctors, psychologists, social advisors and legal advisors are available to assist employees and their immediate family members around the clock and throughout the year to help them with any health-related, mental, social or family problems they might be having. The employees of NORMA India have been benefitting from a similar programme since 2013.

NORMA Group's medium-term goal is to set up medical facilities and offer healthcare programmes at all of its sites.

Occupational health and safety is of highest priority

In order to prevent any potential hazards to its employees at work, NORMA Group invests heavily and systematically in the area of occupational health and safety. Thus the Company complies with all applicable laws and regulations that pertain to environmental health and occupational safety. In addition, NORMA Group also sees to it that all workplaces ensure maximum safety and avoid accidents where possible through complementary policies and programmes.

NORMA Group has been certifying the safety management systems at its sites in accordance with OHSAS 18001 (Occupational Health and Safety Assessment Series), and thus guarantees a high standard of safety within the Group. Currently 20 sites were already rated accordingly (2013: 16). Certification of the remaining sites is planned for 2015.

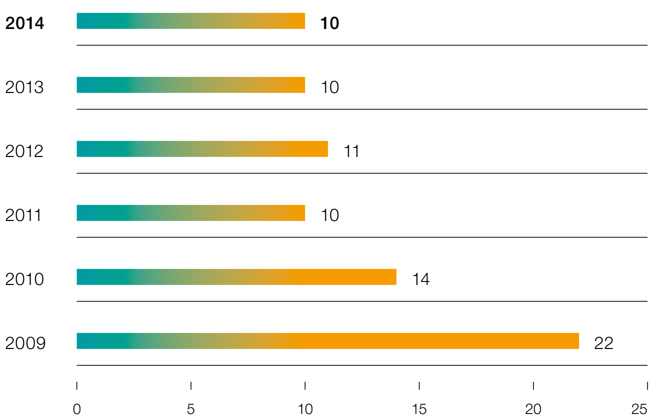
In 2014 NORMA Group extended the Value Based Safety Programme which has already been introduced in the US-American sites in 2012 to 15 other locations. In the context of this programme the employees' activities at work are analysed and potentially dangerous behaviours are determined as part of weekly security checks. The deficits found are permanently corrected using standardized and team-oriented problem solving methods.

Incident rate on a sustainable low level

NORMA Group constantly monitors and analyses its incident rate. The number of occupational accidents is collected on a Group-wide basis each month and the trend is monitored using various key performance indicators (KPI). The incident rate, which reflects the number of accidents per 1,000 employees, represents the most important indicator in this regard. The figure was 10 for the 2014 reporting year, which means that it remained at a low level compared to the previous year. NORMA Group's goal with respect to the current initiatives is to have an accident-free working environment.

INCIDENT RATE

Incidents / 1,000 employees



ENVIRONMENTAL PROTECTION AND ECOLOGICAL MANAGEMENT

As a manufacturing company, NORMA Group is well aware of its environmental, economic, and social responsibility. Environmentally compatible and sustainable economic activity is therefore a central element of its corporate strategy. For this reason, the Company considers it important to systematically include environmental aspects in its business decisions. NORMA Group's goal is to increase the efficiency of its production processes, lower its energy consumption over the long term, and reduce waste. The long-term cost savings associated with this contribute to the economic efficiency of the Group. The 2013 Sustainability Report also provides a detailed explanation of NORMA Group's environmental strategy and includes examples of how it is being implemented.

Group-wide environmental management system

In 2014, NORMA Group continued with the introduction of the Group-wide Environmental Management System that the Company had first introduced in 2013. At the end of the reporting period, 20 production sites had already been certified according to ISO 14001. In financial year 2014, the sites in Pune (NORMA India) and Juarez, Mexico, were connected to the environmental management system. The plants in Brazil and China (Changzhou) that have not yet been connected and the new acquisition in financial year 2014 (NDS) are scheduled to obtain this certification in 2015 / 2016.

Improved energy and waste balance

NORMA Group has been using a Group-wide reporting tool to record and track resource consumption, emissions and waste since 2013. As part of consistent implementation of its sustainability strategy, the Company succeeded in further reducing its energy consumption in 2014. Measures that have made a significant contribution to this cause include optimisation of transportation routes, improvement of the efficiency of production machines, heat recovery and the conversion of contracts to green energy. In addition, all compressed air systems were systematically examined for leaks and these were subsequently eliminated. After investing in a new master control system, the compressors are now being monitored and controlled automatically in an efficiency-oriented manner.

These and other measures have helped to reduce CO_2 emissions from electricity and gas consumption in relation to production activity by 4.0% compared to the previous year. Power consumption in relation to production activity also dropped by 3.1%.

By means of process optimisation and by making use of environmentally friendly resources, the Company has managed to reduce oily waste by 25%. In addition, the re-granulation of extrusion residue was extended to another material. This resulted in an overall improvement in the waste statistics in 2014. The key environmental indicators are shown in the subsequent table.

SPECIFIC ENVIRONMENTAL INDICATORS

	2014	2013	Change
CO_2 emissions from the consumption of electricity and gas (kg / EUR thousands of production activity)	**77.1**	80.3	–4.0%
Electricity consumption (kWh / EUR thousands of production activity)	**114.6**	118.3	–3.1%
Gas consumption (kWh / EUR thousands of production activity)	**32.8**	36.8	–10.9%
Energy consumption (kWh / EUR thousands of production activity)	**147.4**	155.1	–5.0%
Water consumption (t / EUR thousands of production activity)	**0.17**	0.17	-
Metal waste (t / EUR of production activity)	**12.0**	12.2	–1.6%
Non-metal waste (t / EUR of production activity)	**1.7**	1.7	-
Paper waste (t / EUR per production activity)	**1.1**	1.1	-
Residual waste (t / EUR per production activity)	**1.3**	1.5	–1.3%

MARKETING

In order to further increase awareness of NORMA Group's products all over the world, boost product sales, strengthen its customer relationships and thus contribute to the Group's growth, the Company has developed a central marketing strategy over the past few years that focuses on achieving the following long-term objectives:

- Building a strong NORMA Group image
- Decentralisation of marketing activities
- Optimisation of the brand portfolio
- Optimisation of marketing tools

In order to be able to focus on its end markets and customers as much as possible, NORMA Group aligns its marketing activities to address the local market conditions and consumer habits in the respective regions and markets. The regional marketing units are then responsible for executing the various activities and synchronising them with the operative objectives of NORMA Group.

Marketing expenditures

Marketing expenditures amounted to EUR 3.2 million in total in 2014, compared to EUR 2.9 million in 2013, and were thus 11.5% higher than in the previous year. The increase in marketing expenditures can be attributed for the most part to the continued growth of NORMA Group, the expansion of its business activities and the acquisition of NDS.

Due to the growing importance of the Asia-Pacific region to NORMA Group's business, marketing activities and related expenditures in this region were higher in the reporting year. On the other hand, the Company managed to lower its marketing expenses in the EMEA region by establishing more efficient structures and implementing new instruments and processes. In relation to sales, marketing expenditures remained virtually unchanged at 0.5% compared to the previous year. A similar cost structure is expected for 2015.

Marketing focus in 2014

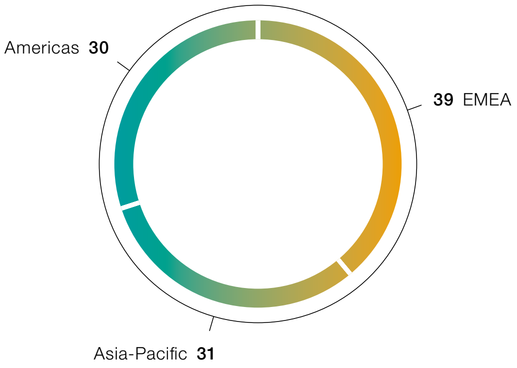
Besides the annual Customer Satisfaction Survey → Quality Management, p. 78 key marketing priorities in 2014, among other activities, included further expansion of NORMA Group's Internet presence. This comprised the optimisation of the corporate website and expansion of the contents to include additional languages. Furthermore, social media activities were also intensified.

NORMA Group also attended a number of exhibitions again last year. In total, the Company participated in 63 international industry trade fairs and held 11 other customer events.

The development of a new brand strategy that is even more orientated towards the values of the individual brands and the needs of its customers was yet another focus in 2014. This called for NORMA Group's brand portfolio to be rearranged to focus on the brands that are of the highest strategic importance: ABA®, Breeze®, Clamp-All®, FISH®, Five Star®, Gemi®, NDS®, NORMA®, R.G.RAY®, Serflex® and TORCA®. The new brand strategy is to be rolled out in 2015.

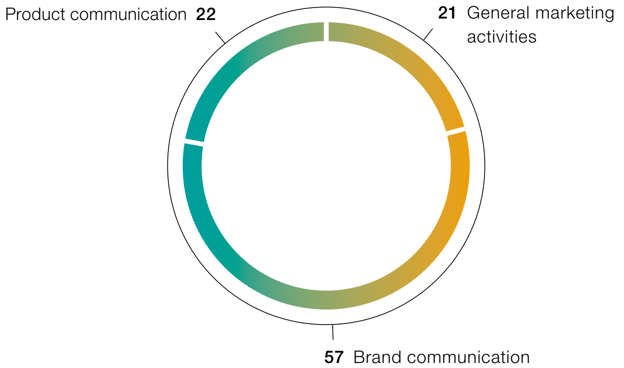
MARKETING EXPENDITURES BY SEGMENT

in %



MARKETING EXPENDITURES BY ACTIVITY

in %



Supplementary Report

In the first quarter of 2015, NORMA Group announced that Dr. Othmar Belker, the current Chief Financial Officer of NORMA Group SE who has been in office since 2006, will be stepping down from the Management Board of NORMA Group SE on 31 March 2015. The Supervisory Board has appointed Dr. Michael Schneider to be NORMA Group's new Chief Financial Officer. Dr. Schneider will succeed Dr. Belker by September 2015 at the very latest. Werner Deggim, Chief Executive Officer of NORMA Group, will attend to the tasks of the Chief Financial Officer on an interim basis.

Dr. Michael Schneider has many years of experience working in the areas of finance and controlling in the automotive, chemical and pharmaceutical industries. He joins NORMA Group from FTE automotive GmbH, a globally active supplier of hydraulic brake and clutch systems for the automotive industry. As its CFO, Dr. Schneider was responsible for all areas of Finance, but also Purchasing and IT. Previous to this position, he served as the CFO of the automotive industry supplier Veritas AG. Dr. Schneider began his professional career in 1988 with Hoechst AG (now Sanofi SA) and left the company to join Degussa AG (today EVONIK Industries AG) in 1993. From 1997 until 2000, he was responsible for the areas of Controlling and Accounting at Degussa Brasil in São Paulo. Dr. Schneider has a degree in business administration and received his PhD in the area of economic sciences from Justus Liebig University in Gießen and from the Institute of Corporate Planning IUP, Gießen / Berlin.

Forecast Report

GENERAL ECONOMIC AND INDUSTRY-SPECIFIC CONDITIONS

Industrial nations continue their recovery – euro zone with moderate growth

In its updated outlook from January 2015, the International Monetary Fund (IMF) revised its forecast for the future development of the world economy downwards because it assesses the growth prospects of the emerging markets in particular more conservatively. It now expects the global economy to recover moderately and grow by 3.5% (2014: 3.3%). Growth of 3.7% is expected in 2016. The low oil price is stimulating demand in the industrial and other oil-importing countries. The global economy remains regionally heterogeneous, however, and susceptible to setbacks. Besides the risk of the Ukraine-Russia conflict escalating further, the reform and consolidation course in the euro zone could be softened and thus endanger the stability of the euro and the currency zone in an extreme case. Furthermore, the monetary policy is drifting apart internationally. This could lead to turmoil on the financial and currency markets and trigger capital outflows in emerging markets.

According to the IMF, the developing nations and emerging markets will grow again slowly in 2015 and gain greater momentum in 2016 in the wake of a global economic recovery. The IMF estimates growth of 4.3% for these countries in 2015 and 4.7% growth in 2016. The further weakening of growth in China will have a dampening effect. For 2015 and 2016, growth of 6.8% and 6.3% seems likely. Structural problems continue to have an adverse effect on Latin America. According to the IMF, Brazil will grow by only 0.3% in 2015. With growth of 1.5% in 2016, it will not find its way back to its former strength either. India's economy has picked up noticeably since the change in government. Infrastructure investments will continue to stimulate further growth. The IMF expects growth to accelerate to 6.3% in 2015 (2016: 6.5%). The Southeast Asian Nations (ASEAN 5) will return to steeper growth of 5.2% (2015) and 5.3% (2016) due to a revival of demand in the industrialised countries and increased investment spending.

Economic researchers unanimously agree that the economic recovery will continue in the established industrial countries. The low oil prices should have noticeable effects, especially in the months to come. The IMF estimates that these countries will grow by 2.4% in both 2015 and 2016. The prospects are looking particularly bright for the USA. The country is on track to achieve growth of 3.6% in 2015 and 3.3% in 2016 due to what is now a solid upturn and will thus be a key driver of the global economy. The IMF expects the Japanese economy to recover somewhat to 0.6% in 2015 and 0.8% in 2016. The United Kingdom is projected to achieve strong growth of 2.7% again in 2015 and will thus remain on its expansion course in 2016 at 2.4%, despite the reversal of interest rates.

A recovery is also expected to take place in the euro zone, assuming that the risks do not thwart it. Consumption will most likely benefit from a slight improvement in the labour market. Investment activity is expected to pick up as low oil prices relieve the companies and the lower euro exchange rate boosts exports. The IMF expects the euro zone to grow by 1.2% in 2015 and 1.4% in 2016. The French economy should gradually regain traction although growth will remain subdued at 0.9% (2015) and 1.3% (2016). Italy should overcome the recession with growth of 0.4% in 2015 and recover more strongly in 2016 at a rate of 0.8%. The Institute for the World Economy (IfW) expects the recent positive developments to continue in Portugal, Spain and the Netherlands. The IfW projects that the German economy will continue to gain momentum and grow by 1.7% in 2015 and 1.9% in 2016. Consumption will benefit from higher employment and increases in real wages. Given the already high capacity utilisation, investment activity will increase and become a catalyst of the recovery. Furthermore, residential construction, which has been showing weakness most recently, will increase again in 2015.

The overall economic prospects for 2015 provide the basis for NORMA Group's forecast and outlook.

FORECASTS FOR GDP GROWTH (REAL)

In %	**2014**	2015e	2016e
World	**+3.3**	+3.5	+3.7
USA	**+2.4**	+3.6	+3.3
China	**+7.4**	+6.8	+6.3
Euro zone	**+0.8**	+1.2	+1.4
Germany [1]	**+1.6**	+1.7	+1.9

Sources: IMF, [1] Institute for the World Economy (IfW)

Improved operating environment for important customer industries of NORMA Group

The expected moderate recovery of the international economy in 2015 and 2016 will also improve the overall climate and the prospects for important customer industries that NORMA Group serves.

Engineering

Despite the risks, the German industry association VDMA is cautiously optimistic for the future due to the economic recovery in many parts of the world. The VDMA expects worldwide machine sales to grow by 5% in real terms in 2015. The two most dominant markets China (8%) and the USA (5%) are expected to grow at a high level in real terms and further support this development. Of the major markets, only Russia will most likely shrink by an estimated 3%. Mainly robust growth is projected for the countries of Southeast Asia, and Latin America is expected to return to moderate growth. The forecasts for Europe as a whole and the euro zone predict a real increase of 2%. For Germany, the VDMA expects a real increase in production of 2% due to the improvement in domestic and foreign orders (incoming orders in 2014: 2%, range: just under six months). The low external value of the euro will very likely further support this development. Industry sales are thus expected to grow by more than 1% to EUR 215 billion in 2015.

Automotive industry

The prospects for the automotive industry seem to look positive against the backdrop of global economic acceleration. The research institute IHS Automotive (Polk) forecasts that the broad passenger vehicle market will grow by 2.2% to 80.6 million units in 2015. The industry association VDA expects a similar development for the more narrowly defined global passenger car market. Sales should increase moderately by 2% to 76.4 million units. Nevertheless, the momentum is likely to slow down in the three major markets according to the VDA. China is thus expected to only grow by 6% and the USA by 2% in 2015. Western Europe will also grow by 2% and thus somewhat more slowly than most recently. The United Kingdom is considered to have hardly any potential, while only a slight increase is expected for France and Italy. The VDA expects to see an increase of only 1% for Germany. German manufacturers will be able to increase production by 4% in 2015 (Germany: 2%, abroad: 5%), however, due to higher exports (2%).

Construction industry

The Ifo Institute and the industry network Euroconstruct project that the European construction industry will strengthen its positive trend and embark on a solid growth path. Construction output should increase by 2.1% in 2015 and by 2.2% in 2016 and 2017 respectively. The greatest impetus will probably come from residential construction, which will grow by almost 4% per year (2015 to 2017). Annual growth rates of an average of about 2% are expected for commercial construction and 2.5% for civil engineering. Greater dynamism in the forecast period is expected to come from the Eastern European countries that generate impulses with infrastructure investments. For Western Europe, the experts predict average growth in construction activity to approach 2%. Despite the recent decline in orders, the IfW from Kiel expects construction activity in Germany to recover again due to favourable financing conditions and the improved economy. Thus, construction investment in 2015 should rise by 1.4% in 2015 and by 3.9% in 2016. The trade associations ZDB and HDB expect sales revenue in the construction sector to increase by 2.0% to EUR 101 billion (0.5% in real terms) in 2015. Residential construction should grow quite strongly by 3.0%. Moderate sales growth is expected in commercial construction (1.5%) and public-sector construction (1.0%).

FUTURE DEVELOPMENT OF NORMA GROUP

NORMA Group currently has no plans to make significant changes to either its goals or its strategy. The main focus will continue to be on diversifying the business with respect to end markets, regions and customers in the future as well. Further acquisitions cannot be explicitly ruled out. As in the past, the main focus of M&A activities will continue to be on companies that either contribute to market consolidation or enable the Company to enter new high-margin markets.

In addition, further internationalisation and expansion of activities in the Asia-Pacific region in particular continue to be key objectives. The Company thus hopes to be able to take advantage of the opportunities this important growth market offers and relocate value creation to the respective region and country.

The area of Research and Development will continue to play an important role for the long-term preservation of the Company's innovation capability. The focus of development activities will again be on innovative products that help solve industrial customers' problems.

Furthermore, by developing its Corporate Responsibility Strategy in 2012, NORMA Group laid the foundation for the Company to pursue sustainability to an even greater extent.

Sales growth in 2015

For 2015, the NORMA Group Management Board currently (March 2015) expects the global economy to grow moderately, slightly above last year's level, and essentially be driven by the industrial nations and emerging Asian countries. Geopolitical crises, continuing consolidation pressure in Europe, the ongoing volatile growth in China, as well as structural problems in Latin America pose potential risks.

Due to its broad diversification, the NORMA Group Management Board believes the Company to be well positioned and therefore able to continue to benefit from the growth trends in various end markets and regions.

NORMA Group expects to see the EMEA region develop slightly positive overall due to increased investments and consumption. Low oil prices and the lower euro exchange rate should result in additional positive impulses and economic growth. The end markets that NORMA Group is active in should also benefit from this development. The automobile industry in particular can be expected to increase its production volumes due to higher exports as a result of the lower euro exchange rate. NORMA Group also expects to see positive effects in the medium-term because of new EU fleet-based measures for passenger vehicles that will require more advanced technology and higher engine efficiency in the future. All in all, NORMA Group expects the EMEA region to achieve moderate organic growth in financial year 2015 compared to the previous year.

Growth picked up quite strongly last year in the Americas region, especially in the United States. NORMA Group believes this dynamic growth will continue in 2015 as well and be reflected in end markets of relevance to the Group. NORMA Group therefore expects to see solid organic growth in 2015 that will be strengthened by acquisition-related sales, especially due to the acquisition of NDS, and positive currency effects as a consequence of the strong development of the US dollar against the euro and the increasing share of sales this currency accounts for.

Despite the slightly weaker growth forecasts for China in 2015, the Asia-Pacific region's dynamics will continue and also be driven by stricter emission regulations for cars and trucks.

Due to NORMA Group's increasing business activities in the region, the Company expects to achieve double-digit growth again in 2015.

The distribution of sales for the two sales channels EJT and DS will shift in 2015 due to the acquisition of NDS because the sales share of the DS area will increase by the share of the water business of NDS. NORMA Group expects to see solid growth in 2015 for both DS and EJT.

In light of these assumptions, NORMA Group projects that it will achieve solid organic Group sales growth in financial year 2015 of around 4% to 7% compared to 2014. Furthermore, the Group anticipates additional acquisition-related revenue of approximately EUR 110 million from the acquisitions of NDS and Five Star. Furthermore, the weakening of the euro will positively affect growth in foreign currencies.

Development of the main cost positions

NORMA Group assumes that the main relative cost positions (material and personnel expenses) will develop in a stable manner compared to the previous year.

The continuous increase in the degree of professionalism in purchasing, the conclusion of long-term contracts, and the achievement of economies of scale have led to a continuous improvement in the cost of materials ratio in recent years. NORMA Group believes it can maintain the current high level through 2015 as well and expects the cost of materials ratio to remain at approximately the same level as in previous years.

Thanks to the Group's ongoing growth and the fact that activities in the Asia-Pacific region have been intensified, NORMA Group expects personnel costs to rise constantly in relation to sales in 2015. This will result in a stable personnel cost ratio at the same level of recent years.

Investment in Research and Development

NORMA Group plans to invest 5% of its EJT sales in order to maintain its innovativeness and its ability to compete over the long term. The main focus of R&D activities will continue to be on developing innovative products that help meet its customers' industrial challenges.

Adjusted EBITA margin

Maintaining its high level of profitability represents an important focus for NORMA Group. All business activities are therefore strategically aligned toward achieving this objective. Maintaining a strong margin also plays a significant role in acquiring new companies. Due to the many internal measures and ongoing optimisation processes in all areas, NORMA Group firmly believes that the sustained high level of its margin can be maintained again in 2015. The goal is to have an adjusted EBITA margin at the same level as in previous years of more than 17.0%.

Financial result of up to around EUR –18 million expected

In total, NORMA Group expects a financial result of up to EUR –18 million. This will include interest expenses on the Group's gross debt for which the average interest rate is around 3% as well as expenses for currency hedges and transaction costs.

Higher adjusted earnings per share

Adjusted earnings per share will show a solid growth in financial year 2015. Sales growth and a sustainable margin will contribute to this, but also the sales contributions from the companies acquired. Special effects are not taken into consideration here.

Adjustments to earnings

NORMA Group expects the costs of integrating NDS to amount to approximately EUR 5 million in financial year 2015, which are to be adjusted in EBITDA as a one-off expenditure. Included herein are up to EUR 2.5 million in write-ups on the historical holdings of NDS which will most likely be adjusted in cost of materials. Furthermore NORMA Group expects adjustments for write-offs from purchase price allocations of approximately EUR 8 million on depreciable tangible and intangible assets from the acquisition of NDS. Together with the previous acquisitions the adjustments from purchase price allocations amount to EUR 17 million in total.

Tax ratio of between 33% and 35%

The tax ratio will increase compared to the previous year to between 33% and 35%. This can be largely attributed to the high tax burden due to the good quality of earnings and acquired sales in the USA.

Investment rate of around 4.5% the goal

For financial year 2015, NORMA Group plans to invest around 4.5% of Group sales. By doing so, the Company will be financing both maintenance investments and investments on expanding its business. One main focus will be on expanding activities in the Asia-Pacific region in particular and expanding the new plants located in Brazil, China and Serbia.

Net operating cash flow

As a result of the acquisitions in financial year 2014, net operating cash flow is expected to be slightly higher than the level in recent years.

Sustainable dividend policy

To the extent that the future economic situation allows, NORMA Group plans to pursue a long-term dividend policy that is orientated towards a pay-out ratio of approx. 30% to 35% of the adjusted Group net profit.

Market penetration and innovative capability

The extent of market penetration is reflected in the Group's organic growth in the medium term. → Sales forecast, p. 87.

2015 FORECAST

Consolidated sales	solid organic growth of around 4% to 7%, in addition approximately EUR 110 million from acquisitions
	EMEA: moderate organic growth
	Americas: solid organic growth, driven by acquisitions and positive currency effects
	APAC: over 10%, driven by stricter emission regulations among other factors
	DS: solid growth, driven by the acquisition of NDS
	EJT: solid growth
Cost of materials ratio	roughly at the same level as in previous years
Personnel cost ratio	roughly at the same level as in previous years
Adjusted EBITA margin	sustainable at the same level as in previous years of more than 17.0%
Net financial income	up to EUR –18 million
Adjusted tax rate	around 33% to 35%
Adjusted earnings per share	solid increase
Investment rate (adjusted for acquisitions)	operationally at around 4.5%
Operating net cash flow	slightly higher than the level of previous years (2013: EUR 103.9 million, 2014: EUR 103.2 million)
Dividend	approximately 30% to 35% of adjusted annual Group earnings

Ensuring that it remains innovative is essential to NORMA Group's competitiveness and future. In order to secure its innovations, these are protected by patents. Every year, NORMA Group strives to maintain its new patent registrations at the same high annual level.

Problem-solving behaviour of its employees

NORMA Group employs key performance indicators, such as parts per million (PPM) and number of quality-related customer complaints, to measure and control its problem-solving behaviour. Independent of the product group, the Company strives to achieve a value of approximately 20 for the indicator PPM. The goal for 2015 is to lower the number of customer complaints even further despite the low level that has already been achieved.

Sustainable company development (Corporate Responsibility)

NORMA Group started 2012 by beginning to develop and gradually implement its Corporate Responsibility strategy. The objective is to continue to achieve these goals in a consistent manner and lay even more important milestones for managing the Company more sustainably in 2015.

GENERAL STATEMENT BY THE MANAGEMENT BOARD ON THE PROBABLE DEVELOPMENT

At the time that the management report 2014 was prepared, the Management Board expected NORMA Group to achieve solid growth again in 2015. The Company's management expects the economic situation to improve slightly in the EMEA region. More significant impulses for sales growth are expected to come from the US market in particular due to the current positive economic development. Positive currency effects will play a role here due to the relative strength of the US dollar to the euro. The acquisitions of Five Star and NDS will also contribute to further growth. Due to its dynamic growth, the Asia-Pacific region will make an important contribution to the growth of the Group. In total and on the basis of its current forecast, the Management Board expects solid organic growth in sales in 2015.

As a result of the ongoing optimisation of the processes in all areas of the Group, the Management Board expects its main cost positions to experience a stable development in relation to sales with yet another high adjusted EBITA margin of more than 17.0% in financial year 2015.

Constantly observing the market and strategically searching for new acquisition targets continues to be an important component of the Company strategy, therefore the Management Board does not explicitly rule out further acquisitions in financial year 2015.

Risk and Opportunity Report

NORMA Group's corporate group is exposed to a wide variety of risks and opportunities which can have a positive or negative short-term or long-term impact on its financial position and performance. For this reason, opportunity and risk management represents an integral component of corporate management for NORMA Group SE, at both the Group management level and at the level of the individual companies and individual functional areas. Due to the fact that all corporate activities are associated with risks and opportunities, NORMA Group considers identifying, assessing, and managing opportunities and risks to be a fundamental component of executing its strategy, securing the short and long-term success of the Company and sustainably increasing shareholder value. In order to achieve this over the long term, NORMA Group encourages its employees in all areas of the Company to remain conscious of risks and opportunities.

OPPORTUNITY AND RISK MANAGEMENT SYSTEM

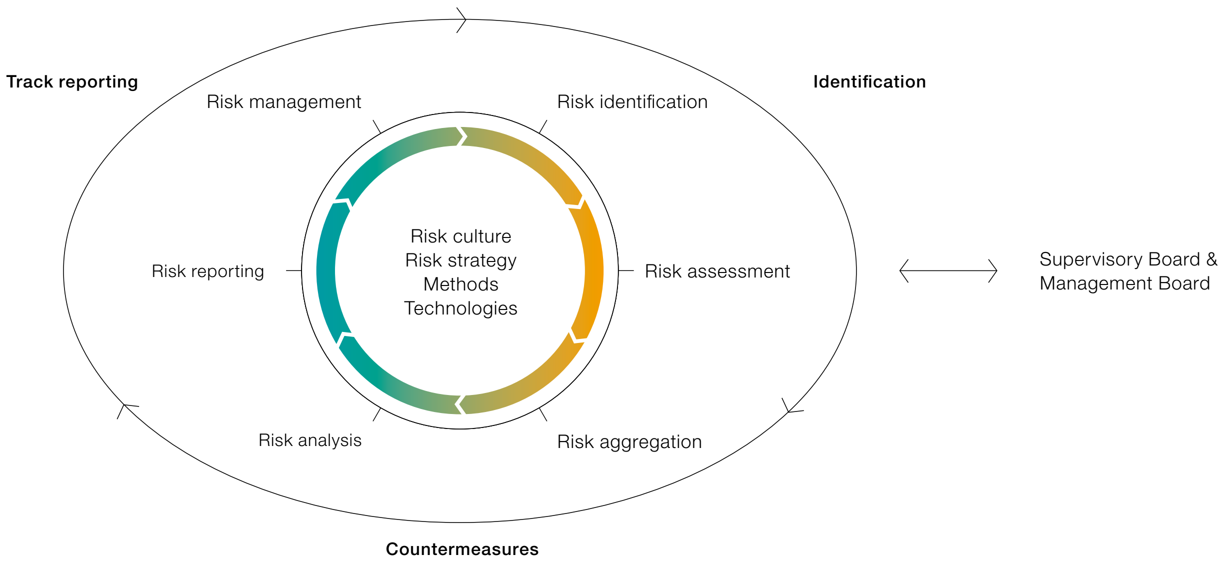
NORMA Group defines risks as the possibility of disadvantageous future developments, changes, or events that could have a positive or negative impact on the Group's ability to meet its targets and achieve its business objectives. Analogous to the medium term planning, the Management's focus with respect to possible deviations in specific risks and opportunities covers a period of five years. Opportunities and risks that affect the Company's success beyond this period of time are recorded and controlled at the Group management level and taken into consideration in the Company's strategy. Analogous to the medium term planning, the focus with respect to the valuation of specific risks and opportunities covers a period of five years.

The Management Board of NORMA Group SE is responsible for maintaining an effective Group risk management system. The Supervisory Board is responsible for monitoring the effectiveness of the Group risk management system. Checking compliance with the Group's internal risk and opportunity management rules in the individual companies and functional areas is also integrated in the internal audit department's periodic reviews.

Risks are recorded on a Group-wide basis every quarter and categorised according to functional areas and individual companies and then reported to the individuals responsible for these functions and segment management, the Management Board and the Supervisory Board. Furthermore, risks that are identified during a quarter whose expected value will have a significant effect on the results of group divisions are reported to the Management Board on an ad hoc basis and, if necessary, even to the Supervisory Board. Operational opportunities are identified during monthly meetings held at the local and regional level, but also by the Management Board, and then documented and analysed. Measures aimed at capitalising on strategic and operational opportunities through local and regional projects are approved during these meetings. Regular forecasts are developed as part of periodic reporting to record how successfully potential opportunities are taken advantage of. Strategic opportunities are recorded and evaluated as part of annual planning. NORMA Group uses a systematic assessment procedure to evaluate the opportunities and risks that were identified, both in terms of their financial impact, i.e. gross and net impact on planned financial indicators, and their probability of occurrence.

In order to analyse NORMA Group's overall risk situation and initiate suitable countermeasures, individual risks of local business units and Group-wide risks are aggregated in a risk portfolio.

RISK MANAGEMENT SYSTEM



Here, the scope of consolidation in the area of risk management equates to the group of companies covered by the consolidated financial statements. In addition, NORMA Group categorises risks according to type and the functional area they affect. This makes it possible to aggregate individual risk titles into risk groups in a structured manner. This aggregation enables NORMA Group to identify and control not only individual risks, but also trends and Company-specific types of risks and thus sustainably influence and reduce the risk factors with certain types of risks. Provided that not indicated differently, the risk assessment applies for all regional segments.

NORMA Group's risk management officers are responsible for checking on a regular basis whether all material risks have been identified, adjusting the risk identification procedure when required, analysing the risk portfolio and developing and implementing suitable countermeasures to mitigate risk. These comprise strategies to avoid, reduce or hedge against risk, i.e. measures that minimise the financial impact of risks as well as their probability of occurrence. Risks are managed in accordance with the principles of the risk management system as described in the Group risk management guidelines. The internal control system also safeguards the efficacy of the risk management system. The work of those individuals who are responsible for risks, the risk portfolio and the evaluation of risks and activities is reviewed by holding quarterly risk steering sessions.

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM AND THEIR RELATION TO THE GROUP ACCOUNTING PROCESS

The relationship between NORMA Group's internal control and risk management system and NORMA Group's accounting and external financial reporting can be described using the following main characteristics: The purpose of this system is to identify, analyse, evaluate and manage risks as well as monitor these activities. The Management Board is responsible for ensuring that this system meets the Company's specific requirements. Based on the allocation of responsibilities within the Company, the CFO is responsible for the Finance and Accounting divisions, which are, in turn, responsible for accounting. These functional areas define and review the Group-wide accounting standards within the Group and compile the information used to produce the consolidated financial statements. The need to provide accurate and complete information within predefined timeframes represents a significant risk for the accounting process. Because of this, requirements must be clearly communicated and the affected units must be put in a position to meet these requirements.

Posting transactions too early or too late or failing to comply with accounting regulations are some situations that can result in risks that could potentially impact the accounting process. In order to avoid errors, the accounting process is based on the separation of responsibilities and plausibility checks for reporting. The preparation of the financial statements of those entities to be included in the consolidated financial statements as well as the consolidation measures based on this consolidated group are characterised by consistent observance of the "principal of dual control." Comprehensive and detailed checklists must be completed before the respective financial statement deadlines. The accounting process is fully integrated into NORMA Group's risk management system. This ensures that accounting risks are identified early, allowing the Company to implement risk provisioning and countermeasures without delay.

The internal control system ensures the accuracy of NORMA Group's financial reporting with respect to its accounting processes. The Internal Audit department reviews the accounting processes on a regular basis to ensure that the internal control and risk management system is effective. External specialists also support these efforts. Furthermore, the auditor conducts audit procedures during the audit of the annual financial statements based on the risk-driven audit approach, whereby material errors and violations are to be uncovered with reasonable assurance.

The IFRS accounting system is defined in an accounting manual. All companies in the Group must base their accounting processes on the standards described in the accounting manual. The accounting manual contains binding definitions of important measurement methods, such as those used in the measurement of inventories, tools and receivables in accordance with IFRS. The Group also has system-supported reporting mechanisms to ensure that identical situations are handled in a standardised way across the Group.

The consolidated financial statements and group management report are prepared according to a uniform time schedule for all companies. Each company in the Group prepares its separate financial statements in accordance with the applicable local accounting guidelines and IFRS. Intra-Group deliveries and services are recorded in separately designated accounts by the Group companies. The net balances of Intra-Group offsetting accounts are reconciled on the basis of defined guidelines and schedules by means of balance confirmations. The companies in the Group use the COGNOS reporting system for reporting, which in addition to financial data also contains information that is particularly useful for the notes to the consolidated financial statements. In accordance with NORMA Group's regional segmentation, technical responsibility for the financial area is shared by both the financial officers in the Group companies as well as by the regional CFO for the respective segment. They are included in the quality assurance of the financial statements of the Group companies included in the consolidated financial statements. The comprehensive quality assurance of the financial statements of the Group companies included in the consolidated financial statements is carried out by Group Finance & Reporting, which is responsible for preparing the consolidated financial statements. In addition, the data and disclosures of the Group companies as well as the consolidation measures necessary for the preparation of the consolidated financial statements are verified through audit procedures conducted by external auditors under consideration of the associated risks.

The various IT systems that individual NORMA Group companies use to perform financial accounting will be gradually standardised. All systems have tiered access authorisation systems. The type and design of these access authorisations and authorisation policies are decided by local management in coordination with NORMA Group's Head of IT.

OPPORTUNITY AND RISK PROFILE OF NORMA GROUP

As part of the preparation and monitoring of its risk and opportunities profile, NORMA Group assesses risks and opportunities based on their financial impact and their probability of occurrence. In the reporting year, the intervals used to assess the financial impact and probability of occurrence to accurately assess opportunities and risks were further subdivided from three into five categories.

The financial impact of risks and opportunities are assessed based on their relation to EBITA. The following five categories were used here:

- Minor: up to 1% of current EBITA
- Low: more than 1% but less than 5% of current EBITA
- Moderate: more than 5% but less than 10% of current EBITA
- Significant: more than 10% but less than 25% of current EBITA
- High: more than 25% of current EBITA

The interval of the risk's or the opportunity's impact relates to the EBITA of the Group or segment provided that an individual assessment relates solely to a specific segment. The assessment of opportunities and risks whose financial impact has an effect on line items in the statement of comprehensive income below EBITA is also performed in relation to EBITA. The presented impact always reflects the effects of (counter)-measures implemented.

The probability of individual risks and opportunities occurring is quantified based on the following five categories:

- Highly unlikely: up to 3% probability of occurrence
- Unlikely: more than 3% but less than 10% probability of occurrence
- Possible: more than 10% but less than 40% probability of occurrence
- Likely: more than 40% but less than 80% probability of occurrence
- Very likely: more than 80% probability of occurrence

Financial opportunities and risks

NORMA Group is exposed to an array of financial risks, including default, liquidity and market risks. The Group's financial risk management strategy concentrates on the identification, evaluation and mitigation of risks, focusing on minimising the potential negative impact on the Company's financial performance. NORMA Group uses derivative financial instruments to hedge particular risk items. The financial risk management strategy is implemented by Group Treasury. Group management defines the areas of responsibility and necessary controls related to the risk management strategy. Group Treasury is responsible for defining, evaluating and hedging financial risks in close consultation with the Group's operating units.

Capital risk management

NORMA Group's objective when it comes to managing its capital is primarily the long-term servicing of its debts and remaining financially stable. In connection with its financing agreements, the Company is obliged to maintain the financial indicator (financial covenant), total net debt cover (debt divided by adjusted consolidated EBITDA). These key figures and their maintenance, but also net debt and the maturity structure of financial debt, are continually monitored.

Default risks

Default risks are risks of contractual partners not meeting their obligations arising from business and financial transactions. They result from deposits and other transactions concluded with credit and financial institutions, and primarily from the risk of customers defaulting on outstanding receivables or confirmed transactions. NORMA Group reviews the creditworthiness of new customers to minimise the risk of default on trade receivables. In addition, the Company only supplies to customers whose credit ratings are below Group standards or who have defaulted on payment if they pay in advance. A diversified customer portfolio reduces the financial repercussions of default risks. For this reason, NORMA Group believes that it is possible for default risks to occur, while the potential financial repercussions would be minor due to the implemented countermeasures.

Liquidity opportunities and risks

Prudent liquidity risk management requires NORMA Group to hold sufficient cash funds and marketable securities, have sufficient financing from committed lines of credit and be able to close out market positions. Due to the dynamic nature of the underlying business, Group Treasury aims to maintain flexibility in financing by keeping committed credit lines available. Therefore, NORMA Group's primary objective is to ensure the uninterrupted solvency of all Group companies. Group Treasury is responsible for liquidity management and therefore for minimising liquidity risks. As of 31 December 2014, NORMA Group's liquid assets (cash and cash equivalents) amounted to EUR 84.3 million (2013: EUR 194.2 million). Furthermore, NORMA Group has a high level of financial flexibility thanks to a total of EUR 50 million in committed revolving credit lines with national and international credit institutions. These lines were not drawn down at all as of 31 December 2014. In addition, NORMA Group has a so-called accordion facility in the amount of up to EUR 250 million that offers additional financial flexibility.

Financial opportunities are seen, among other things, in NORMA Group's high creditworthiness as well as its solid financial position, financial performance and cash flows, which enable the Company to gradually reduce its capital costs. NORMA Group succeeded in further optimising its financial flexibility and cost of capital by issuing a promissory note in the amount of

EUR 125 million in the previous year. These funds were mainly used to repay the syndicated loan that the Company had taken out earlier than planned. In December 2014, yet another promissory note was issued in the amount of EUR 209 million with terms of maturity of three, five, seven and ten years that will primarily be used to finance the acquisition of National Diversified Sales, Inc.

Due to NORMA Group's excellent reputation on the capital market, liquidity-related opportunities are considered to be possible and would have a moderate impact on earnings.

The Group's financing agreements contain typical terms for credit lines (financial covenants). If NORMA Group does not adhere to these terms, the banks would be entitled to re-evaluate the agreements and demand early repayment. Failure to comply with these loan covenants would have high potential financial repercussions. For this reason, NORMA Group continuously monitors its compliance with the financial covenants in order to implement suitable measures in advance and prevent the terms from being violated. By increasing NORMA Group's financial flexibility compared to the previous year, the likelihood of liquidity risks negatively impacting the Company's operations have been further minimised. The risk of non-compliance with financial covenants is still considered to be very unlikely due to NORMA Group's high profitability and strong operating cash flow.

Foreign currency trends

As an internationally operating company, NORMA Group is active in more than 100 countries and is thus exposed to foreign currency risks. The US dollar, British pound, Chinese renminbi, Indian rupee, Polish złoty, Swedish krona, Swiss franc, Serbian dinar and Singapore dollar are regarded to be the main risky currency positions.

Foreign currency risks that cannot be offset against each other are hedged using futures and options whenever necessary (including the US dollar, Swedish krona, Japanese yen, Swiss franc and British pound). The high volatility of many major currencies and the particular influence of the US dollar on the Group's financial position and performance represent a considerable risk that can only be partially hedged for a short-term period. In the medium term, NORMA Group will reduce foreign currency risks by taking an increasingly regional approach to production. → Production and Logistics, p. 76.

Because the Group's subsidiaries operate in the most important countries with currencies other than the euro, it has sufficient cash-in and cash-out capabilities to absorb short-term exchange rate fluctuations via targeted income and expenditure management. In addition, currency risk is monitored in the Group and transferred to the euro over time on a rolling basis by means of derivative hedging instruments if the risk becomes too excessive. Translation risk, i.e. the risk of fluctuations in the value of the net assets of Group companies as a consequence of changes in exchange rates, will be hedged using hedging instruments due to its increased importance to the Group following the acquisition of National Diversified Sales, Inc. The resulting liquidity risks will be continuously monitored by Group Treasury. Here, the Company will make sure that sufficient liquidity and approved credit lines are always available to cover any possible cash outflows. Translation effects from items in the statement of financial position and income statement of subsidiaries in foreign currency areas on the consolidated statement of financial position prepared in euros are unavoidable. Currency risks are likely to occur due to the ongoing exchange rate volatility. In addition, the expected rising share of NORMA Group's business activities in foreign currency areas, in particular in emerging markets, signifies additional currency risk for the Group. Nevertheless, the potential financial effects of currency risks are regarded to be moderate under consideration of the countermeasures.

In contrast, the Company's assessment of the opportunities for an advantageous development of foreign exchange rates is more cautious. A positive impact on NORMA Group's business success is possible and the effect that this will have on the financial scope is estimated to be moderate. In addition, new opportunities in the area of foreign currencies are being explored by further localising production and the payment and currency flow of equivalent internal financing. This should reduce currency exposure even further.

Changes in interest rates

Changes in global market interest rates affect future interest payments for variable interest liabilities and can therefore have an adverse effect on the Group's financial position, financial performance and cash flows. NORMA Group's interest change risk arises in particular from long-term loans.

Many of the current loans have fixed interest rates and are therefore not subject to interest rate risk. Loans that initially had variable interest rates were synthetically converted into fixed interest rate positions with the help of derivative instruments. NORMA Group currently bears such an interest rate risk only for the revolving credit line (EUR 50 million) and a small share of the syndicated loan (EUR 20 million), as well as a share of the promissory note (EUR 13 million) issued in 2014.

NORMA Group will seek to hedge approximately 80% of the interest change risk arising from future medium-term utilisation of the committed revolving credit facility.

Due to the fact that there are currently no signs of a more restrictive monetary policy in the euro region, NORMA Group regards the risk of interest rate hikes in the short term to be rather unlikely; however, the risk of higher interest rates is considered to be possible in the medium term. This would only have a minor financial impact due to NORMA Group's financing structure, however. Due to the currently low interest rate level, the potential for opportunities that can arise from a falling interest rate level is considered to be unlikely and the financial effects of such a development to be minor.

Economic and cyclical opportunities and risks
The success of NORMA Group depends heavily on macroeconomic trends on its sales markets and its customers' sales markets. Therefore, indicators for economic development worldwide are taken into account both in planning as well as in risk and opportunities management. In order to gauge the macroeconomic trend, NORMA Group mainly uses the forecasts of widely regarded institutions such as the IMF, the Bundesbank and reputable economic research institutes. Accordingly, global growth of 3.5% can be expected in 2015. A positive development over and above this level is regarded to be an opportunity. As a result of its flexible production structures, NORMA Group can expand its capacities on short notice and thereby react to a general increase in demand. The Company considers it possible for the economic situation worldwide to improve considerably and thus have a moderately positive impact on earnings.

Nevertheless, NORMA Group sees risks that can offset these forecasts, which is reflected in the Group-wide risk management. These risks include mainly geopolitical crises, continuing consolidation pressure in Europe, the ongoing volatile growth in China, as well as structural problems in Latin America. A negative deviation of the global economy from the planning assumptions is currently considered to be unlikely even if these risks are also taken into consideration. Nevertheless, should these factors have an adverse effect on global demand, the financial deviations from planning are still regarded to be moderate.

Industry-specific and technological opportunities and risks
Industry-specific opportunities and risks can arise for NORMA Group in particular due to technological and competitive changes. The increasing importance of new technologies, such as environmentally friendly drivetrain technologies, could also lead to increased competitive pressure and greater price pressure. NORMA Group counters these risks with continuous initiatives to safeguard and expand its position as a technological and innovative leader as well as by focusing on customers and markets. → Research and Development, p. 63.

NORMA Group focuses its product development on innovative solutions to the challenges its industrial customers face, which result from global megatrends. NORMA Group considers the demand for 'green' technologies that results from increased environmental consciousness and ever stricter emission requirements to be a chance. It can be assumed that further regulatory measures such as the EURO-6 standard on emissions and fleet-based programmes will also be established, which will lead to increased demand for environmentally friendly technologies and products. Furthermore, with its latest acquisitions in the area of water management, NORMA Group is systematically addressing business opportunities that result from the increasing scarcity of water that can be observed in many regions of the world and the necessity of making responsible use of this important resource. NORMA Group regards the likelihood of future positive developments in this area that go beyond the scale of our planning as possible based on the current discussion on tightening environmental standards. This would have a moderate impact on the Company's success.

NORMA Group's strong diversification in terms of customers in different industries is another element of the Company's risk and opportunity management. NORMA Group counters long-term, industry-specific risks and opportunities through consistent innovation policy and regular market analyses. As a result, the occurrence of industry-specific or technological risks are considered unlikely. The potential financial effects are considered to be minor.

Risks and opportunities associated with corporate strategy
The Group's strategic orientation was advanced in 2014 through investments in growth markets, the expansion of existing markets and the acquisition of the US-American companies Five Star Clamps and National Diversified Sales, Inc. By acquiring National Diversified Sales, Inc., a leading US supplier of rain water management, landscape irrigation and joining components for infrastructure in the area of water, NORMA Group is continuing on its expansion course in the area of water management.

The goal of these investments and acquisitions is to expand the Company's presence in existing markets and to develop new end markets with attractive growth potential. Furthermore, as a result of its global orientation, NORMA Group can set up production processes that entail a more labour-intensive assembly in countries with lower wage costs, thereby securing and further increasing its profitability. The Company will also continue to observe the markets and identify opportunities for strategic acquisitions or equity holdings to complement its organic growth. NORMA Group uses targeted acquisitions to continuously strengthen its position as a technology leader, exploit market opportunities, improve the services it offers its customers and expand its product range.

In addition, NORMA Group works together closely with its customers across all business processes. New products are created already in the product and application development phases in constant coordination with the customers. The two distribution channels, Engineered Joining Technology and Distribution Services, are oriented toward the customer's special needs. NORMA Group will continue to develop its markets in collaboration with its customers in the future.

NORMA Group invests around 5% of EJT-sales in research and development every year. As a result of this focus on developing new technologies, products and solutions, as well as on improving existing ones, NORMA Group is able to consolidate its competitive position as a technology leader and increase its innovative capacity, and thereby realise cost advantages in the medium term.

This strategic orientation is considered to be the basis for creating long-term potential for opportunities. Therefore, NORMA Group estimates the intermediate impact of its strategy to be moderate and expects a potential positive deviation from the plan to be possible.

Nevertheless, misjudgement with respect to the Group's strategic orientation and its market potential or customer rejection of newly developed products cannot be ruled out and can have a negative effect on NORMA Group's competitive position and sales volume. In order to avoid strategic risks, NORMA Group observes its market environment and its competitors and conducts customer and supplier surveys for continual improvement. Therefore, strategic risks are considered to be unlikely, whereas the potential financial effects are regarded as moderate.

The corporate strategy is adjusted in the individual segments to the individual market conditions; nevertheless, the general appraisal of strategic risks and opportunities in the regions is identical.

Performance-related opportunities and risks

Commodity prices

The materials that NORMA Group uses, in particular the raw materials steel and plastics, are subject to the risk of price fluctuations. The price trend is also influenced indirectly by the further development of the world economic situation as well as by institutional investors. NORMA Group limits the risk of rising purchase prices through systematic material and supplier management. In this context, an efficient Group purchasing structure was built up around the world in the previous years in order to utilise the Group's economies of scale in the procurement of the most important product areas of steel, metal components, polyamides and rubber materials and to procure them as competitively as possible. This Group purchasing structure also enables NORMA Group to balance out the risks of individual segments with each other. NORMA Group also constantly strives to secure permanently competitive procurement prices by continuously optimising its selection of suppliers and applying the best-landed-cost-approach. The Company also tries to reduce dependency on individual materials through constant technological advances and tests of alternative materials. Protection against commodity price volatility is done by forming procurement contracts with a term of up to 12 months, whereby material supply risks are minimised and price fluctuations can be better calculated.

Although NORMA Group considers it possible for prices to rise based on the positive growth forecasts for the global economy, this would only have a minor financial effect as a result of the countermeasures initiated. Since the Company can transfer a portion of changes in material prices to the customers through the structure of its contractual documents, falling commodity prices are also not a significant performance factor. Therefore, NORMA Group estimates the opportunities arising from falling commodity prices to be minor, whereby a declining global commodity price trend is possible in China due to poorer economic expectations.

Suppliers and dependencies on key suppliers

The loss of suppliers and dependencies of single suppliers can lead to material shortages and thus to negative impacts on the Group's activities. In order to minimise this risk, NORMA Group only works with reliable and innovative suppliers who meet its high quality requirements. The ten most important suppliers are responsible for approximately 28% of the purchasing volume. → Purchasing and Supplier Management, p. 78. These and other key suppliers are regularly observed and assessed as part of quality management. If the loss of a supplier appears imminent, NORMA Group evaluates alternatives immediately. As a result, the loss of suppliers is considered possible, but the potential financial impact is regarded as minor. However, NORMA Group also sees opportunities in this area as a result of its proactive approach both in terms of existing supplier relationships as well as identification of new suppliers and raw materials. But since an optimisation in the area of Purchasing is anticipated in the medium term, NORMA Group estimates the potential of the implemented measures for a positive deviation from planning to be possible with a minor impact.

Quality and processes

NORMA Group's products are often mission-critical with respect to the quality, performance and reliability of the final product. Quality defects can lead to legal disputes, liability for damages or the loss of a customer. Therefore, the reliable guarantee of product quality is a key factor to ensuring NORMA Group's long-term success, so that its products provide crucial added value for its customers. Maintaining the right balance between cost leadership and quality assurance is a constant challenge. To reduce this risk, far-reaching quality assurance measures and Group-wide quality standards are used. Furthermore NORMA Group focuses on innovative and value added joining solutions tailored to meet customer requirements. For this reason, the Company believes that it is possible for quality risks to occur, while the potential financial repercussions would be minor due to the existing insurance coverage.

NORMA Group takes every opportunity to realise cost advantages to improve its competitive position. Thus the Company develops and implements initiatives focused on cost discipline, the continuous improvement of processes in all functions and regions and optimisation of supply chain management and production processes. These initiatives are expected to have a positive impact on NORMA Group's business. Since NORMA Group pursues a continuous process of improvement, there are opportunities over and above planning for positive deviations in the area of these processes. This applies for all regions in which NORMA Group is active. The Company estimates the likelihood of cost-savings to be possible. Since planning already allows for continuous optimisation of production processes and NORMA Group's processes are already extremely efficient, the short-term financial impact of a deviation from the plan as a result of improved production processes is minor.

Customers

Customer risks result from a company being dependent on important buyers for a significant proportion of its sales. They could take advantage of their bargaining power, which can lead to increased pressure on NORMA Group's margins. Decreases in demand from these customers or the loss of these customers can have a negative impact on the Company's earnings. For this reason, NORMA Group continuously monitors incoming orders and customer behaviour so as to identify customer risks early. Due to its diversified customer portfolio, financial repercussions of customer risks are reduced. Accordingly, no single customer generated more than 6% of sales in 2014. Therefore, it is possible that customer risks could have a negative impact on NORMA Group's business, but the financial effects would be minor due to the diversified customer structure.

However, based on NORMA Group's strategy and the goal of further expanding its markets, the Company managed to expand its customer portfolio compared to the previous year. As a result of its innovative solutions, new customers in all regions could be convinced of the products. Therefore, NORMA Group estimates the opportunities for positive deviations from planning to be possible with a minor impact on earnings based on a growing number of customers.

Opportunities and risks of personnel management

NORMA Group's success is largely dependent on its employees' enthusiasm, commitment to innovation, expertise and integrity. The Group's personnel management serves to retain and expand this core expertise. The exit of employees with crucial skills as well as a shortage of suitable workers can have a negative impact on operations. The competition for the most talented employees as a result of demographic developments and the shortage of skilled labour in Western industrial nations is becoming more and more intense.

NORMA Group counters these risks with far-reaching basic and advanced training as well as employee development programmes. NORMA Group also encourages its employees to focus on the Company's success through variable remuneration systems. In return, the employees contribute to the continuous further development of the Company in connection with employee surveys and improvement initiatives. Comprehensive representation rules and a division of responsibilities that promote mutual exchange secure the Group from risks that can arise due to the departure of employees. When identifying potential new employees that can make a crucial contribution to performance, NORMA Group seeks the advice of external human relations advisors.

Since NORMA Group's personnel policy is practiced worldwide, the risks and opportunities are consistent across the regions. Thus, the Company regards the probability of personnel risks occurring as possible, whereas the potential financial impact is minor due to the sustainable personnel policy.

In addition, there are opportunities from the consistent further development of the employees. NORMA Group fosters its

OPPORTUNITY AND RISK PORTFOLIO OF NORMA GROUP [1]

Financial risks and opportunities	
Default risk	
Liquidity	Risks
	Opportunities
Currency	Risks
	Opportunities
Change in interest rates	Risks
	Opportunities
Economic and cyclical risks and opportunities	
Risks	
Opportunities	
Industry-specific and technological risks and opportunities	
Risks	
Opportunities	
Risks and opportunities associated with corporate strategy	
Risks	
Opportunities	
Operative risks and opportunities	
Commodity pricing	Risks
	Opportunities
Suppliers	Risks
	Opportunities
Quality and processes	Risks
	Opportunities
Customers	Risks
	Opportunities
Risks and opportunities of personnel management	
Risks	
Opportunities	
IT-related risks and opportunities	
Risks	
Opportunities	
Legal risks and opportunities	
Disregard to standards	Risks
Social and environmental standards	Risks
	Opportunities
Property rights	Risks
	Opportunities

[1] Provided that not indicated differently, the risk assessment applies for all regional segments.

	Probability						Impact					
	very unlikely	unlikely	possible	likely	very likely	Change in 2014	minor	low	moderate	significant	high	Change in 2014
			•			→		•				→
	•					→					•	→
			•			→			•			→
				•		↗			•			→
			•			↗			•			→
			•			↘		•				→
		•				→		•				→
		•				→			•			→
			•			→			•			→
		•				→		•				→
			•			→			•			→
		•				→			•			→
			•			→			•			→
			•			→		•				→
			•			→		•				→
			•			→		•				→
			•			→		•				→
			•			→		•				→
			•			→		•				→
			•			→		•				→
			•			→		•				→
			•			→		•				→
					•	→		•				→
			•			→		•				→
					•	→		•				→
		•				→			•			→
		•				→			•			→
			•			→		•				→
			•			→		•				→
			•			→		•				→

→ unchanged ↗ higher ↘ lower

employees and offers them incentives to further develop their personal expertise through numerous educational and training opportunities as well as the targeted search for talent within the Group. In addition, employees are provided with a broad range of additional services (free health check-ups, flexible and family-friendly working time models, etc.) which contribute on the whole to a high degree of employee satisfaction – measured by means of a biennial employee survey – and a low turnover rate of only 8.5% Group-wide. → Employees, p. 80.

NORMA Group actively promotes the retention and expansion of know-how in the Company through the aforementioned measures, wherein it sees an opportunity for the future development of the Group whose impact on its further success is regarded to be very likely. However, since its financial success beyond planning is oriented toward the very long term, NORMA Group estimates the financial impact of these opportunities to be minor.

IT-related opportunities and risks

Maintaining and exchanging complete, timely and appropriate information as well as being able to utilise functional and powerful IT systems are of central importance for an innovative and global company such as NORMA Group. An extensive computer system failure could disrupt the Company's operations or expose sensitive corporate information. Therefore, NORMA Group has implemented appropriate measures to avoid and reduce this type of risk. These measures are collectively embedded in the IT risk management process and are adjusted in this context to changing conditions. NORMA Group controls identifiable IT risks, for example, by mirroring the database, maintaining decentralised data and outsourcing data archiving to a certified external provider. The Group's data processing centre in Frankfurt is also used by other Group companies for their ERP systems. Another data centre is located in the USA, with smaller backup systems in Asia. The access of employees to sensitive information is ensured by means of authorisation systems customised for the respective positions, taking into account the principle of separation of functions. IT systems used in the area of production are being doubled in order to reduce risks. Potential risks are also taken into account through early planning as well as by creating suitable transition solutions.

Based on global standards, NORMA Group estimates the probability of IT-related risks occurring in all regions to be possible and the potential financial impact to be minor. Opportunities in the area of IT arise in particular from the potential of process standardisation and optimisation across all companies of NORMA Group. For instance, the gradual replacement of older ERP systems with new, Group-wide uniform systems was once again advanced in 2014. NORMA Group regards the opportunities arising from this standardisation to be very likely and expects the financial impact to be very minor.

Legal opportunities and risks

Risks related to violations of standards

Future changes to legislation and requirements in general commercial law, liability law, environmental law, tax law, customs law and labour law, as well as changes in related standards, could have a negative impact on NORMA Group's development. Violations of laws and regulations, but also of contractual agreements, can lead to penalties, restrictions or claims from damaged parties. Furthermore, defective products can lead to legal disputes and claims for damages.

NORMA Group uses the existing compliance and risk management systems to ensure that it complies with constantly changing laws and regulations and meets its contractual obligations. NORMA Group counters the risk of product defects through its Group-wide quality assurance programme. Consequently, NORMA Group considers risks related to violations of intellectual property rights as unlikely to occur and the potential financial impact to be moderate.

Any legal risks that NORMA Group is aware of are taken into account through provisions recognised in the consolidated financial statements. The Company is not aware of any other significant risks.

Social and environmental standards

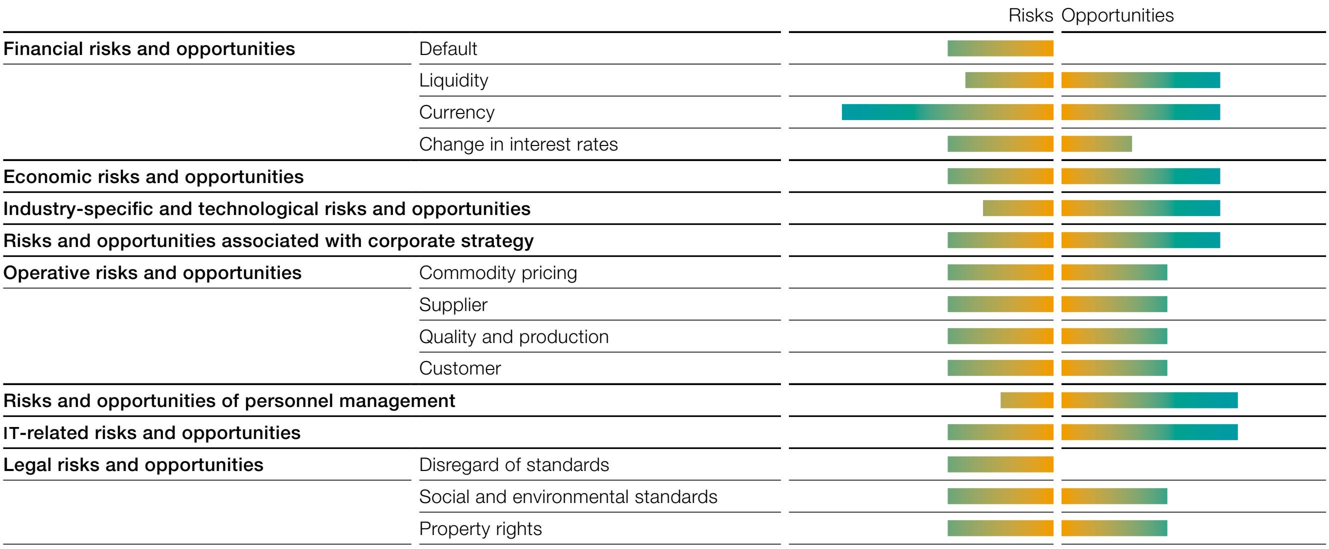
Violating social and environmental standards could damage the reputation of NORMA Group and result in restrictions, claims for damages or disposal obligations. NORMA Group has therefore implemented corporate responsibility as an integral part of the Group strategy. In this context, a systematic environmental management system was introduced at NORMA Group so that corporate decisions can always be evaluated also considering the goal of avoiding emissions and conserving resources. The Company also invests in the area of occupational health and safety. Consequently, NORMA Group believes that negative developments remain unlikely to occur as a result of social and environmental risks and that the potential financial effects would be moderate.

However, the investments in the area of Corporate Responsibility serve not only to ward off risks. The measures and initiatives are also seen as having the potential to positively impact both the business environment as well as NORMA Group and its stakeholders. Therefore, NORMA Group estimates the opportunities in this area to be possible and assumes that the measures and initiatives will have a minor impact on its planning.

Intellectual property

NORMA Group's position as a technology and innovation leader means that violations of its intellectual property rights could lead to lost sales and reputation. For this reason, the Company

OPPORTUNITY AND RISK PORTFOLIO OF NORMA GROUP SE



ensures that its technologies and innovations are legally protected. NORMA Group also minimises the potential impact by developing customer-specific solutions and through its speed of innovation. At the same time, it is also possible for NORMA Group to violate the intellectual property of third parties. For this reason, developments for potential patent violations are reviewed at an early stage. Therefore, it is considered possible for the intellectual property to be violated. Due to the countermeasures that NORMA Group has implemented, the potential impact of an intellectual property violation is regarded to be minor. In addition, NORMA Group also sees potential opportunities that can lead to a minor deviation from the medium term plan as a result of the consistent defence of the intellectual property and the expansion of legal unique selling points.

ASSESSMENT OF THE OVERALL PROFILE OF OPPORTUNITIES AND RISKS BY THE MANAGEMENT BOARD

The Group's overall situation results from the aggregation of individual risks and opportunities from all categories of the business units and functions. After assessing the likelihood of risks occurring and their potential financial impact as well as in light of the current business outlook, NORMA Group's Management Board does not believe that there is any individual risk or group of risks with the potential to jeopardise the continued existence of the Group or individual Group companies as a going concern. Taking the aggregated opportunities into account, NORMA Group is in an excellent position with respect to both the medium and long terms to further expand its market position and grow globally. This assessment is reinforced by the good opportunities to cover the financing requirements. Therefore, NORMA Group has not made any effort to obtain a rating from a leading rating agency.

General economic risks remain for NORMA Group in all areas, which is why setbacks on the way towards long-term realisation of our growth and profitability targets cannot be ruled out. In contrast, there are clear opportunities that NORMA Group is taking advantage of through its strategy and consistent opportunity management, so that it is possible to even exceed the profitability targets.

Compared to the prior year, the risks and opportunities from currency have risen, while interest rate risks have declined. Nevertheless, changes in individual risks and opportunities do not have a significant impact on NORMA Group's overall risk profile. All other risks and opportunities have not changed since the previous year. Therefore, in the opinion of the management, the Group's overall profile has essentially not changed since the previous year.

Remuneration Report for the Management and Supervisory Boards

REMUNERATION OF THE MANAGEMENT BOARD

Outline of the remuneration system for the Management Board

The purpose of NORMA Group's remuneration system is to provide the members of the Management Board with adequate remuneration for their activities and areas of responsibility as well as their personal performance in accordance with applicable legislation and to provide them with a long-term incentive to commit themselves to the success of the Company. In addition to the criteria of the Company's performance and future prospects, the decision as to what level of remuneration is appropriate is also based on the general levels of remuneration paid by comparable companies and NORMA Group's remuneration structure.

In accordance with the recommendations of the German Corporate Governance Code in the version dated 24 June 2014, the remuneration comprises a fixed element and variable elements.

The basic remuneration is a fixed cash payment for the entire year based on the respective Management Board member's area of responsibility. This basic remuneration is paid in the form of a monthly salary.

The variable element comprises multiple components:

1. The annual bonus is a variable cash payment calculated on the basis of the quantifiable performance of the Company in the previous financial year. The parameters taken into consideration are whether or not the Company reaches its target for an earnings component (adjusted EBITA) and a liquidity component (operating free cash flow before external use). Each of the two indicators is calculated for a financial year based on figures taken from the Company's consolidated financial statements and compared to the target set in advance by the Supervisory Board. The annual salary of the Management Board member is multiplied by a percentage between 0% and 200%, depending on the extent to which the targets for the components were met. The range limits the annual bonus to 50% of the member's annual salary. It can be reduced to EUR 0 if the Company performs poorly.

2. The Company's long-term incentive (LTI) plan is a component of a variable remuneration element designed to maximize the Company's long-term performance. The LTI plan also comprises an EBITA component and an operating free cash flow before external use (FCF) component, each of which are observed over a period of three years (performance period). A new three-year performance period begins every year. Both components are calculated by multiplying the average annual EBITA and FCF values actually achieved in the performance period by the EBITA and FCF bonus percentages specified in the employment contract. In a second step, the actual value of a component is compared to the medium-term plan approved by the Supervisory Board to evaluate the Company's performance and adjustments are made to the LTI plan. The LTI plan is limited to two and a half times the amount that would be arrived at on the basis of the figures in the Company's medium-term plan. If the actual value is lower than the planned value, the LTI plan is reduced on a straight-line basis down to a minimum of EUR 0 if the three-year targets are missed by a significant amount.

3. The Matching Stock Programme (MSP) provides a share price-based long-term incentive to commit to the success of the Company. The MSP is a stock option programme.

   To this end, the Supervisory Board specifies a number of stock options to be allotted each financial year with the proviso that the Management Board member makes a corresponding personal investment in the Company.

   The MSP is split into five tranches. The first tranche was allotted on the day of the initial public offering (8 April 2011). The other tranches will be allotted on 31 March each following year. The stock options relate to those shares allotted or acquired and qualified under the MSP as specified in the Management Board contract. The number of stock options is calculated by multiplying the qualified shares (for 2011, 2012, 2013 and 2014: 108,452 shares per year) held at the allotment date by the option factor specified by the Supervisory Board. The option factor is re-determined for each tranche and amounts to 1.5 for each of the tranches in 2011, 2012, 2013 and 2014. Therefore, 162,679 share options are to be taken into account in financial years 2011 to 2014. Every tranche will be recalculated taking changes in the influencing factors into consideration and balanced pro rata temporis over the vesting period.

   The vesting period is four years and ends on 31 March in 2015, 2016, 2017 and 2018 respectively for the 2011, 2012, 2013 and 2014 tranches. The options in a tranche can only be exercised within a period of two years after the vesting period expires. As a precondition for exercising the options, the share price must exceed the exercise threshold when the options are exercised (basis: weighted average of the last ten exchange trading days before exercising the option). The exercise threshold is set by the Supervisory Board when the respective tranche is allocated and equals at least 120% of the strike price. The exercise threshold was set at 120% of the strike price for the 2011, 2012, 2013 and 2014 tranches. The strike price for the 2011 tranche corresponds to the initial offering price at the time of the IPO; i.e. the issuing price set at the end of the book building phase for the shares offered publicly during the IPO. The weighted average closing price of the Company's share for the last 60 exchange trading days directly preceding the allocation of the respective tranche applies when determining the strike price of the other tranches. The value of the stock options is calculated based on generally accepted business valuation models.

When the options are exercised, the Company is free to decide whether to settle them in shares or in cash, the Company assumes a settlement by equity instruments.

MATCHING STOCK PROGRAMME (MSP)

Tranches	Option factor	Number of options	Exercise price (in EUR)	End of the vesting period
2014	1.5	162,679	40.16	2018
2013	1.5	162,679	23.71	2017
2012	1.5	162,679	17.87	2016
2011	1.5	162,679	21.00	2015

The members of the Management Board are additionally compensated with a company car which they can also use for personal purposes. Furthermore, Management Board members are reimbursed for any expenses and travel costs incurred while performing their duties for the Company in accordance with the Company's respectively applicable guidelines. Inventor's bonuses are also granted. The members of the Management Board arrange private insurance or are personally responsible for the statutory deductible of 10% of the loss for the D&O insurance policy carried for the Managing Directors of NORMA Group.

Remuneration of the Management Board in the 2014 financial year

The remuneration for the Management Board totalled EUR 3.2 million in fiscal year 2014 (2013: EUR 3.9 million.) according to § 315a in connection with § 315 para. 2 no. 4 and § 314 para. 1 no. 6 German Commercial Code (HGB). This figure comprises fixed elements in the amount of EUR 1.4 million (2013: EUR 1.4 million) and variable elements in the amount of EUR 1.8 million (2013: EUR 2.5 million).

The variable elements comprise the short-term performance-based annual bonus and the two long-term performance-based LTI and MSP schemes.

A provision was recognized for the variable compensation elements. The stock options associated with the MSP scheme were reported as capital reserves in accordance with IFRS 2.

The Annual General Meeting held on 6 April 2011 resolved not to disclose the remuneration for individual Management Board members between 2011 and 2015 in accordance with sentences 5 to 9 of section 314(1) no. 6 letter a) of the German Commercial Code (HGB).

In accordance with the German Corporate Governance Code in its version dated 24 June 2014, which draws a distinction between remuneration that is being granted for the year under review and inflow in or for the year under review, the remuneration of the Management Board is as follows:

REMUNERATION GRANTED

	Complete Management Board			
in EUR thousands	2013	**2014**	2014 (min)	2014 (max)
Basic remuneration	1,300	**1,300**	1,300	1,300
Benefits	76	**68**	68	68
Sum	**1,376**	**1,368**	**1,368**	**1,368**
One-year variable remuneration	325	**325**	0	650
Multi-year variable remuneration				
LTI tranche 2014–2016	0	**933**	0	2,120
LTI tranche 2013–2015	764	**0**	0	1,911
MSP 2014–2018	0	**669**	0	2,814
MSP 2013–2017	638	**0**	0	2,956
Sum	**1,727**	**1,927**	**0**	**10,451**
Pension expenses	0	**0**	0	0
Total remuneration	**3,103**	**3,295**	**1,368**	**11,819**

INFLOW

	Complete Management Board	
in EUR thousands	2013	**2014**
Fixed remuneration	1,300	**1,300**
Benefits	76	**68**
Sum	**1,376**	**1,368**
One-year variable remuneration	312	**438**
Multi-year variable remuneration		
LTI tranche 2011–2013	0	**1,698**
Sum	**312**	**2,136**
Pension expenses	0	**0**
Total remuneration	**1,688**	**3,504**

REMUNERATION OF THE SUPERVISORY BOARD

The remuneration for the Chairman and the Deputy Chairman of the Supervisory Board was calculated separately in accordance with the recommendations of the German Corporate Governance Code in the version dated 24 June 2014. The Chairman is paid double the remuneration of the other members of the Supervisory Board, and the Deputy Chairman is paid one and a half times this amount. In addition, the Chairman and members of the Supervisory Board's committees are remunerated separately.

The Supervisory Board members will be remunerated for their activities on the day after the 2015 Annual General Meeting as follows:

Supervisory Board member	Membership / Chairmanship of a committee	Remuneration (in EUR)
Dr. Stefan Wolf	Chairman of the Supervisory Board	110,000
	Chairman of the General and Nomination Committees	
Lars M. Berg	Deputy Chairman of the Supervisory Board	95,000
	Member of the Audit Committee	
	Member of the General and Nomination Committees	
Günter Hauptmann	Not a member of a committee	50,000
Knut J. Michelberger	Member of the Audit Committee	60,000
Dr. Christoph Schug	Chairman of the Audit Committee	95,000
	Member of the General and Nomination Committees	
Erika Schulte	Not a member of a committee	50,000
Total		**460,000**

No remuneration was paid to Supervisory Board members in financial year 2014 for services personally rendered (in particular advisory and brokerage services).

Furthermore, the Supervisory Board members are reimbursed for any expenses and travel costs incurred while performing their duties for the Company in accordance with the Company's respectively applicable guidelines. The members of the Supervisory Board arrange private insurance or are personally responsible for the statutory deductible of 10% of the loss for the D&O insurance policy carried for the Management Board and the Supervisory Board of NORMA Group.

Other Legally Required Disclosures

An overview of the information required under section 315(4) of the German Commercial Code (Handelsgesetzbuch, HGB) is presented below:

Section 315 (4) no. 1 HGB

NORMA Group SE's share capital totaled EUR 31,862,400.00 on 31 December 2014. This is divided into 31,862,400 registered shares with no par value. Each share entitles the bearer to one vote. There are no other classes of shares. NORMA Group SE holds no treasury shares.

Section 315 (4) no. 2 HGB

The Management Board of NORMA Group SE is not aware of any restrictions affecting voting rights or the transfer of shares or any agreements between shareholders which could result in such restrictions.

Section 315 (4) no. 3 HGB

There are no direct or indirect capital holdings exceeding one tenth of the voting rights other than those voting rights listed in the notes to the consolidated financial statements.

Section 315 (4) no. 4 HGB

There are no shares in NORMA Group SE that confer special control rights to the holder.

Section 315 (4) no. 5 HGB

There are no employee share schemes through which employees can acquire shares of NORMA Group SE. Employees with shareholdings in NORMA Group SE exercise control rights in the same way as other shareholders in accordance with applicable legislation and the Articles of Association.

Section 315 (4) no. 6 HGB

Management Board members are appointed and dismissed in accordance with section 84 et seq. of the German Stock Corporation Act (Aktiengesetz, AktG). The Articles of Association of NORMA Group SE do not contain any provisions related to this issue that contradict the applicable legislation. The Supervisory Board is responsible for determining the actual number of members on the Management Board. It can nominate a Chairman and Deputy Chairman of the Management Board or a Management Board spokesperson and a deputy spokesperson.

Changes to the Articles of Association are made by the Annual General Meeting in accordance with section 179 (1) AktG. In accordance with section 179 (1) sentence 2 AktG, the Annual General Meeting can authorise the Supervisory Board to make changes which affect only the wording of the Articles of Association. The Annual General Meeting of NORMA Group SE has chosen to do so: According to Article 14 (2) of the Articles of Association, the Supervisory Board is authorised to make changes to the Articles of Association which only affect their wording. In accordance with article 20 sentence 3 of the Articles of Association, a simple majority of votes submitted is sufficient for a resolution on changing the Articles of Association if at least half of the share capital is represented when the resolution is adopted and a different majority is not required under the law.

If the Management Board exercises its right to retire treasury shares without a capital decrease and thereby increases the proportion of the share capital represented by the remaining shares, it is authorised to alter the number of shares in the Articles of Association. The Supervisory Board is authorised to alter the wording of the Articles of Association after capital increases from authorised capital 2011/II or following the expiry of the authorization period if this authorised capital is not used.

Section 315 (4) no. 7 HGB

Authorised capital 2011/II

With the approval of the Supervisory Board, the Annual General Meeting held on 6 April 2011 authorised the Management Board to increase the company's share capital to a total of EUR 15,931,200.00 until 5 April 2016 through the issue of up to 15,931,200 new registered, no-par-value shares in exchange for cash or non-cash contributions (authorised capital 2011/II). Article 5 of NORMA Group SE's Articles of Association adopts the provisions on the Company's Authorised Capital 2011/II from article 5 of NORMA Group AG's Articles of Association prior to the transformation. The only change compared to the Articles of Association of NORMA Group AG is the additional clarification that the Authorised Capital 2011/II only exists in NORMA Group SE to the extent remaining when the transformation went into effect, i.e. not yet used up.

The Management Board is authorised, subject to the Supervisory Board's approval, to disapply the pre-emptive rights of shareholders for one or more capital increases for the following reasons: in connection with the authorised capital for fractional amounts resulting from the shareholders' subscription ratio; for capital increases in exchange for non-cash contributions, in particular to acquire companies or shares in companies; for capital increases in exchange for cash contributions limited to a maximum of 10% of the share capital, provided the issue price is not significantly lower than the stock market price (simplified disapplication of pre-emptive rights in accordance with section 186 (3) sentence 4); to fulfil obligations resulting from conversion and option rights or profit participation rights or participating bonds.

Contingent capital

Article 6 of NORMA Group SE's Articles of Association adopts the Contingent Capital 2011 from article 6 of NORMA Group AG's Articles of Association prior to the transformation and also clarifies that the Contingent Capital 2011 only exists to the extent remaining when the transformation went into effect, i.e. capital increases under article 6 of NORMA Group AG's Articles of Association have not yet been carried out. The share capital was contingently increased by up to EUR 12,505,000.00 by issuing up to 12,505,000 new registered, no-par-value shares with dividend rights from the beginning of the financial year in which they were issued (contingent capital 2011). With the approval of the Supervisory Board, the Management Board is authorised to issue bonds with warrants or convertible bonds and convertible profit participation rights one or more times until the end of 5 April 2016 and to grant the bondholders or creditors of the bonds conversion or option rights on up to 12,505,000 new shares of NORMA Group SE with a proportionate interest in the share capital of up to EUR 12,505,000.00.

The purpose of the contingent capital increase is to grant shares to the holders or creditors of bonds with warrants or convertible bonds and profit participation rights with warrants or conversion rights which are issued by the Company or any company in which the Company owns a majority interest or which depends on the Company until the end of 5 April 2016 in accordance with the resolution of the Annual General Meeting held on 6 April 2011. The contingent capital increase is only carried out to the extent that holders of the aforementioned bonds with warrants or convertible bonds or profit participation rights with option or conversion rights exercise these options or conversion rights, or conversion obligations arising from such bonds are fulfilled and that the Company's treasury shares or new shares from the authorized capital are used for this purpose.

Authorisation to acquire treasury shares

The Annual General Meeting held on 6 April 2011 authorised NORMA Group SE to acquire treasury shares up to a total of 10% of the share capital existing when the resolution was passed over the stock market or by means of a purchase offer extended to all of NORMA Group SE's shareholders in accordance with section 71 (1) no. 8 AktG. This authorisation may be exercised as a whole or in partial amounts on one or several occasions until 5 April 2016. The acquisition price (excluding transaction costs) may not deviate by more than 10% from the arithmetic average of the closing price of the shares of NORMA Group AG in Xetra trading or a successor system of the Frankfurt Stock Exchange over the five trading days immediately preceding the acquisition or the assumption of an obligation to acquire shares over the stock market or the publication of a public offer.

The authorisation may be exercised for any purpose permitted by law. The Management Board is authorised to retire all or part of the acquired shares with the approval of the Supervisory Board, whereby the Management Board may require the shares to be retired without a capital decrease, but is under no obligation to do so. Other than selling them on the stock market or offering them to all shareholders while partially or completely disapplying pre-emptive rights, the Management Board is also specifically authorised to use shares acquired on the basis of the aforementioned authorisation for any of the following purposes with the approval of the Supervisory Board: to disapply fractional amounts resulting from the subscription ratio from shareholders' pre-emptive rights; for sale in exchange for non-cash contributions, in particular as part of the acquisition of companies or shares in companies; for sale in exchange for cash contributions, provided the price is not significantly lower than the stock market price (simplified disapplication of pre-emptive rights in accordance with section 186 (3) sentence 4 and section 71 (1) no. 8 sentence 5 half sentence 2 AktG, limited to a maximum of 10% of the share capital); to fulfil obligations resulting from conversion and option rights or conversion obligations.

The Management Board of NORMA Group SE has yet to make use of this authorisation.

Section 315 (4) no. 8 HGB
NORMA Group's financing agreements including the contracts for the promissory notes include the typical Change of Control Clause. In the event of a takeover by a third party, the possibility that NORMA Group wouldn't be able to finance itself at similarly favourable terms and conditions cannot be ruled out.

Section 315 (4) no. 9 HGB
NORMA Group SE has no agreements in place that provide compensation for members of the Management Board or employees in the event of a takeover bid. Please see the remuneration report for further details.

Report on Transactions with Related Parties

Apart from the reported, there were no significant transactions with related parties in financial year 2014.

Maintal, 17 March 2015

NORMA Group SE

The Management Board

Werner Deggim Dr. Othmar Belker

Bernd Kleinhens John Stephenson

THE HIGH-QUALITY ENGINEERED JOINING SOLUTIONS THAT NORMA GROUP OFFERS HELP TO REDUCE EMISSIONS AND ENERGY CONSUMPTION IN ITS END CUSTOMERS' PRODUCTS. NORMA GROUP THUS CONTRIBUTES TO ENVIRONMENTALLY FRIENDLY USE OF RESOURCES.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Financial Position

ASSETS

in EUR thousands	Note	31 Dec 2014	31 Dec 2013
Non-current assets			
Goodwill	(19)	**324,496**	233,239
Other intangible assets	(19)	**262,460**	92,910
Property, plant and equipment	(20)	**154,490**	115,367
Other non-financial assets		**782**	0
Income tax assets	(17)	**933**	1,533
Deferred income tax assets	(18)	**11,137**	7,515
		754,298	**450,564**
Current assets			
Inventories	(24)	**114,877**	79,770
Other non-financial assets	(25)	**10,545**	8,114
Other financial assets	(26)	**2,198**	0
Derivative financial assets	(22)	**3**	92
Income tax assets	(17)	**4,505**	827
Trade and other receivables	(23)	**107,717**	90,138
Cash and cash equivalents	(36)	**84,271**	194,188
		324,116	**373,129**
Total assets		**1,078,414**	**823,693**

EQUITY AND LIABILITIES

in EUR thousands	Note	31 Dec 2014	31 Dec 2013
Equity attributable to equity holders of the parent			
Subscribed capital		31,862	31,862
Capital reserves	(27)	216,468	215,927
Other reserves	(27)	2,496	–13,857
Retained earnings	(27)	116,218	84,966
Equity attributable to shareholders		367,044	318,898
Non-controlling interests		969	1,004
Total equity		368,013	319,902
Liabilities			
Non-current liabilities			
Retirement benefit obligations	(29)	12,271	10,869
Provisions	(30)	6,207	5,284
Borrowings	(31)	408,225	200,981
Other non-financial liabilities	(32)	1,790	1,398
Other financial liabilities	(33)	3,763	1,619
Derivative financial liabilities	(22)	18,177	8,293
Deferred income tax liabilities	(18)	104,647	32,970
		555,080	261,414
Current liabilities			
Provisions	(30)	8,142	8,334
Borrowings	(31)	22,721	125,127
Other non-financial liabilities	(32)	26,015	22,407
Other financial liabilities	(33)	2,445	4,676
Derivative financial liabilities	(22)	2,043	6,977
Income tax liabilities	(17)	13,126	15,831
Trade payables	(34)	80,829	59,025
		155,321	242,377
Total liabilities		710,401	503,791
Total equity and liabilities		1,078,414	823,693

Consolidated Statement of Comprehensive Income

in EUR thousands	Note	Q4 2014	Q4 2013	2014	2013
Revenue	(8)	176,204	152,804	694,744	635,545
Changes in inventories of finished goods and work in progress		−4,333	−318	−2,907	1,894
Other own work capitalised		2,195	2,275	3,647	3,377
Raw materials and consumables used	(9)	−72,259	−61,996	−292,073	−269,421
Gross profit		101,807	92,765	403,411	371,395
Other operating income	(10)	4,106	2,690	9,355	6,983
Other operating expenses	(11)	−27,544	−20,424	−92,739	−79,370
Employee benefits expense	(12)	−50,033	−43,252	−188,508	−169,689
Depreciation and amortisation	(19, 20)	−9,777	−7,780	−33,675	−29,799
Operating profit		18,559	23,999	97,844	99,520
Financial income		95	232	407	555
Financial costs		474	−4,596	−14,876	−16,140
Financial costs – net	(13)	569	−4,364	−14,469	−15,585
Profit before income tax		19,128	19,635	83,375	83,935
Income taxes	(16)	−7,556	−7,008	−28,500	−28,319
PROFIT FOR THE PERIOD		11,572	12,627	54,875	55,616
Other comprehensive income for the period, net of tax					
Other comprehensive income that can be reclassified to profit or loss, net of tax		2,696	−2,110	16,208	−5,383
Exchange differences on translation of foreign operations	(27)	2,751	−1,992	14,181	−7,712
Cash flow hedges	(27)	−55	−118	2,027	2,329
Other comprehensive income that cannot be reclassified to profit or loss, net of tax		−1,166	−567	−1,166	−567
Remeasurements of post employment benefit obligations, net of tax	(27, 29)	−1,166	−567	−1,166	−567
Other comprehensive income for the period, net of tax		1,530	−2,677	15,042	−5,950
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		13,102	9,950	69,917	49,666
Profit attributable to					
Shareholders of the parent		11,553	12,617	54,722	55,557
Non-controlling interests		19	10	153	59
		11,572	12,627	54,875	55,616
Total comprehensive income attributable to					
Shareholders of the parent		13,103	10,047	69,909	49,683
Non-controlling interests		−1	−97	8	−17
		13,102	9,950	69,917	49,666
Undiluted earnings per share (in EUR)	(15)	0.36	0.40	1.72	1.74
Diluted earnings per share (in EUR)	(15)	0.36	0.39	1.70	1.74

Consolidated Statement of Cash Flows

in EUR thousands	Note	Q4 2014	Q4 2013	2014	2013
Operating activities					
Profit for the period		**11,572**	**12,627**	**54,875**	**55,616**
Depreciation and amortisation	(19, 20)	**9,777**	7,780	**33,675**	29,799
Gain (–)/loss (+) on disposal of property, plant and equipment		**1**	43	**33**	–66
Change in provisions	(30)	**345**	861	**174**	542
Change in deferred taxes	(18)	**–923**	329	**–1,911**	–633
Change in inventories, trade account receivables and other receivables, which are not attributable to investing or financing activities	(23, 24, 25, 26)	**24,880**	12,440	**–5,437**	–4,732
Change in trade and other payables, which are not attributable to investing or financing activities	(32, 34, 35)	**–5,858**	1,228	**1,688**	12,424
Interest expenses of the period		**2,902**	2,682	**9,958**	11,408
Expenses due to repayment of derivatives (CF-Hedges)		**0**	0	**4,683**	0
Other non-cash expenses/income	(36)	**–3,429**	4,712	**–1,377**	10,993
Net cash provided by operating activities		**39,267**	**42,702**	**96,361**	**115,351**
thereof interest received		**56**	229	**275**	485
thereof income taxes		**–10,446**	–4,674	**–37,360**	–16,484
Investing activities					
Payments for acquisitions of subsidiaries, net	(36, 40)	**–226,404**	–1,167	**–232,190**	–13,210
Investments in property, plant and equipment and intangible assets	(19, 20)	**–9,346**	–14,549	**–33,175**	–30,528
Proceeds from sale of property, plant and equipment		**41**	139	**305**	376
Net cash used in investing activities		**–235,709**	**–15,577**	**–265,060**	**–43,362**
Financing activities					
Reimbursement OPICP from shareholder		**0**	0	**0**	1,067
Payments for shares in a subsidiary		**0**	0	**–907**	0
Interest paid		**–865**	–1,750	**–9,492**	–9,773
Dividends paid to shareholders	(27)	**0**	0	**–22,304**	–20,711
Dividends paid to non-controlling interests		**–15**	0	**–43**	0
Proceeds from borrowings	(31)	**229,553**	0	**229,870**	128,118
Repayment of borrowings	(31)	**–7,258**	–16,705	**–129,257**	–46,598
Repayment of hedging derivatives		**–3,011**	0	**–9,901**	0
Repayment of lease liabilities		**–77**	–77	**–287**	–453
Net cash provided by (+)/used in (–) financing activities	(36)	**218,327**	**–18,532**	**57,679**	**51,650**
Net decrease (–)/increase (+) in cash and cash equivalents		**21,885**	**8,593**	**–111,020**	**123,639**
Cash and cash equivalents at beginning of the year		**62,482**	186,209	**194,188**	72,389
Effect of foreign exchange rates on cash and cash equivalents		**–96**	–614	**1,103**	–1,840
Cash and cash equivalents at end of the period		**84,271**	**194,188**	**84,271**	**194,188**

Consolidated Statement of Changes in Equity

		Attributable to equity holders of the parent	
in EUR thousands	Note	Subscribed capital	Capital reserve
Balance as of 31 December 2012		**31,862**	**213,559**
Changes in equity for the period			
Result for the period			
Exchange differences on translation of foreign operations			
Cash flow hedges, net of tax	(22)		
Remeasurements of post employment benefit obligations, net of tax	(27, 29)		
Total comprehensive income for the period		**0**	**0**
Stock options [1)]	(28)		1,301
Reimbursement OPICP by shareholders	(27)		1,067
Dividends paid	(27)		
Total transactions with owners for the period		**0**	**2,368**
Balance as of 31 December 2013		**31,862**	**215,927**
Changes in equity for the period			
Result for the period			
Exchange differences on translation of foreign operations			
Cash flow hedges, net of tax	(22)		
Remeasurements of post employment benefit obligations, net of tax	(27, 29)		
Total comprehensive income for the period		**0**	**0**
Stock options	(28)		541
Dividends paid	(27)		
Dividends paid to non-controlling interests			
Total transactions with owners for the period		**0**	**541**
Balance as of 31 December 2014		**31,862**	**216,468**

1) In 2013 the expenses from the stock option programme recognised in equity were reclassified from the retained earnings into the capital reserve in order to achieve the same disclosure in the Statutory Financial Statements of NORMA Group SE and the Consolidated Financial Statements of NORMA Group.

Attributable to equity holders of the parent				
Other reserves	Retained earnings	**Total**	Non-controlling interests	**Total equity**
−8,550	**51,289**	**288,160**	**1,021**	**289,181**
	55,557	**55,557**	59	**55,616**
−7,636		**−7,636**	−76	**−7,712**
2,329		**2,329**	0	**2,329**
	−567	**−567**	0	**−567**
−5,307	**54,990**	**49,683**	**−17**	**49,666**
	−602	**699**	0	**699**
		1,067	0	**1,067**
	−20,711	**−20,711**	0	**−20,711**
0	**−21,313**	**−18,945**	**0**	**−18,945**
−13,857	**84,966**	**318,898**	**1,004**	**319,902**
	54,722	**54,722**	153	**54,875**
14,326		**14,326**	−145	**14,181**
2,027		**2,027**		**2,027**
	−1,166	**−1,166**		**−1,166**
16,353	**53,556**	**69,909**	**8**	**69,917**
		541		**541**
	−22,304	**−22,304**		**−22,304**
		0	−43	**−43**
0	**−22,304**	**−21,763**	**−43**	**−21,806**
2,496	**116,218**	**367,044**	**969**	**368,013**

Segment Reporting

	EMEA		Americas		Asia-Pacific	
in EUR thousands	**2014**	2013	**2014**	2013	**2014**	2013
Total revenue	**420,571**	412,691	**244,625**	198,321	**64,595**	57,218
thereof inter-segment revenue	**26,116**	24,730	**6,868**	6,752	**2,063**	1,203
Revenue from external customers	**394,455**	**387,961**	**237,757**	**191,569**	**62,532**	**56,015**
Contribution to consolidated group sales	**57 %**	61 %	**34 %**	30 %	**9 %**	9 %
Adjusted EBITDA [1]	**84,643**	**83,920**	**49,266**	**45,216**	**7,678**	**6,471**
Depreciation without PPA depreciation	**−9,603**	−9,803	**−4,544**	−4,133	**−1,992**	−1,991
Adjusted EBITA [1]	**75,040**	**74,117**	**44,722**	**41,083**	**5,686**	**4,480**
Assets [2]	**496,433**	490,322	**574,897**	210,047	**71,893**	61,895
Liabilities [3]	**145,082**	196,079	**346,317**	121,336	**23,116**	20,385
CAPEX	**13,057**	13,055	**16,215**	7,317	**5,757**	6,716
Number of employees [4]	**2,636**	2,546	**1,270**	664	**653**	567

[1] For details regarding the adjustments, refer to → Note 7.

[2] Including allocated goodwills, taxes are shown within the reconciliation.

[3] Taxes are shown within the reconciliation.

[4] Number of employees (average headcount)

Total segments		Central functions		Consolidation		Consolidated group	
2014	2013	2014	2013	2014	2013	2014	2013
729,791	668,230	27,591	42,457	−62,638	−75,142	694,744	635,545
35,047	32,685	27,591	42,457	−62,638	−75,142	0	0
694,744	635,545	0	0	0	0	694,744	635,545
100 %	100 %						
141,587	135,607	−1,682	−5,915	−1,462	−373	138,443	129,319
−16,139	−15,927	−805	−772	0	0	−16,944	−16,699
125,448	119,680	−2,487	−6,687	−1,462	−373	121,499	112,620
1,143,223	762,264	316,412	212,440	−381,221	−151,011	1,078,414	823,693
514,515	337,800	476,205	277,946	−280,319	−111,955	710,401	503,791
35,029	27,088	4,559	3,440	0	0	39,588	30,528
4,559	3,777	188	168	0	0	4,747	3,945

Notes to the Consolidated Financial Statements

1. GENERAL INFORMATION

NORMA Group SE is the parent Company of NORMA Group. Its headquarters are located at 63477 Maintal, Edisonstrasse 4 in the vicinity of Frankfurt, Germany, and the Company is registered in the commercial register of Hanau under the number HRB 94473. NORMA Group SE and its affiliated Group subsidiaries operate in the market as 'NORMA Group.'

NORMA Group has been listed in the Prime Standard of Frankfurt Stock Exchange's Regulated Market since 8 April 2011. For a detailed overview of NORMA Group's shareholdings, please refer to the appendix to the notes: voting rights.

NORMA Group SE was established in 2006 as a result of the merger of Rasmussen GmbH and the ABA Group. Rasmussen was founded in 1949 as Rasmussen GmbH in Germany. It manufactured connecting and retaining elements as well as fluid conveying conduits such as monolayer and multilayer tubes and corrugated tubes. All products were marketed globally under the NORMA brand. ABA Group was founded in 1896 in Sweden. The Group has since developed into a leading multi-national Company specialising in the design and production of hose and pipe clamps, as well as connectors for many world-wide applications.

In 2007, NORMA Group acquired Breeze Industrial Products Corporation (USA) to strengthen its foothold in the Americas. Breeze had expanded its product offering to include a wide range of worm-drive, T-bolt and V-clamps for the commercial and passenger vehicle, heavy-duty vehicle, aircraft and further industrial markets. In 2010, NORMA Group acquired two further companies in America, R.G.RAY Corporation and Craig Assembly Inc., to become one of the country's leading suppliers of fastening and fixing products. In the financial years 2012 and 2013, more acquisitions were made in accordance with our acquisition strategy. In 2012, acquisitions were made in the regions of EMEA and Asia-Pacific. In 2013, NORMA Group focused on the regions EMEA, Americas and Asia-Pacific.

On 31 October of financial year 2014, NORMA Group acquired National Diversified Sales, Inc. ("NDS"). By acquiring NDS, one of the leading US suppliers of stormwater management, landscape irrigation and connecting flow management components for water infrastructure, NORMA Group is continuing its expansion course in the area of water management. Furthermore, NORMA Group acquired the business activities of Five Star Clamps, Inc. ("Five Star"), a manufacturer of high-quality clamps for different industries, in 2014.

In past decades, NORMA Group has, driven by its successful acquisitions and continuous technological innovation with products and operations, developed into a group of companies of global importance. Today, NORMA Group markets its products to its customers via two different market channels: Distribution Services (DS) and Engineered Joining Technologies (EJT).

For Distribution Services (DS) customers, NORMA Group offers a wide range of standard fastening and fixing products. Furthermore, NORMA Group offers a broad technological and innovative product portfolio which includes brands like ABA®, Breeze®, Clamp-All®, FISH®, Five Star®, Gemi®, NDS®, NORMA®, R.G.RAY®, Serflex® and TORCA®.

For Engineered Joining Technology (EJT) customers, NORMA Group offers tailor-made solutions and special engineered joining systems. To effectively fulfil special requirements, NORMA Group builds on extensive industry and application knowledge, a successful track record of innovation and long-standing relationships with all its key customers. As a result, many joining systems and fluid conveying conduits have been developed in close cooperation with global OEMs and NORMA Group.

2. BASIS OF PREPARATION

The principal accounting policies applied in the preparation of these Consolidated Financial Statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The Consolidated Financial Statements of NORMA Group have been prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRS) as well as with the regulations under commercial law as set forth in Section 315a of the German Commercial Code (HGB) for the year ended 31 December 2014.

The consolidated statement of comprehensive income has been prepared in accordance with the total cost method.

The Consolidated Financial Statements of NORMA Group SE were prepared by the Management Board on 9 March 2015 and released for publication after they were approved by the Supervisory Board on 24 March 2015.

The Consolidated Financial Statements of NORMA Group are being filed with and published in the German Federal Gazette (Bundesanzeiger).

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the Consolidated Financial Statements are disclosed in → Note 6.

New and amended standards adopted by the Group for the first time in 2014

The following new standards or amendments to standards which are applied for the first time for the financial year beginning 1 January 2014 did not have a material impact on NORMA Group's financial positions, cash flows and financial performance.

New or revised standards	Amendments
IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements	IFRS 10 replaces the portion of IAS 27 that addresses the accounting for Consolidated Financial Statements. It also addresses the issues raised in SIC-12 Consolidation – Special Purpose Entities, which resulted in SIC-12 being withdrawn. IFRS 10 does not change consolidation procedures (i.e., how to consolidate an entity). Rather, IFRS 10 changes whether an entity is consolidated by revising the definition of control and also provides a number of clarifications on applying this new definition.
IAS 27 Separate Financial Statements	IAS 27, as revised, is limited to the accounting for investments in subsidiaries, joint ventures, and associates in separate financial statements.
IFRS 11 Joint Arrangements	IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities – Non-monetary Contributions by Venturers. IFRS 11 provides guidance for the accounting of joint arrangements. The core principle of IFRS 11 is to determine the accounting of joint ventures on the rights and obligations of the arrangement, rather than its legal form. Basically the standard classifies joint arrangements into two types, joint operations and joint ventures, which differ in the way of accounting for joint arrangements. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. IFRS requires a joint operator to recognise and measure the assets and liabilities in relation to its interest in the arrangement applicable to the particular assets, liabilities, revenues and expenses. A joint venture is required to recognise an investment and to account for that investment using the equity method according to IAS 28.
IAS 28 Investments in Associates and Joint Ventures	Similar to the previous Standard, the new Standard deals with how to apply the equity method of accounting, but the scope of the revised Standard has been changed so that it covers Investments in Joint Ventures under IFRS 11.
IFRS 12 Disclosure of Interests in Other Entities	IFRS 12 unifies the disclosure requirements of IAS 27 and IFRS 10, IAS 31 and IFRS 11 and IAS 28 in one comprehensive standard. The standard provides guidance for disclosure requirements for any kind of interests in other entities, including joint arrangements, associates, structured entities, special purpose vehicles and off-balance sheet activities. The objective of IFRS 12 is to require disclosures that enable users of financial statements to evaluate the nature of, and risks associated with, its interest in other entities and the effects on its financial position, financial performance and cash flows.
Amendments to IFRS 10, IFRS 11 and IFRS 12: Transition Guidance	The amendment clarifies that the date of initial application of IFRS 10 is the beginning of the period in which the Standard is first applied. This has the consequence that decisions whether investments are accounted for using IFRS 10 or not, shall be made at the beginning of this period. It also clarifies that upon the initial application of the new consolidation rules comparative figures for the mandatory disclosure requirements of IFRS 12 relating to subsidiaries, associates and joint arrangements must be present only for the immediately preceding comparative period.
Amendments to IFRS 10, IFRS 12 and IAS 27: Investment Entities	The amendments to IFRS 10 define an investment entity and introduce an exception from the requirement to consolidate subsidiaries for an investment entity. In terms of the exception, an investment entity is required to measure its interests in subsidiaries at fair value through profit or loss. The exception does not apply to subsidiaries of investment entities that provide services that relate to the investment entity's investment activities. Consequential amendments to IFRS 12 and IAS 27 have been made to introduce new disclosure requirements for investment entities.
Amendments to IAS 32: Offsetting Financial Assets and Financial Liabilities	The amendments introduce additional application guidance under IFRS in applying the current offsetting principles. They clarify that an entity currently has a legally enforceable right to set off if that right is enforceable both in the normal course of business and in the event of default, insolvency of the entity and all counterparties. The amendments to IAS 32 are to be applied retrospectively.
Amendments to IAS 39: Novation of Derivatives and Continuation of Hedge Accounting	The amendments provide an exception to the requirement to discontinue hedge accounting in certain circumstances in which there is a change in counterparty to a hedging instrument in order to achieve clearing for that instrument.

Standards, amendments and interpretations of existing standards that are not yet effective and have not been adopted early by the Group

The following standards and amendments to existing standards have been published and application is mandatory for all accounting periods beginning on or after 1 January 2015. The Group has decided against an early adoption.

1) Standards, amendments and interpretations to existing standards that have already been endorsed by the EU (with reference to each respective EU effective date):

New or revised standard	EU endorsement date	Amendments
IFRIC Interpretation 21 Levies	13 June 14	IFRIC 21 is effective for annual periods beginning on or after 17 June 2014. The new standard is applicable to all levies other than outflows that are within the scope of other standards (e.g., IAS 12 Income Taxes) and fines or other penalties for breaches of legislation. The interpretation clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability is recognised before the specified minimum threshold is reached. The Group does not expect a material impact on its Consolidated Financial Statements from these amendments.
Amendments to IAS 19: Defined Benefit Plans: Employee Contributions	17 Dec 14	IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. The amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. The amendments are effective for annual periods beginning on or after 1 February 2015. The Group does not expect a material impact on its Consolidated Financial Statements from these amendments.

In December 2014, as part of its annual improvements project, the International Accounting Standards Board (IASB) issued Annual Improvements to IFRSs: 2011–2013 Cycle and Annual Improvements to IFRSs: 2010–2012 Cycle, which propose amendments to several International Financial Reporting Standards (IFRSs).

The Annual Improvements to IFRSs: 2011–2013 Cycle was endorsed on 18 December 2014 and are effective for annual periods beginning on or after 1 January 2015. The amendments are intended to clarify the requirements and not to change the accounting practice.

The Annual Improvements to IFRSs: 2010–2012 Cycle was endorsed on 17 December 2014 and are effective for annual periods beginning on or after 1 February 2015. The amendments are intended to clarify the requirements and not to change the accounting practice.

2) Standards, amendments and interpretations to existing standards that have not been endorsed by the EU:

New or revised standards	Amendments
IFRS 9 Financial Instruments	In July 2014, the IASB finalised the reform of financial instruments accounting and issued IFRS 9, which will supersede IAS 39 Financial Instruments: Recognition and measurement. The completed IFRS 9 contains the requirements for the classification and measurement of financial assets and liabilities, the impairment methodology, and the general hedge accounting. **Classification and measurement of financial assets and financial liabilities** IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. **Impairment methodology** The impairment model under IFRS 9 reflects expected credit losses, as opposed to incurred credit losses under IAS 39. Under the impairment approach in IFRS 9, it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. **Hedge accounting** IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually uses for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The new standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is currently assessing the impact of adopting IFRS 9 on the Group's Consolidated Financial Statements.
IFRS 15 Revenue from Contracts with Customers	In May 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance. The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer promised goods or services to a customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition: 1. Identify the contract(s) with a customer; 2. Identify the performance obligations in the contract; 3. Determine the transaction price; 4. Allocate the transaction price to the performance obligations in the contract; 5. Recognise revenue when (or as) the entity satisfies a performance obligation. Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when control of the goods or services underlying the particular performance obligation is transferred to the customer. Furthermore, extensive disclosures are required by IFRS 15. The new Standard is effective for annual periods beginning on or after 1 January 2017. The Group is currently assessing the impact of adopting IFRS 15 on the Group's Consolidated Financial Statements.
Amendments to IFRS 11: Accounting for Acquisition of Interests in Joint Operations	This amendment provides new guidance on how to account for the acquisition of an interest in a joint venture operation that constitutes a business. The amendments require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a 'business.' The amendments are applicable to both the acquisition of the initial interest in a joint operation and the acquisition of additional interest in the same joint operation. However, a previously held interest is not re-measured when the acquisition of an additional interest in the same joint operation results in retaining joint control. The amendments apply prospectively for annual periods beginning on or after 1 January 2016. The Group does not expect a material impact on its Consolidated Financial Statements from these amendments.
Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	This amendment clarifies that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. This has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The presumption may only be rebutted in certain limited circumstances. These are where the intangible asset is expressed as a measure of revenue; or where it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated. The amendments apply prospectively for annual periods beginning on or after 1 January 2016. The Group does not expect a material impact on its Consolidated Financial Statements from these amendments.

New or revised standards	Amendments
Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception	On 18 December 2014, the IASB issued Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception, which address several application issues regarding the consolidation exception for investment entities. Furthermore, the ISAB amends IFRS 12 to clarify that an investment entity that prepares financial statements in which all of its subsidiaries are measured at fair value through profit or loss have to present the disclosures required by IFRS 12 for investment entities. The amendments apply retrospectively for annual periods beginning on or after 1 January 2016. The Group does not expect a material impact on its Consolidated Financial Statements from these amendments.
Amendments to IAS 1: Presentation of financial statements	On 18 December 2014, the IASB issued Amendments to IAS 1: Presentation of financial statements. The amendments emphasise the concept of materiality to avoid several application issues. The amendments clarify that an entity must not reduce the understandability of its financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions. The aim of these clarifications is to relieve IFRS financial statements of non-essential information while promoting the exchange of relevant information. Furthermore, the understandability of financial statement information shall not be limited by summarising relevant and irrelevant information or by aggregating main items with different characteristics or functions. The amendments result in the deletion of a model structure of the notes towards consideration of company-specific relevance, whereby it is explicitly clarified that companies should take the impact on the readability and comparability of their IFRS financial statements into account in determining the structure of their notes. Furthermore, companies are expected to take the nature of their business and the methods by which the addressees most likely expect to receive information into consideration in determining the accounting policies to be listed. The amended standard also contains explanations on aggregation and disaggregation of items in the balance sheet and the income statement, and clarification as to how shares of other comprehensive income of companies to be accounted for using the equity method are to be presented in the statement of comprehensive income. The amendments are effective in reporting periods beginning on or after 1 January 2016. Earlier application is permitted, but requires an EU endorsement. The Company is currently assessing the impact of application of the amendments to its financial statements.

In September 2014, as part of its annual improvements project, the International Accounting Standards Board (IASB) issued Annual Improvements to IFRSs: 2012–2014 Cycle, which contain five amendments to four standards, excluding consequential amendments. The amendments are effective for annual periods beginning on or after 1 January 2016. The amendments are intended to clarify the requirements and not to change the accounting practice. The Group therefore does not expect a material impact on its Consolidated Financial Statements from these amendments.

In addition, the IASB and the IFRIC have issued a number of other pronouncements that were not yet required to be applied as of 31 December 2014. However, the Group does not expect these changes to have a significant impact on the Consolidated Financial Statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

1. Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of an investee begins from the date the Group obtains control of the investee and ceases when the Group loses control of the investee.

The Group uses the acquisition method of accounting to account for business combinations. The initial value for the acquisition of a subsidiary is recognised at fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The initial value recognised includes the fair value of any asset or liability resulting from a contingent consideration arrangement. On the acquisition date, the fair value of contingent consideration is recognised as part of the consideration transferred in exchange for the acquiree. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the acquisition date. According to IFRS 3 (revised), for each business combination the acquirer shall measure any non-controlling interest in the acquiree either at fair value (full goodwill method) or at the non-controlling interest's proportionate share of the acquiree's net assets. The Group measures the non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired, is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised immediately in the statement of comprehensive income.

In a business combination achieved in stages, the Group remeasures its previously held equity interest in the acquiree at its acquisition date fair value and recognises the resulting gain or loss, if any, in profit or loss.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Non-controlling interests

Non-controlling interests have a share in the earnings of the reporting period. Their interests in the shareholders' equity of subsidiaries are reported separately from the equity of the Group.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals of non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the subsidiary is remeasured at its fair value, with the change in the carrying amount recognised in profit or loss. The initial carrying amount is the fair value for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2. Valuation methods

The following table shows the most important valuation methods:

Position	Valuation method
Assets	
Goodwill	Impairment-only approach
Other intangible assets (except goodwill) – finite useful lives	Amortised costs
Other intangible assets (except goodwill) – indefinite useful lives	Impairment-only approach
Property, plant and equipment	Amortised costs
Derivative financial assets:	
Classified as cash flow hedge	At fair value in other comprehensive income
Inventories	Lower of cost or net realisable value
Other non-financial assets	Amortised costs
Other financial assets	Amortised costs
Trade receivables	Amortised costs
Cash and cash equivalents	Nominal amount
Liabilities	
Pensions	Projected unit credit method
Other provisions	Settlement amount
Borrowings	Amortised costs
Other non-financial liabilities	Amortised costs
Other financial liabilities (categories IAS 39):	
Financial liabilities at cost (FLAC)	Amortised costs
Derivative financial liabilities:	
Classified as cash flow hedge	At fair value in other comprehensive income
Classified as fair value hedge	At fair value through profit or loss
Contingent consideration	At fair value through profit or loss
Trade payables	Amortised costs

3. Fair value estimation

The amendment to IFRS 7 for financial instruments that are measured in the statement of financial position at fair value in accordance with IFRS 13 requires disclosure of fair value measurements by level using the following fair value measurement hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities,

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) and

Level 3: Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in total is determined on the basis of the lowest level input that is significant to the fair value measurement in total. The different hierarchy levels demand different amounts of disclosure.

On 31 December 2014 and 2013, the Group's derivative financial instruments carried in the statement of financial position at fair value (i.e. trading derivatives and derivatives used for hedging) are categorised in total within level 2 of the fair value hierarchy. Contingent considerations, recognised in the balance sheet as of 31 December 2014, measured at fair value, are within level 3 of the fair value hierarchy (→ Note 21).

The fair value of interest rate swaps and cross-currency-swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using a present value model based on forward exchange rates.

4. Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Consolidated Financial Statements are prepared in 'euros' (EUR), which is NORMA Group SE's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the actual exchange rates on the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'financial income / costs.' All other foreign exchange gains and losses are presented in profit or loss within 'other operating income / expenses.'

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate on the date of that consolidated statement of financial position;
- income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the actual rate on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

Goodwill and fair value adjustments arising through the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

The exchange rates of the currencies affecting foreign currency translation are as follows:

	Spot rate		Average rate	
per EUR	**31 Dec 2014**	31 Dec 2013	**2014**	2013
Australian dollar	**1.4829**	1.5396	**1.4726**	1.3748
Brazilian real	**3.2207**	3.1929	**3.1233**	2.9411
Chinese renminbi yuan	**7.5358**	8.3342	**8.1872**	8.1614
Swiss franc	**1.2024**	1.2269	**1.2145**	1.2310
Czech koruna	**27.7350**	27.3990	**27.5355**	25.9518
British pound sterling	**0.7789**	0.8328	**0.8063**	0.8495
Indian rupee	**76.7190**	85.1004	**81.0565**	77.5964
Japanese yen	**145.2300**	144.5000	**140.3813**	129.4232
South Korean won	**1,324.8000**	1,453.3639	**1,398.6418**	1,451.3184
Malaysian ringgit	**4.2473**	4.5133	**4.3459**	4.1786
Mexican peso	**17.8679**	18.0270	**17.6665**	16.9383
Polish złoty	**4.2732**	4.1502	**4.1857**	4.1973
Serbian dinar	**121.0000**	114.1970	**117.2599**	112.5200
Russian ruble	**72.3370**	45.2515	**50.9998**	42.2848
Swedish krona	**9.3930**	8.8263	**9.1011**	8.6391
Singapore dollar	**1.6058**	1.7391	**1.6826**	1.6605
Thai baht	**39.9100**	45.0853	**43.1518**	40.7419
Turkish lira	**2.8320**	2.9453	**2.9068**	2.5269
US dollar	**1.2141**	1.3768	**1.3286**	1.3272

5. Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary on the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets.' Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

(b) Development costs

Costs of research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding are expensed as incurred. Costs for development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, are capitalised if

- development costs can be measured reliably,
- the product or process is technically and commercially feasible,
- future economic benefits are probable.

Furthermore, NORMA Group intends, and has sufficient resources, to complete development and use or sell the asset. The costs capitalised include the cost of materials, direct labour and other directly attributable expenditure that serves to prepare the asset for use. Such capitalised costs are included in profit or loss in line 'own work capitalised.' Capitalised development costs are stated at cost less accumulated amortisation and impairment losses with an amortisation period of generally three to five years. Development costs which did not meet the requirements are expensed as incurred.

(c) Other intangible assets

Separately acquired other intangible assets are shown at historical cost less accumulated amortisation. Intangible assets acquired in a business combination are recognised at fair value on the acquisition date. Other intangible assets which have a finite useful life will be amortised over their estimated useful life. Amortisation is calculated using the straight-line method to allocate their cost. Other intangible assets which are determined to have indefinite useful lives as well as intangible assets not yet available for use are not amortised, but instead tested for impairment at least annually. Furthermore, other intangible assets which are determined to have indefinite useful life and therefore are not amortised, will be reviewed each period to determine whether events and circumstances continue to support an indefinite useful life assessment for these assets. Other intangible assets which have an indefinite useful life are mainly capitalised brand names which have been established in the market for a number of years and there is no foreseeable end to their useful life, therefore useful lives are indefinite.

In general, the Group's other intangibles are not qualifying assets in accordance with IAS 23 and borrowing costs eligible for capitalisation therefore do not exist.

The useful lives of other intangible assets acquired in a business combination are estimates based on the economics of each specific asset which were determined in the process of the purchase price allocation.

The estimated useful lives for other intangible assets are as follows:

- Patents: 5 to 10 years
- Customer lists: 4 to 20 years
- Technology: 10 to 20 years
- Licences, rights: 3 to 5 years
- Trademarks: indefinite or 20 years
- Software: 3 to 5 years
- Development costs: 3 to 5 years

6. Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation and impairment loss, if applicable. Historical cost includes expenditure that is directly attributable to the acquisition of the items and, if any, the present value of estimated costs for dismantling and removing the assets, restoring the site on which it is allocated. Borrowing costs eligible for capitalisation in the sense of IAS 23 were not available.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is foreseeable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance expenses are charged to profit or loss during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, on each balance sheet date.

An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income / expenses.'

The estimated useful lives for property, plant and equipment are as follows:

- Buildings: 8 to 33 years
- Machinery and technical equipment: 3 to 18 years
- Tools: 3 to 10 years
- Other equipment: 2 to 20 years
- Land is not depreciated

7. Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment, as well as whenever there are indications that the carrying amount of the cash generating unit (CGU) is impaired. If the impairment loss recognised for the CGU exceeds the carrying amount of the allocated goodwill, the additional amount of the impairment loss is recognised through a pro-rata reduction of the carrying amount of the assets allocated to the CGU. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment on each reporting date.

8. Inventories

Inventories are stated at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated variable selling costs. Cost is determined using the weighted-average-method. The cost of finished goods and work in progress comprises of design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Inventories of the Group are not qualifying assets in accordance with IAS 23, so that the acquisition or production costs do not include being capitalised borrowing costs.

9. Financial instruments

Financial assets

Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available-for-sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

In the current and in the previous financial year, all financial assets, except for derivative financial instruments, are classified to the category loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables' (→ paragraph 12) and 'cash and cash equivalents' (→ paragraph 13) in the statement of financial position.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are carried at amortised cost using the effective interest method.

Impairment of financial assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has (have) an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine if there is objective evidence of an impairment loss include:

- Financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
    i. Adverse changes in the payment status of borrowers in the portfolio; and
    ii. National or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognised in profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

Impairment testing of trade receivables is described in → paragraph 12.

Financial liabilities

Financial liabilities primarily include trade payables, liabilities to banks, derivative financial liabilities (→ paragraph 11), and other liabilities.

a) Financial liabilities that are measured at amortised cost

After initial recognition, financial liabilities are carried at amortised cost using the effective interest method. In this category, in particular, trade payables, liabilities to banks and other financial liabilities are classified.

b) Financial liabilities at fair value through profit and loss

Financial liabilities at fair value through profit and loss include derivative financial instruments unless they are designated as hedges and contingent purchase price liabilities. Gains or losses on financial liabilities that are measured at fair value through profit and loss are included in profit or loss.

10. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. In 2014 and 2013, no financial instruments were offset and there were no financial assets or liabilities with netting agreements, enforceable master netting agreements or similar agreements.

11. Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

(a) Derivative financial instruments not designated as hedges

Gains and losses from derivatives that are not designated as hedges (trading derivatives) are recognised in profit or loss. Trading derivatives are classified as non-current assets or liabilities in accordance with IAS 1.68 and 1.71 if they are due after more than one year; otherwise they are classified as current.

(b) Derivative financial instruments designated as hedges

Derivatives included in hedge accounting are generally designated as either:

- Hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedge);
- Hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge); or
- Hedges of a net investment in a foreign operation (net investment hedge).

The entities of NORMA Group use derivative financial instruments for the hedging of future cash flows and for intragroup monetary items, which are between two Group entities that have different functional currencies. Derivatives such as Swaps and Forwards are used as hedging instruments. The accounting treatment of a change in the fair value of hedging instruments depends on the nature of the hedging relationship. In the case of hedges of future cash flows (cash flow hedges), the hedging instruments are measured at fair value. Gains and losses from remeasurement of the effective portion of the derivatives are initially recognised in the other reserves within equity, and are only recognised in the income statement when the hedged item is recognised in profit or loss; the ineffective portion of a cash flow hedge is recognised immediately in profit or loss. Amounts accumulated in other comprehensive income are reclassified to profit or loss in the periods when the hedged item affects profit or loss.

In the case of a hedge against foreign exchange rate gains and losses on intragroup monetary items, which are not fully eliminated on consolidation (fair value hedges), gains and losses from the remeasurement of the hedging instruments as well as foreign exchange rate gains and losses of the hedged item are recognised in profit or loss.

At the inception of the transaction, the relationship between the hedging instrument and hedged item is documented, as well as the risk management objectives and strategy for undertaking the hedging transaction. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in the cash flows of hedged items.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

The fair values of derivative financial instruments used for hedging purposes and of those held for trading are disclosed in → Note 22. Movements on the hedging reserve in equity are shown in → Note 27.

12. Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected within one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are classified as loans and receivables in accordance with IAS 39 and recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. An allowance for doubtful accounts of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. In addition to the required individual bad debt allowances, the Group will determine a portfolio-based bad debt allowance considering the aging structure for trade receivables to cover general credit risk if this is applicable.

13. Cash and cash equivalents

Cash and cash equivalents are measured at their nominal value and include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less and which are subject only to insignificant risk of change in value. Bank overdrafts are shown within borrowings in current liabilities on the consolidated statement of financial position.

14. Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

15. Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

16. Current and deferred income tax

The tax expenses for the period are comprised of current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted on the balance sheet date in the countries where the Group's subsidiaries operate. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Statements and on tax losses carried forward and not yet used tax credits. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

A surplus of deferred income tax assets is recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

For taxable temporary differences arising on investments in subsidiaries and associates, deferred tax liabilities are recognised, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

17. Employee benefits

(a) Pension obligations

Group companies operate different pension schemes. NORMA Group has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions to a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. The major defined benefit plan is the German benefit plan which defines the amount of pension benefit that an employee will receive on retirement to depend on years of service and compensation.

The liability recognised in the consolidated statement of financial position with respect to defined benefit pension plans is the present value of the defined benefit obligation on the balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions, as well as returns on plan assets, which are not included within the net interest on the defined benefit liability, are recognised within retained earnings in the other comprehensive income (OCI).

Past service costs are recognised fully in the period of the related plan amendment.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefits expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits as a liability and expense on the earlier date of: (a) when the entity can no longer withdraw the offer of those benefits; or (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. Benefits falling due more than 12 months after the balance sheet date are discounted to their present value.

(c) Short-term employee benefits

Employee benefits with short-term payment dates include wages and salaries, social security contributions, vacation pay and sickness benefits and are recognised as liabilities at the repayment amount as soon as the associated job has been performed.

(d) Provisions for other long-term employee benefits

Provisions for obligations similar to pensions (such as anniversary allowances and death benefits) are comprised of the present value of future payment obligations to the employee less any associated assets measured at fair value. The amount of provisions is determined on the basis of actuarial opinions in line with IAS 19. Gains and losses from the remeasurement are recognised in profit or loss in the period in which they are incurred.

18. Share-based payment

Share-based payment plans issued in NORMA Group are accounted for in accordance with IFRS 2 “Share-based payment.” In accordance with IFRS 2, NORMA Group in principle distinguishes between equity-settled and cash-settled plans. The financial interest from equity-settled plans granted on grant date is generally allocated over the expected vesting period against equity until the exit event occurs. Expenses from cash-settled plans are generally also allocated over the expected vesting period until the exit event occurs, but against accruals. A description of the plans existing within the NORMA Group can be found in → Note 28.

19. Provisions

Provisions are recognised when the Group has a present legal or constructive obligation to third parties as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation taking into account all identifiable risks. Provisions are discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

In addition to the expected amount of cash outflows, uncertainties also exist regarding time of outflows. If it is expected that the outflows take place within one year, the relevant amounts are reported in the short-term provisions.

When the Group expects a refund for a provision, this refund is recognised in accordance with IAS 37.53 as a separate asset. If the refund is in a close economic relationship with the recognised provision, the expenses from the provision are netted with the income from the corresponding refund in profit or loss.

20. Revenue recognition
Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when the significant risks and rewards, associated with ownership of the goods sold, have been transferred to the buyer. The above criteria are regularly fulfilled if the beneficial ownership has been transferred to the customer in accordance with the agreed Incoterms. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customers, the type of transaction and the specifics of each arrangement.

21. Leases
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Leases where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lesser of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other financial liabilities. The interest element of the finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

The Group's leases include both, operating leases and finance leases, which relate mainly to property and equipment.

22. Government grants
Government grants are not recognised until there is reasonable assurance that the conditions attached to them are complied with and that the grants will be received.

Government grants for the compensation of expenses incurred are recognised in profit or loss on a systematic basis over the periods in which the related costs are expensed for which the grants are intended to compensate.

Grants related to non-depreciable assets are recognised in profit or loss over the periods that bear the cost of meeting the obligations.

Grants related to depreciable assets are recognised in profit or loss over the periods that bear the expense related to the depreciation of the underlying assets.

4. SCOPE OF CONSOLIDATION
With NORMA Group SE, the Consolidated Financial Statements contain all domestic and foreign companies which NORMA Group SE controls directly or indirectly.

The Consolidated Financial Statements of 2014 include seven domestic (31 December 2013: seven) and 39 foreign (31 December 2013: 38) companies.

The composition of the Group changed as follows:

	2014			2013		
	Total	**Domestic**	**Foreign**	Total	Domestic	Foreign
As of 1 January	**45**	**7**	**38**	**43**	**8**	**35**
Additions	**2**	**0**	**2**	**3**	**0**	**3**
of which newly founded	**1**	**0**	**1**	2	0	2
of which acquired	**1**	**0**	**1**	1	0	1
Disposals	**1**	**0**	**1**	**1**	**1**	**0**
of which no longer consolidated	**1**	**0**	**1**	0	0	0
of which mergers	**0**	**0**	**0**	1	1	0
As of 31 December	**46**	**7**	**39**	**45**	**7**	**38**

In 2014, National Diversified Sales, Inc. (USA) was acquired and NORMA Distribution and Services S. de R.L. de C.V. based in Mexico was founded. Furthermore, NORMA Pacific (Malaysia) SDN. BHD. was liquidated and thus deconsolidated.

For further details, please refer to → Note 40 business combinations.

For a detailed overview of NORMA Group's shareholdings, please refer to the following chart:

LIST OF GROUP COMPANIES OF NORMA GROUP AS OF 31 DECEMBER 2014

				Share in %				
No.	Company	Registered address	held by	Direct parent company	of NORMA Group SE	Currency	Equity[1]	Result[1]
Central Functions								
01	**NORMA Group SE**	**Maintal, Germany**						
02	NORMA Group APAC Holding GmbH	Maintal, Germany	01	100.00	100.00	kEUR	42	–2
03	NORMA Group Holding GmbH	Maintal, Germany	01	100.00	100.00	kEUR	106,428	20,111
Segment EMEA								
04	NORMA Distribution Center GmbH	Marsberg, Germany	03	94.80	100.00	kEUR	2,175	0[2]
05	DNL GmbH & Co KG	Maintal, Germany	03	100.00	100.00	kEUR	6,542	–5
06	NORMA Germany GmbH	Maintal, Germany	03	94.90	100.00	kEUR	56,306	0[2]
07	NORMA Türkei Verwaltungs GmbH	Maintal, Germany	03	100.00	100.00	kEUR	22	–4
08	DNL France S.A.S	Briey, France	03	100.00	100.00	kEUR	30,833	704
09	NORMA Distribution France S.A.S.	La Queue En Brie, France	08	100.00	100.00	kEUR	3,653	425
10	NORMA France S.A.S.	Briey, France	08	100.00	100.00	kEUR	4,860	–1,286
11	DNL UK Ltd.	Newbury, Great Britain	03	100.00	100.00	kGBP	3,790	–230
12	NORMA UK Ltd.	Newbury, Great Britain	11	100.00	100.00	kGBP	25,529	5,330
13	Nordic Metalblok S.r.l.	Riese Pio X, Italy	03	100.00	100.00	kEUR	–857	–1,527
14	NORMA Italia SpA	Gavardo, Italy	03	100.00	100.00	kEUR	7,743	1,487
15	Groen Bevestigingsmaterialen B.V.	Ter Apel, Netherlands	03	60.00	90.00	kEUR	1,477	1,107
16	NORMA Netherlands B.V.	Ter Apel, Netherlands	20	100.00	100.00	kEUR	4,182	414
17	NORMA Polska Sp. z o.o.	Slawniów, Poland	03	100.00	100.00	kPLN	191,037	37,008
18	NORMA Group Distribution Polska Sp. z o.o.	Krakow, Poland	17	100.00	100.00	kPLN	4,587	20
19	NORMA Group CIS LLC	Togliatti, Russian Federation	03	99.96	100.00	kRUR	96,285	74,416
20	DNL Sweden AB	Stockholm, Sweden	03	100.00	100.00	kSEK	76,408	56,665
21	NORMA Sweden AB	Anderstorp, Sweden	20	100.00	100.00	kSEK	133,056	17,961
22	Connectors Verbindungstechnik AG	Tagelswangen, Switzerland	03	100.00	100.00	kCHF	8,938	1,551
23	NORMA Group South East Europe d.o.o	Subotica, Serbia	03	100.00	100.00	kRSD	1,384,337	–490,110
24	Fijaciones NORMA S.A.	Barcelona, Spain	03	100.00	100.00	kEUR	4,354	873
25	NORMA Czech, s.r.o.	Hustopece, Czech Republic	03	100.00	100.00	kCZK	287,390	31,757
26	NORMA Turkey Baglanti ve Birlestirme Teknolojileri Sanayi ve Ticaret Limited Sirketi	Besiktas, Istanbul, Turkey	07	100.00	100.00	kTRL	1,933	419
Segment Americas								
27	Craig Assembly Inc.	St. Clair, USA	30	100.00	100.00	kUSD	26,952	7,005
28	NORMA Michigan Inc.	Auburn Hills, USA	30	100.00	100.00	kUSD	68,535	6,929
29	NORMA US Holding LLC	Saltsburg, USA	30	100.00	100.00	kUSD	25,488	–933
30	NORMA Pennsylvania Inc.	Saltsburg, USA	01	100.00	100.00	kUSD	113,819	1,249
31	R.G. RAY Corporation	Auburn Hills, USA	30	100.00	100.00	kUSD	82,271	10,561
32	National Diversified Sales, Inc.	Woodland Hills, USA	30	100.00	100.00	kUSD	176,901	1,523
33	NORMA do Brasil Sistemas De Conexão Ltda.	São Paulo, Brazil	30	97.40	100.00	kBRL	30,049	–8,039
34	NORMA Group México S. de R.L. de C.V.	Monterrey, Mexico	28	99.40	100.00	kUSD	3,272	1,214
35	NORMA Distribution and Services S. de R.L. de C.V.	Juarez, Mexico	28	99.00	100.00	kMXN	127	127
Segment Asia								
36	NORMA Pacific Pty. Ltd.	Melbourne, Australia	44	100.00	100.00	kAUD	15,560	317
37	Guyco Pty Limited	Adelaide, Australia	36	100.00	100.00	kAUD	5,071	681
38	NORMA China Co., Ltd.	Qingdao, China	03	100.00	100.00	kCNY	101,338	21,853
39	NORMA EJT (Changzhou) Co., Ltd.	Changzhou, China	44	100.00	100.00	kCNY	35,792	–5,341
40	NORMA Group Products India Pvt. Ltd.	Pune, India	44	99.99	100.00	kINR	304,574	–25,210
41	NORMA Japan Inc.	Osaka, Japan	44	60.00	60.00	kJPY	147,816	25,221
42	Chien Jin Plastic Sdn. Bhd.	Ipoh, Malysia	44	100.00	100.00	kMYR	22,352	3,198
43	NORMA Korea Inc.	Seoul, Republic of Korea	44	100.00	100.00	kKRW	224,689	119,405
44	NORMA Group Asia Pacific Holding Pte. Ltd.	Singapore, Singapore	01	100.00	100.00	kSGD	59,999	–737
45	NORMA Pacific Asia Pte. Ltd.	Singapore, Singapore	44	100.00	100.00	kSGD	355	179
46	NORMA Pacific (Thailand) Ltd.	Chonburi, Thailand	44	100.00	100.00	kTHB	72,685	4,081

[1] Reported values according to IFRS as of 31 December 2014; except for NORMA Group Holding GmbH, NORMA Germany GmbH, NORMA Distribution Center GmbH and DNL GmbH & Co. KG; these values are prepared according to German GAAP as of 31 December 2014 but not yet finally audited. The values are translated with the exchange rates according to Note 3.4.
[2] A profit-pooling-contract exists.

5. FINANCIAL RISK MANAGEMENT

1. Financial risk factors

The Group's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. The Group's financial risk management focuses on the unpredictability of financial markets and seeks to minimise its potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Financial risk management is carried out by a central treasury department (Group Treasury). The necessary responsibilities and controls associated with risk management are determined by Group management. Group Treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units.

Market risk

(i) Foreign exchange risk

NORMA Group operates internationally in around 100 different countries and is exposed to foreign exchange risk arising from the exposure to various currencies – primarily with respect to the US dollar, the British pound sterling, the Chinese renminbi yuan, the Indian rupee, the Polish złoty, the Swedish krona, the Swiss franc, the Serbian dinar and the Singapore dollar.

The effects of changes in foreign exchange rates are analysed below for financial assets and liabilities denominated in foreign currencies.

If the euro had strengthened / weakened by 10% against the US dollar, NORMA Group would show a profit before tax for the year 2014 of EUR 1,346 thousands lower / EUR 1,646 thousands higher (2013: EUR 172 thousands lower / EUR 211 thousands higher).

If the euro had strengthened / weakened by 10% against the British pound sterling, NORMA Group would show a profit before tax for the year 2014 of EUR 653 thousands higher / EUR 799 thousands lower (2013: EUR 344 thousands higher / EUR 420 thousands lower).

If the euro had strengthened / weakened by 10% against the Chinese renminbi, NORMA Group would show a profit before tax for the year 2014 of EUR 342 thousands lower / EUR 418 thousands higher (2013: EUR 8 thousands higher / EUR 9 thousands lower).

If the euro had strengthened / weakened by 10% against the Indian rupee, NORMA Group would show a profit before tax for the year 2014 of EUR 137 thousands lower / EUR 168 thousands higher (2013: EUR 74 thousands lower / EUR 91 thousands higher).

If the euro had strengthened / weakened by 10% against the Polish złoty, NORMA Group would show a profit before tax for the year 2014 of EUR 2,071 thousands higher / EUR 2,532 thousands lower (2013: EUR 755 thousands higher / EUR 922 thousands lower).

If the euro had strengthened / weakened by 10% against the Swedish krona, NORMA Group would show a profit before tax for the year 2014 of EUR 615 thousands lower / EUR 752 thousands higher (2013: EUR 97 thousands higher / EUR 118 thousands lower).

If the euro had strengthened / weakened by 10% against the Swiss franc, NORMA Group would show a profit before tax for the year 2014 of EUR 89 thousands higher / EUR 108 thousands lower (2013: EUR 201 thousands higher / EUR 246 thousands lower).

If the euro had strengthened / weakened by 10% against the Serbian dinar, NORMA Group would show a profit before tax for the year 2014 of EUR 403 thousands higher / EUR 492 thousands lower (2013: EUR 386 thousands higher / EUR 472 thousands lower).

If the euro had strengthened / weakened by 10% against the Singapore dollar, NORMA Group would show a profit before tax for the year 2014 of EUR 229 thousands lower / EUR 280 thousands higher (2013: EUR 197 thousands lower / EUR 241 thousands higher).

The Group Treasury's risk management policy is to hedge about 80% or more of anticipated operational cash flows in US dollar, British pound sterling and Swedish krona.

NORMA Group has certain investments in foreign operations whose net assets are exposed to foreign currency translation risks. This translation risk is primarily managed through borrowings in the relevant foreign currency.

(ii) Interest rate risk

NORMA Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable interest rates expose the Group to cash flow interest rate risk which is partially offset by hedges (interest rate swaps). The Group's policy is to maintain approximately 80% of its medium-term borrowings in fixed rate instruments.

Below, the effects of changes in interest rates are analysed for bank borrowings, which bear variable interest rates, and for interest rate swaps included in hedge accounting. Borrowings that bear fixed interest rates are excluded from this analysis.

On 31 December 2014, if interest rates on euro-denominated borrowings had been 100 basis points higher / lower with all other variables held constant, profit before tax for the year would have been EUR 9 thousands lower / EUR 0 thousands higher (2013: EUR 55 thousands lower / EUR 55 thousands higher) and other comprehensive income would have been EUR 4,115 thousands higher / EUR 4,158 thousands lower (2013: EUR 2,525 thousands higher / EUR 2,584 thousands lower).

(iii) Other price risks
As NORMA Group is not exposed to any other material economic price risks, like stock exchange prices or commodity prices, an increase or decrease in the relevant market prices within reasonable margins would not have an impact on the Group's profit or equity. Hence, the Group's exposure to other price risks is regarded as not material.

Credit risk

The credit risk incurred by the Group is the risk that counterparties fail to meet their obligations arising from operating activities and from financial transactions. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

Credit risk is monitored on a Group basis. To minimise credit risk from operating activities and financial transactions, each counterparty is assigned a credit limit, the use of which is regularly monitored. Default risks are continuously monitored in the operating business.

The aggregate carrying amounts of financial assets represent the maximum default risk. For an overview of past-due receivables, please refer to → Note 23 'Trade and other receivables.' Given the Group's heterogeneous customer structure, there is no risk concentration.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group Treasury maintains flexibility in funding by maintaining availability under committed credit lines.

With the IPO of NORMA Group in April 2011, all bank borrowings were refinanced with syndicated bank facilities in the amount of EUR 250 million, of which EUR 178 million had been repaid before 31 December 2014. In September 2014, the existing syndicated bank facilities were renegotiated with the result of an additional syndicated loan in the amount of EUR 100 million including an option to further increase this amount up to EUR 250 million and a maturity of seven years. In addition, a borrowing facility in the amount of EUR 50 million is available for future operating activities and to settle capital commitments, which was not yet drawn on 31 December 2014.

Furthermore, in July 2013, NORMA Group issued a promissory note valued at EUR 125 million with 5, 7 and 10 year terms. In the fourth quarter of 2014, an additional promissory note was issued with euro tranches in the amount of EUR 106 million with 3, 5, 7 and 10 year terms and USD tranches in the amount of USD 128.5 million with 3, 5 and 7 year terms.

Liquidity is monitored on an ongoing basis with regard to the Group's business performance, planned investment and redemption of capital.

The amounts disclosed in the table are the contractual, undiscounted cash flows. The early repayment in an amount of EUR 101.4 million is already considered within the maturity analysis as of 31 December 2013. Financial liabilities denominated in foreign currencies are translated at the closing rate on the balance sheet date. Interest payments on financial instruments with variable interest rates are calculated on the basis of the interest rates applicable as of the reporting date.

31 DECEMBER 2014

in EUR thousands	up to 1 year	> 1 year up to 2 years	> 2 years up to 5 years	> 5 years
Borrowings	30,533	82,096	208,739	161,462
Trade payables	80,829	0	0	0
Finance lease liabilities	211	207	50	0
Other financial liabilities	1,274	3,460	0	55
	112,847	**85,763**	**208,789**	**161,517**

31 DECEMBER 2013

in EUR thousands	up to 1 year	> 1 year up to 2 years	> 2 years up to 5 years	> 5 years
Borrowings	133,495	26,728	119,043	79,692
Trade payables	59,025	0	0	0
Finance lease liabilities	342	236	158	0
Other financial liabilities	4,367	508	736	0
	197,229	**27,472**	**119,937**	**79,692**

The maturity structure of the derivative financial instruments based on cash flows is as follows:

31 DECEMBER 2014

in EUR thousands	up to 1 year	> 1 year up to 2 years	> 2 years up to 5 years	> 5 years
Derivative receivables – gross settlement				
Cash outflows	–2,500			
Cash inflows	2,503			
Derivative liabilities – gross settlement				
Cash outflows	–102,811			
Cash inflows	100,768			
Derivative liabilities – net settlement				
Cash outflows	–677	–16,265	–1,160	–75
	–2,717	**–16,265**	**–1,160**	**–75**

31 DECEMBER 2013

in EUR thousands	up to 1 year	> 1 year up to 2 years	> 2 years up to 5 years	> 5 years
Derivative receivables – gross settlement				
Cash outflows	–3,100			
Cash inflows	3,192			
Derivative liabilities – gross settlement				
Cash outflows	–1,176			
Cash inflows	1,126			
Derivative liabilities – net settlement				
Cash outflows	–6,927		–8,293	
	–6,885	**0**	**–8,293**	**0**

2. Capital risk management

The Group's objectives when managing capital are to ensure that it will continue to be able to repay its debt and remain financially sound.

The Group is subject to the financial covenant total net debt cover, which is monitored on an on-going basis. This financial covenant is based on the Group's consolidated financial statements as well as on special definitions of the bank facilities agreements. There were no covenant breaches in 2014 and 2013.

In the case of a covenant breach the Facility Agreement includes several ways to remedy a potential breach by rules of exemption or shareholder actions. If a covenant breach occurs and is not remedied the syndicated loans may, but are not required to be, withdrawn.

6. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated and are based on historical experience, and expectations regarding future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the respective actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Estimated impairment of goodwill

NORMA Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in → Note 3.5. The recoverable amounts of cash-generating units have been determined based on fair-value-less-costs-to-sell calculations. These calculations are based on discounted cash flow models, which require the use of estimates (→ Note 19).

In 2014 and 2013, no impairment of goodwill, which amounted to EUR 324,496 thousands on 31 December 2014 (31 December 2013: EUR 233,239 thousands), was necessary. Even if the discount rate would increase by +2% and the terminal value growth rate would be 0%, the change of these key assumptions would not cause in any CGU the carrying amount to exceed its recoverable amount.

Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgements are required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made. On 31 December 2014, income tax liabilities were EUR 13,126 thousands (31 December 2013: EUR 15,831 thousands) and deferred tax liabilities were EUR 104,647 thousands (31 December 2013: EUR 32,970 thousands), including EUR 68,646 thousands from the acquisition of National Diversified Sales, Inc. in the fourth quarter of 2014.

Pension benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate on the balance sheet date. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in → Note 3.17.

Pension liabilities amounted to EUR 12,271 thousands on 31 December 2014 (31 December 2013: EUR 10,869 thousands).

Useful lives of property, plant and equipment and intangible assets

The Group's management determines the estimated useful lives and related depreciation / amortisation charges for its property, plant and equipment and intangible assets. This estimate is based on projected lifecycles. These could change as a result of technical innovations or competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

7. ADJUSTMENTS

In January and September 2014, NORMA Group early repaid parts of the existing syndicated bank facilities. This repayment amounted to EUR 108,600 thousands. The associated hedging instruments (cross-currency and interest rate swaps) as well as the accrued transaction costs were dissolved through profit or loss at the time of repayment. The related negative one-time items in the amount of EUR 5,406 thousands were adjusted within the financial result of financial year 2014.

Furthermore, acquisition related expenses amounting to EUR 6,924 thousands, particularly associated with the acquisition of National Diversified Sales, Inc., were adjusted within EBITDA (Earnings before interest, taxes, depreciation and amortisation).

These adjustments within the EBITDA are related in an amount of EUR 2,210 thousands to expenses for raw materials and consumables used, which are a result of the remeasurement of acquired inventories within the purchase price allocation for the acquisition of National Diversified Sales, Inc. Furthermore, expenses in an amount of EUR 4,513 thousands were adjusted within the other operating expenses and in an amount of EUR 201 thousands within the employee benefits expense.

Besides the described adjustments, depreciation in the amount of EUR 1,289 thousands (2013: EUR 496 thousands) and amortisation in the amount of EUR 10,132 thousands (2013: EUR 7,661 thousands) from purchase price allocations were adjusted additionally as in previous years.

The theoretical taxes resulting from the adjustments are calculated using the respective tax rate of each Group entity and are considered within the adjusted earnings after taxes. In financial year 2013, EUR 910 thousands tax expenses from corporate restructuring measures were adjusted within the position income taxes. In financial year 2014 no direct adjustments within the income taxes were made.

The following table shows profit and loss net of these expenses:

in EUR thousands	Notes	2014 unadjusted	Finance renegotiation	M&A related costs	Step-up effects from purchase price allocations	Total adjustments	2014 adjusted
Revenue	(8)	694,744				0	694,744
Changes in inventories of finished goods and work in progress		–2,907				0	–2,907
Other own work capitalised		3,647				0	3,647
Raw materials and consumables used	(9)	–292,073			2,210	2,210	–289,863
Gross profit		403,411	0	0	2,210	2,210	405,621
Other operating income and expenses	(10, 11)	–83,384		4,513		4,513	–78,871
Employee benefits expense	(12)	–188,508		201		201	–188,307
EBITDA		131,519	0	4,714	2,210	6,924	138,443
Depreciation		–18,233			1,289	1,289	–16,944
EBITA		113,286	0	4,714	3,499	8,213	121,499
Amortisation		–15,442			10,132	10,132	–5,310
Adjusted operating profit (EBIT)		97,844	0	4,714	13,631	18,345	116,189
Financial costs – net	(13)	–14,469	5,406			5,406	–9,063
Profit before income tax		83,375	5,406	4,714	13,631	23,751	107,126
Income taxes		–28,500	–1,632	–1,422	–4,113	–7,167	–35,667
Profit for the period		54,875	3,774	3,292	9,518	16,584	71,459
Non-controlling interests		153				0	153
Profit attributable to shareholders of the parent		54,722	3,774	3,292	9,518	16,584	71,306
Earnings per share (in EUR)		1.72					2.24

in EUR thousands	Notes	2013 unadjusted		M&A related costs	Step-up effects from purchase price allocations	Total adjustments	2013 adjusted
Revenue	(8)	635,545				0	635,545
Changes in inventories of finished goods and work in progress		1,894				0	1,894
Other own work capitalised		3,377				0	3,377
Raw materials and consumables used	(9)	–269,421				0	–269,421
Gross profit		371,395		0	0	0	371,395
Other operating income and expenses	(10, 11)	–72,387				0	–72,387
Employee benefits expense	(12)	–169,689				0	–169,689
EBITDA		129,319		0	0	0	129,319
Depreciation		–17,195			496	496	–16,699
EBITA		112,124		0	496	496	112,620
Amortisation		–12,604			7,661	7,661	–4,943
Adjusted operating profit (EBIT)		99,520		0	8,157	8,157	107,677
Financial costs – net	(13)	–15,585				0	–15,585
Profit before income tax		83,935		0	8,157	8,157	92,092
Income taxes		–28,319		910	–2,618	–1,708	–30,027
Profit for the period		55,616		910	5,539	6,449	62,065
Non-controlling interests		59				0	59
Profit attributable to shareholders of the parent		55,557		910	5,539	6,449	62,006
Earnings per share (in EUR)		1.74					1.95

Notes to the Consolidated Statement of Comprehensive Income

8. REVENUE

Revenue recognised during the period related to the following:

in EUR thousands	2014	2013
Engineered Joining Technology (EJT)	484,484	443,874
Distribution Services (DS)	216,558	193,617
Other revenue	2,245	2,190
Deductions	–8,543	–4,136
	694,744	635,545

Revenue for 2014 (EUR 694,744 thousands) was 9.3% above revenue for 2013 (EUR 635,545 thousands).

The sales figures for 2014 include sales of EUR 17,096 thousands from the companies acquired in 2014.

The business activities of Five Star Clamps, Inc. ("Five Star"), which was acquired in April, contributed EUR 3,178 thousands, of which EUR 1,935 thousands are related to EJT, EUR 1,213 thousands are related to DS and EUR 30 thousands to other revenue.

National Diversified Sales, Inc. ("NDS"), which was acquired in the fourth quarter of 2014, contributed EUR 13,918 thousands, of which EUR 15,679 thousands are related to DS and EUR 100 thousands are related to other revenue. Furthermore, deductions in the amount of EUR 1,861 thousands are included.

For the analysis of sales by region, please refer to → Note 37 "Segment reporting."

9. RAW MATERIALS AND CONSUMABLES USED

Raw materials and consumables used comprised the following:

in EUR thousands	2014	2013
Cost of raw materials, consumables and supplies	–264,387	–242,717
Cost of purchased services	–27,686	–26,704
	–292,073	–269,421

The raw materials and consumables used increased disproportionately lower in relation to revenues leading to a ratio of 42.0% (2013: 42.4%),

The company acquired in 2014, NDS, contributed EUR 7,229 thousands to the material costs. The acquired business activities of Five Star are fully integrated, therefore the contribution of these cannot be shown separately.

10. OTHER OPERATING INCOME

Other operating income comprised the following:

in EUR thousands	2014	2013
Currency gains operational	3,814	2,838
Reversal of provisions	1,996	352
Grants related to employee benefits expense	252	351
Reimbursement of vehicle costs	612	566
Other income from disposal of fixed assets	173	152
Government grants	514	310
Others	1,994	2,414
	9,355	6,983

The position "others" includes mainly reversal from accruals for variable components of remuneration for employees.

11. OTHER OPERATING EXPENSES

Other operating expenses comprised the following:

in EUR thousands	2014	2013
Consulting and marketing	–14,996	–11,003
Expenses for temporary workforce and other personnel related costs	–13,657	–12,326
Freights	–12,940	–8,308
Other administrative expenses	–4,545	–5,274
Rentals and other building costs	–7,480	–6,965
Currency losses operational	–3,328	–3,156
Travel and entertaining	–7,043	–6,073
Research & development	–2,691	–2,505
Vehicle costs	–2,912	–2,691
Maintenance	–2,675	–2,223
Commission payable	–3,355	–3,028
Non-income-related taxes	–1,818	–1,734
Insurances	–2,006	–1,993
IT and telecommunication	–9,200	–9,059
Others	–4,093	–3,032
	–92,739	–79,370

The company acquired in 2014, NDS, contributed EUR 3,088 thousands to other operating expenses. The acquired business activities of Five Star are fully integrated, therefore the contribution of these cannot be shown separately.

12. EMPLOYEE BENEFITS EXPENSE

Employee benefits expense comprised the following:

in EUR thousands	2014	2013
Wages and salaries and other termination benefits	–154,289	–140,099
Social security costs	–23,402	–21,839
Pension costs – defined contribution plans	–10,381	–7,513
Pension costs – defined benefit plans	–436	–238
	–188,508	–169,689

The company acquired in 2014, NDS, contributed EUR 3,083 thousands to employee benefits expenses. The acquired business activities of Five Star are fully integrated, therefore the contribution of these cannot be shown separately.

13. FINANCIAL INCOME AND COSTS

Financial income and costs comprised the following:

in EUR thousands	2014	2013
Financial costs		
Interest expenses		
Bank borrowings	–12,418	–13,118
Finance lease	–38	–28
Expenses for interest accrued on provisions	–201	–55
Expenses for interest accrued on pensions	–266	–248
Foreign exchange result on financing activities	3,377	–1,355
Losses on evalution of derivatives	–4,431	–140
Other financial cost	–899	–1,196
	–14,876	–16,140
Financial income		
Interest income on short-term bank deposits	276	485
Other financial income	131	70
	407	555
Net financial cost	–14,469	–15,585

The total interest expenses calculated using the effective interest method for financial liabilities that are not measured at fair value through profit or loss amount to EUR 12,418 thousands in 2014 (2013: EUR 13,118 thousands). In financial year 2014, one-time interest expenses in the amount of EUR 1,238 thousands resulting from the early repayment of parts of the existing syndicated bank facilities are included in the interest expenses from bank borrowings. Adjusted by these effects, interest expenses in financial year 2014 amount to EUR 11,180 thousands and are decreased by EUR 1,938 thousands in comparison to financial year 2013, which is a result of the renegotiation of the financial debt of NORMA Group in financial year 2014.

The total interest income calculated using the effective interest method for financial assets not measured at fair value through profit or loss amounts to EUR 276 thousands in 2014 (2013: EUR 485 thousands).

Losses from the evaluation of derivatives amount to EUR 4,431 thousands and increased by EUR 4,291 thousands in comparison to financial year 2013 (EUR 140 thousands). In financial year 2014, one-time losses in the amount of EUR 4,169 thousands relating to the early repayment of the syndicated loans are included. Adjusted by these effects, losses from the evaluation of derivatives amount to EUR 262 thousands in financial year 2014.

Due to positive foreign exchange rate change effects, the foreign exchange result on financial activities shows in financial year 2014 income in the amount of EUR 3,377 thousands in comparison to EUR –1,355 thousands in financial year 2013.

Transaction costs in connection with financing are netted with the bank borrowings in accordance with IAS 39.43. They are amortised over the financing period of the respective debt using the effective interest method. The value of transaction costs recognised in the balance sheet and amortised over the maturities of the bank borrowings amounted to EUR 2,565 thousands (2013: EUR 3,551 thousands).

14. NET FOREIGN EXCHANGE GAINS / LOSSES

The exchange differences recognised in profit or loss are as follows:

in EUR thousands	Note	2014	2013
Currency gains operational	(10)	3,814	2,838
Currency losses operational	(11)	–3,328	–3,156
Foreign exchange result on financing activities	(13)	3,377	–1,355
		3,863	–1,673

15. EARNINGS PER SHARE

Earnings per share are calculated by dividing net income for the period attributable to NORMA Group's shareholders by the weighted average number of shares issued during the period under review. NORMA Group has only issued common shares. In 2014, as in the previous year, the average weighted number of shares was 31,862,400.

Options issued out of the matching stock programme ("MSP") for the Board of NORMA Group had dilutive effects on earnings per share in financial year 2014. A detailed description of the MSP can be found in → Note 28 "Share based payments." The dilutive effect on earnings per share is calculated using the treasury stock method.

Earnings per share in 2014 and 2013 were as follows:

	Q4 2014	Q4 2013	2014	2013
Profit attributable to shareholders of the parent (in EUR thousands)	11,553	12,617	54,722	55,557
Number of weighted shares	31,862,400	31,862,400	31,862,400	31,862,400
Effect of dilutive share-based payment	244,104	145,020	244,104	138,204
Number of weighted shares (diluted)	32,106,504	32,007,420	32,106,504	32,000,604
Earnings per share undiluted (in EUR)	0.36	0.40	1.72	1.74
Earnings per share diluted (in EUR)	0.36	0.39	1.70	1.74

16. INCOME TAXES

The breakdown of income taxes is as follows:

in EUR thousands	2014	2013
Current tax expenses	−29,836	−30,077
Deferred tax income	1,336	1,758
Total income taxes	−28,500	−28,319

NORMA Group's combined Group income tax rate for 2014 amounted to 30.2% (2013: 30.2%), comprising corporate income tax at a rate of 15%, the solidarity surcharge of 5.5% on corporate income tax, and trade income tax at an average multiplier of 410%.

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the Group tax rate applicable to profits of the consolidated entities of 30.2% as follows:

in EUR thousands	2014	2013
Profit before tax	83,375	83,935
Group tax rate	30.2 %	30.2 %
Expected income taxes	−25,179	−25,348
Tax effects of:		
Tax losses and tax credits from actual year for which no deferred income tax is recognised	−2,666	−809
Effects from deviation of Group tax rate resulting mainly from different foreign tax rates	67	−1,515
Non-deductible expenses for tax purposes	−1,680	−1,619
Utilisation of tax losses and tax credits from prior year for which no deferred income tax asset was recognised	173	4
Other tax-free income	157	219
Tax effect of changes in tax rates	−494	−270
Income taxes related to prior years	1,488	1,315
Tax losses and tax credits from prior years for which income tax assets are recognised in actual year	0	0
Impairment of tax assets	−82	0
Other	−284	−296
Income taxes	−28,500	−28,319

The item 'Income taxes related to prior years' consists in particular of the release of not-utilised tax provisions.

The item 'Other' consists in 2014 and 2013 mainly of other income-based taxes (e.g., withholding tax).

The income tax charged / credited directly to other comprehensive income during the year is as follows:

	2014			2013		
in EUR thousands	Before tax amount	Tax charge / credit	Net-of-tax amount	Before tax amount	Tax charge / credit	Net-of-tax amount
Cash flow hedges gains / losses	2,989	–962	2,027	3,314	–985	2,329
Remeasurements of post employment benefit obligations	–1,619	453	–1,166	–726	159	–567
Other comprehensive income	**1,370**	**–509**	**861**	**2,588**	**–826**	**1,762**

Notes to the Consolidated Statement of Financial Position

17. INCOME TAX ASSETS AND LIABILITIES

Due to changes in German corporate tax laws ("SE-Steuergesetz" or "SEStEG," which came into effect on 31 December 2006) an imputation credit asset ("Körperschaftsteuerguthaben gem. § 37 KStG") has been set up. As a result, an unconditional claim for payment of the credit in ten annual instalments from 2008 through 2017 has been established. The resulting receivable is included in income tax assets and amounted to EUR 1,327 thousands on 31 December 2014 (31 December 2013: EUR 1,737 thousands). In 2014, EUR 850 thousands are classified as non-current (31 December 2013: EUR 1,260 thousands).

18. DEFERRED INCOME TAX

The analysis of deferred tax assets and deferred tax liabilities due to maturity is as follows:

in EUR thousands	31 Dec 2014	31 Dec 2013
Deferred tax assets		
Deferred tax assets to be recovered after more than 12 months	1,061	1,035
Deferred tax assets to be recovered within 12 months	10,076	6,480
Deferred tax assets	**11,137**	**7,515**
Deferred tax liabilities		
Deferred tax liabilities to be recovered after more than 12 months	102,090	32,565
Deferred tax liabilities to be recovered within 12 months	2,557	405
Deferred tax liabilities	**104,647**	**32,970**
Deferred tax liabilities (net)	**93,510**	**25,455**

The movement in deferred income tax assets and liabilities during the year is as follows:

in EUR thousands	2014	2013
Deferred tax liabilities (net) – as of 1 January	**25,455**	**26,879**
Deferred tax income	**–1,336**	–1,758
Tax charged to other comprehensive income	**509**	826
Exchange differences	**5,198**	–926
Acquisition of subsidiaries	**63,684**	434
Deferred tax liabilities (net) – as of 31 December	**93,510**	**25,455**

The analysis of deferred income tax assets and deferred income tax liabilities, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

DEFERRED TAX ASSETS

in EUR thousands	31 Dec 2014	31 Dec 2013
Intangible assets	**3,501**	1,596
Property, plant and equipment	**240**	79
Other assets	**768**	184
Inventories	**1,607**	1,173
Trade receivables	**472**	280
Retirement benefit obligations / pension liabilities	**1,630**	1,387
Provisions	**952**	1,088
Borrowings	**6,202**	3,227
Other liabilities, incl. derivatives	**4,304**	4,442
Trade payables	**396**	392
Tax losses and tax credits	**3,648**	441
Deferred tax assets (before valuation allowances)	**23,720**	**14,289**
Valuation allowance	**–2,458**	–19
Deferred tax assets (before offsetting)	**21,262**	**14,270**
Offsetting effects	**–10,125**	–6,755
Deferred tax assets	**11,137**	**7,515**

DEFERRED TAX LIABILITIES

in EUR thousands	31 Dec 2014	31 Dec 2013
Intangible assets	**90,410**	26,591
Property, plant and equipment	**13,048**	8,759
Other assets	**3,013**	399
Inventories	**1,038**	384
Trade receivables	**65**	459
Provisions	**0**	0
Borrowings	**5,486**	2,084
Other liabilities, incl. derivatives	**853**	169
Trade payables	**0**	6
Untaxed reserves	**859**	874
Deferred tax liabilities (before offsetting)	**114,772**	**39,725**
Offsetting effects	**–10,125**	–6,755
Deferred tax liabilities	**104,647**	**32,970**
Deferred tax liabilities (net)	**93,510**	**25,455**

Deferred income tax assets are recognised for all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the deductible temporary difference can be utilised. As of 31 December 2014 and also in the previous year, deferred tax assets were recognised for all deductible temporary differences, because sufficient taxable income will most likely be available to utilise these deductible temporary differences.

In 2014 and prior years, the Group had tax losses at several subsidiaries in several countries. After offsetting the deferred tax assets with deferred tax liabilities, the deferred tax assets not subject to valuation allowances amounted to EUR 51 thousands for those foreign subsidiaries (31 December 2013: EUR 34 thousands). NORMA Group believes it is more likely than not that due to future taxable income, deferred tax assets which are not subject to valuation allowances can be utilised.

Deferred income tax assets are recognised for tax losses carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable.

The Group did recognise the following tax losses:

in EUR thousands	31 Dec 2014	31 Dec 2013
Expiry within 1 year	**0**	0
Expiry in 2–5 years	**297**	31
Expiry later than 5 years	**3,336**	2,628
Unlimited carry forward	**1,692**	475
Total	**5,325**	**3,134**

The Group did not recognise deferred income tax assets in respect of losses amounting to EUR 13,241 thousands on 31 December 2014 (31 December 2013: EUR 5,579 thousands) that can be carried forward against future taxable income. Theoretically, the deferred tax assets on not recognised tax losses would be EUR 2,894 thousands on 31 December 2014 (31 December 2013: EUR 1,058 thousands).

The unrecognised losses expire as follows:

in EUR thousands	31 Dec 2014	31 Dec 2013
Expiry within 1 year	**0**	29
Expiry in 2–5 years	**875**	0
Expiry later than 5 years	**2,746**	2,256
Unlimited carry forward	**9,620**	3,294
Total	**13,241**	**5,579**

Taxable temporary differences amounting to EUR 175,920 thousands on 31 December 2014 (31 December 2013: EUR 113,059 thousands) associated with investments in subsidiaries are not recognised as deferred tax liabilities since the respective parent is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. These unremitted earnings of non-German subsidiaries, the amount of which cannot be practicably computed, could become subject to additional tax if they were remitted as dividends or if the Group were to sell its shareholdings in the subsidiaries.

19. GOODWILL AND OTHER INTANGIBLE ASSETS

The acquisition costs as well as accumulated amortisation and impairment of intangible assets consist of the following:

in EUR thousands	As of 1 Jan 2014	Additions	Deductions	Transfers	Changes in consolidation	Currency effects	As of 31 Dec 2014
Acquisition costs							
Goodwill	263,309	0	0	0	77,949	16,183	**357,441**
Customer lists	60,918	7	0	0	135,404	10,638	**206,967**
Licenses, rights	1,884	254	–44	–45	0	10	**2,059**
Software	15,103	3,124	–10	4,539	242	498	**23,496**
Trademarks	20,138	0	0	0	25,562	3,549	**49,249**
Patents & technology	30,791	692	0	0	1,270	3,569	**36,322**
Internally generated intangible assets	5,127	2,823	0	45	0	22	**8,017**
Intangible assets, other	15,180	1,859	–13	–4,295	0	–249	**12,482**
Total	**412,450**	**8,759**	**–67**	**244**	**240,427**	**34,220**	**696,033**
Amortisation and Impairment							
Goodwill	30,070	0	0	0	0	2,875	**32,945**
Customer lists	15,242	6,010	0	0	0	1,497	**22,749**
Licenses, rights	732	381	–44	0	0	3	**1,072**
Software	8,497	3,187	–10	0	0	185	**11,859**
Trademarks	5,150	1,318	0	0	0	753	**7,221**
Patents & technology	16,487	2,844	0	0	0	2,188	**21,519**
Internally generated intangible assets	965	808	0	0	0	54	**1,827**
Intangible assets, other	9,158	894	–13	0	0	–154	**9,885**
Total	**86,301**	**15,442**	**–67**	**0**	**0**	**7,401**	**109,077**

in EUR thousands	As of 1 Jan 2013	Additions	Deductions	Transfers	Changes in consolidation	Currency effects	As of 31 Dec 2013
Acquisition costs							
Goodwill	266,296	0	0	0	1,683	–4,670	**263,309**
Customer lists	57,402	2	0	0	5,881	–2,367	**60,918**
Licenses, rights	1,576	98	–2	4	211	–3	**1,884**
Software	12,224	2,836	–35	240	0	–162	**15,103**
Trademarks	20,903	0	0	0	75	–840	**20,138**
Patents & technology	29,952	996	0	0	1,120	–1,277	**30,791**
Internally generated intangible assets	2,014	3,060	–27	114	0	–34	**5,127**
Intangible assets, other	13,724	2,269	–111	–358	0	–344	**15,180**
Total	**404,091**	**9,261**	**–175**	**0**	**8,970**	**–9,697**	**412,450**
Amortisation and Impairment							
Goodwill	31,034	0	0	0	0	–964	**30,070**
Customer lists	11,501	4,192	0	0	0	–451	**15,242**
Licenses, rights	411	325	–2	0	0	–2	**732**
Software	5,149	3,518	–35	0	0	–135	**8,497**
Trademarks	4,290	1,080	0	0	0	–220	**5,150**
Patents & technology	14,780	2,374	0	0	0	–667	**16,487**
Internally generated intangible assets	293	683	0	0	0	–11	**965**
Intangible assets, other	8,893	432	–111	0	0	–56	**9,158**
Total	**76,351**	**12,604**	**–148**	**0**	**0**	**–2,506**	**86,301**

	Carrying amounts	
in EUR thousands	31 Dec 2014	31 Dec 2013
Goodwill	324,496	233,239
Customer lists	184,218	45,676
Licenses, rights	987	1,152
Software	11,637	6,606
Trademarks	42,028	14,988
Patents & technology	14,803	14,304
Internally generated intangible assets	6,190	4,162
Intangible assets, other	2,597	6,022
Total	**586,956**	**326,149**

The item 'Patents & technology' on 31 December 2014 consists of patents worth EUR 3,331 thousands (31 December 2013: EUR 4,180 thousands) and technology worth EUR 11,472 thousands (31 December 2013: EUR 10,124 thousands).

The item 'Intangible assets, other' consists mainly of prepayments.

Internally generated intangible assets mainly include technologies.

The change in goodwill from EUR 233,239 thousands to EUR 324,496 thousands results from positive exchange differences and from the acquisition of the business activities of Five Star Clamps, Inc. in the amount of EUR 2,563 thousands and the acquisition of National Diversified Sales, Inc. in the amount of EUR 75,386 thousands.

The change in goodwill is summarised as follows:

in EUR thousands	
Balance as of 31 December 2013	**233,239**
Changes in consolidation	77,949
Five Star Clamps, Inc.	2,563
National Diversified Sales, Inc.	75,386
Currency effect	13,308
Balance as of 31 December 2014	**324,496**

In 2014 and 2013, no material impairments for intangible assets or write ups were recognised. In the second quarter of 2014, the brand "Nordic Metalblok" in the amount of EUR 276 thousands was fully impaired, as NORMA Group no longer expects to use the brand in the future.

Besides the goodwill, there are intangible assets within trademarks with an indefinite useful life in the amount of EUR 26,275 thousands (2013: EUR 0 thousands) resulting from the acquisition of National Diversified Sales, Inc. in the fourth quarter. From a market perspective, we assumed an indefinite useful life for these acquired trademarks, which mainly include the corporate brand NDS®, because these brands have been established in the market for a number of years and there is no foreseeable end to their useful life, therefore useful lives are indefinite.

On 31 December 2014 and 2013, the intangible assets are unsecured.

Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to geographical areas. A summary of the goodwill allocation is presented below.

in EUR thousands	31 Dec 2014	31 Dec 2013
CGU EMEA	154,273	154,141
CGU Americas	164,606	73,598
CGU Asia-Pacific	5,617	5,500
	324,496	**233,239**

Goodwill for the CGU Americas increased in 2014 due to the acquisition of the business activities of Five Star Clamps, Inc. in the amount of EUR 2,563 thousands and the acquisition of National Diversified Sales, Inc. in the amount of EUR 75,386 thousands. Other changes were driven by currency effects. Goodwill for the CGUs EMEA and Asia-Pacific changed in 2014 solely due to currency effects.

The recoverable amount of a CGU is determined based on fair-value-less-costs-to-sell, which is calculated by discounting projected cash flows. Based on the inputs used for this valuation technique, fair values are classified as level 3 fair values (→ Note 3.3 "Fair value estimation"). These calculations use cash flow projections based on financial budgets approved by the management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed our expectations for the long-term average growth rate for the geographical area of the respective CGU.

The discount rates used are after-tax-rates and reflect the specific risk of each CGU. The respective before-tax-rates are 11.54% (2013: 13.36%) for the CGU EMEA, 12.26% (2013: 14.74%) for the CGU Americas and 11.22% (2013: 13.16%) for the CGU Asia-Pacific.

The key assumptions used for fair-value-less-costs-to-sell calculations are as follows:

31 December 2014	CGU EMEA	CGU Americas	CGU Asia-Pacific
Terminal value growth rate	1.50%	1.50%	1.50%
Discount rate	8.88%	8.17%	8.80%
Costs to sell	1.00%	1.00%	1.00%

31 December 2013	CGU EMEA	CGU Americas	CGU Asia-Pacific
Terminal value growth rate	1.50%	1.50%	1.50%
Discount rate	10.31%	9.62%	10.50%
Costs to sell	1.00%	1.00%	1.00%

Even if the discount rate would increase by +2% and terminal value growth rate would be 0%, the change of these key assumptions would not cause the carrying amount to exceed its recoverable amount in any CGU.

20. PROPERTY, PLANT AND EQUIPMENT

The acquisition and manufacturing costs as well as accumulated depreciation of property, plant and equipment consist of the following:

in EUR thousands	As of 1 Jan 2014	Additions	Deductions	Transfers	Changes in consolidation	Currency effects	**As of 31 Dec 2014**
Acquisition costs							
Land and buildings	87,008	7,209	−21	4,512	1,083	1,134	**100,925**
Machinery & tools	195,465	6,443	−8,356	6,426	19,229	5,218	**224,425**
Other equipment	49,019	3,828	−1,650	898	386	394	**52,875**
Assets under construction	11,367	13,408	−123	−12,080	1,320	924	**14,816**
Total	**342,859**	**30,888**	**−10,150**	**−244**	**22,018**	**7,670**	**393,041**
Depreciation and Impairment							
Land and buildings	40,559	2,491	−25	1	0	−10	**43,016**
Machinery & tools	149,704	11,911	−8,276	0	0	2,462	**155,801**
Other equipment	37,049	3,831	−1,526	−1	0	182	**39,535**
Assets under construction	180	0	0	0	0	19	**199**
Total	**227,492**	**18,233**	**−9,827**	**0**	**0**	**2,653**	**238,551**

in EUR thousands	As of 1 Jan 2013	Additions	Deductions	Transfers	Changes in consolidation	Currency effects	**As of 31 Dec 2013**
Acquisition costs							
Land and buildings	84,890	1,227	−186	2,240	239	−1,402	**87,008**
Machinery & tools	186,804	7,157	−3,176	3,282	4,930	−3,532	**195,465**
Other equipment	46,415	3,649	−2,520	1,374	790	−689	**49,019**
Assets under construction	9,886	9,234	−187	−6,896	88	−758	**11,367**
Total	**327,995**	**21,267**	**−6,069**	**0**	**6,047**	**−6,381**	**342,859**
Depreciation and Impairment							
Land and buildings	38,853	2,388	−125	0	0	−557	**40,559**
Machinery & tools	144,191	11,017	−3,185	−427	0	−1,892	**149,704**
Other equipment	35,689	3,790	−2,449	427	0	−408	**37,049**
Assets under construction	183	0	0	0	0	−3	**180**
Total	**218,916**	**17,195**	**−5,759**	**0**	**0**	**−2,860**	**227,492**

	Carrying amounts	
in EUR thousands	**31 Dec 2014**	31 Dec 2013
Land and buildings	**57,909**	46,449
Machinery & tools	**68,624**	45,761
Other equipment	**13,340**	11,970
Assets under construction	**14,617**	11,187
Total	**154,490**	**115,367**

On 31 December 2014, the item 'Machinery & tools' includes tools valued at EUR 18,196 thousands (31 December 2013: EUR 7,952 thousands).

No material impairment and no material write ups were recognised on property, plant and equipment in 2014 and 2013.

On 31 December 2014 and 2013, property, plant and equipment, except for finance lease assets, are unsecured.

Land and buildings includes the following amounts where the Group is a lessee under a finance lease:

in EUR thousands	**31 Dec 2014**	31 Dec 2013
Cost – capitalised finance leases	**591**	523
Accumulated depreciation	**–12**	0
Net carrying amount	**579**	**523**

Machinery includes the following amounts where the Group is a lessee under a finance lease:

in EUR thousands	**31 Dec 2014**	31 Dec 2013
Cost – capitalised finance leases	**321**	661
Accumulated depreciation	**–143**	–431
Net carrying amount	**178**	**230**

Other equipment includes the following amounts where the Group is a lessee under a finance lease:

in EUR thousands	**31 Dec 2014**	31 Dec 2013
Cost – capitalised finance leases	**300**	367
Accumulated depreciation	**–256**	–248
Net carrying amount	**44**	**119**

The Group leases various property, machinery, technical and IT equipment under non-cancellable finance lease agreements. The lease terms for machinery and other equipment are between three and ten years, the lease terms for land and building are up to 50 years.

21. FINANCIAL INSTRUMENTS

Financial instruments according to classes and categories were as follows:

in EUR thousands	Category IAS 39	**Carrying amount 31 Dec 2014**	Measurement basis IAS 39: Amortised Cost	Measurement basis IAS 39: Fair value through profit or loss	Measurement basis IAS 39: Derivatives used for hedging	Measurement basis IAS 17	**Fair value 31 Dec 2014**
Financial assets							
Derivative financial instruments – hedge accounting							
Foreign exchange derivatives	n/a	**3**			3		**3**
Trade and other receivables	LaR	**107,717**	107,717				**107,717**
Other financial assets	LaR	**2,198**	2,198				**2,198**
Cash and cash equivalents	LaR	**84,271**	84,271				**84,271**
Financial liabilities							
Borrowings	FLAC	**430,946**	430,946				**442,614**
Derivative financial instruments – hedge accounting							
Interest derivatives	n/a	**2,554**			2,554		**2,554**
Cross-currency swaps	n/a	**15,623**			15,623		**15,623**
Foreign exchange derivatives	n/a	**2,043**			2,043		**2,043**
Trade payables	FLAC	**80,829**	80,829				**80,829**
Other financial liabilities							
Contingent considerations	n/a	**3,314**		3,314			**3,314**
Other liabilities	FLAC	**2,445**	2,445				**2,445**
Finance lease liabilities	n/a	**449**				449	**459**
Totals per category							
Loans and receivables (LaR)		**194,186**	194,186				**194,186**
Financial liabilities at amortised cost (FLAC)		**514,220**	514,220				**525,888**

in EUR thousands	Category IAS 39	Carrying amount 31 Dec 2013	Measurement basis IAS 39: Amortised Cost	Measurement basis IAS 39: Fair value through profit or loss	Measurement basis IAS 39: Derivatives used for hedging	Measurement basis IAS 17	Fair value 31 Dec 2013
Financial assets							
Derivative financial instruments – hedge accounting							
Foreign exchange derivatives	n/a	**92**			92		**92**
Trade and other receivables	LaR	**90,138**	90,138				**90,138**
Cash and cash equivalents	LaR	**194,188**	194,188				**194,188**
Financial liabilities							
Borrowings	FLAC	**326,108**	326,108				**329,273**
Derivative financial instruments – hedge accounting							
Interest derivatives	n/a	**5,375**			5,375		**5,375**
Cross-currency swaps	n/a	**9,845**			9,845		**9,845**
Foreign exchange derivatives	n/a	**50**			50		**50**
Trade payables	FLAC	**59,025**	59,025				**59,025**
Other financial liabilities							
Contingent considerations	n/a	**1,371**		1,371			**1,371**
Other liabilities	FLAC	**4,241**	4,241				**4,241**
Finance lease liabilities	n/a	**683**				683	**705**
Totals per category							
Loans and receivables (LaR)		**284,326**	284,326				**284,326**
Financial liabilities at amortised cost (FLAC)		**389,374**	389,374				**392,539**

Financial instruments, that are recognised in the balance sheet at amortised cost and for which the fair value is stated in the notes, are also allocated within a three step fair value hierarchy.

The fair value calculation of the fixed-interest promissory note that is recognised at amortised cost and for which the fair value is stated in the notes, was based on the market yield curve according to the zero coupon method considering credit spreads (level 2). Interests accrued on the reporting date are included.

Trade and other receivables and cash and cash equivalents have short-term maturities. Their carrying amounts at the reporting date equal their fair values, as the impact of discounting is not significant.

Trade payables and other financial liabilities have short times to maturity; therefore the carrying amounts reported approximate the fair values. On 31 December 2014, contingent considerations measured at fair value in the amount of EUR 3,314 thousands resulting from the acquisition of Guyco Pty. Limited (EUR 316 thousands) in the fiscal year 2013 and from the acquisition of the business activities of Five Star Clamps, Inc. in the second quarter of 2014 (EUR 2,998 thousands) are included in the position other financial liabilities.

Furthermore, this position includes liabilities from the acquisition of National Diversified Sales, Inc. in the fourth quarter of 2014 in the amount of EUR 969 thousands. For details, please refer to → Note 40 ‘Business combinations’.

The fair values of finance lease liabilities are calculated as the present values of the payments associated with the debts based on the applicable yield curve and NORMA Group's credit spread curve.

Derivative financial instruments held for trading and those used for hedging are carried at their respective fair values. They have been categorised entirely within level 2 in the fair value hierarchy.

None of the financial assets that are fully performing have been renegotiated in the last year.

The tables below provide an overview of the classification of financial assets and liabilities measured at fair value in the fair value hierarchy under IFRS 13 as of 31 December 2014 as well as 31 December 2013:

in EUR thousands	Level 1 [1)]	Level 2 [2)]	Level 3 [3)]	Total as of 31 Dec 2014
Recurring fair value measurements				
Assets				
Foreign exchange derivatives – hedge accounting		3		**3**
Total	**0**	**3**	**0**	**3**
Liabilities				
Cross-currency swaps – hedge accounting		15,623		**15,623**
Interest swaps – hedge accounting		2,554		**2,554**
Foreign exchange derivatives – cash flow hedges		172		**172**
Foreign exchange derivatives – fair value hedges		1,871		**1,871**
Other financial liabilities			3,314	**3,314**
Total	**0**	**20,220**	**3,314**	**23,534**

1) Fair value measurement based on quoted prices (unadjusted) in active markets for these or identical assets or liabilities.
2) Fair value measurement for the asset or liability based on inputs that are observable on active markets either directly (i.e. as priced) or indirectly (i.e. derived from prices).
3) Fair value measurement for the asset or liability based on inputs that are not observable market data.

in EUR thousands	Level 1 [1)]	Level 2 [2)]	Level 3 [3)]	Total as of 31 Dec 2013
Recurring fair value measurements				
Assets				
Foreign exchange derivatives – hedge accounting		92		**92**
Total	**0**	**92**	**0**	**92**
Liabilities				
Cross-currency swaps – hedge accounting		9,845		**9,845**
Interest swaps – hedge accounting		5,375		**5,375**
Foreign exchange derivatives – cash flow hedges		50		**50**
Other financial liabilities			1,371	**1,371**
Total	**0**	**15,270**	**1,371**	**16,641**

1) Fair value measurement based on quoted prices (unadjusted) in active markets for these or identical assets or liabilities.
2) Fair value measurement for the asset or liability based on inputs that are observable on active markets either directly (i.e. as priced) or indirectly (i.e. derived from prices).
3) Fair value measurement for the asset or liability based on inputs that are not observable market data.

No transfers between the different levels occurred in 2014 and 2013.

The fair value of interest swaps and cross-currency swaps is calculated as the present value of estimated future cash flows. The fair value of forward foreign exchange contracts is determined using a present value model based on forward exchange rates.

Level 3 includes fair values of financial liabilities from contingent consideration resulting from the acquisition of Guyco Pty Limited and the acquisition of the business activities of Five Star Clamps, Inc. The agreement on the contingent consideration related to the acquisition of Guyco Pty Limited has committed NORMA Group to pay an amount depending on the gross profits made by the Guyco Pty Limited in the period from 1 July 2013 to 30 June 2014. On 30 June 2014, an adjustment of the fair value to an amount of EUR 1,174 thousands was made to reflect the achieved gross profit. The difference in the fair value in the amount of EUR 100 thousands was recognised in the financial income in the period. In the fourth quarter of 2014, parts of the outstanding liability were paid in the amount of EUR 1,036 thousands. The remaining liability as of 31 December 2014 amounts to EUR 316 thousands.

The agreement on the contingent consideration related to the acquisition of the business activities of Five Star Clamps, Inc. commits NORMA Group to pay an amount depending on certain revenues made by Five Star in financial year 2015 in comparison with certain revenues made in financial year 2012. If the ratio of the revenues is below 100%, the contingent consideration will be reduced linearly by the calculated difference. Furthermore, the agreement includes an appropriate market interest on the contingent consideration. The fair value of the contingent consideration was determined on the acquisition date while taking into account the budget of the Company and setting the maximum value at EUR 2,998 thousands. The parameter for which no observable market data is available is shown below:

Assumed revenue ratio: > 100%

A decrease in the estimated revenue ratio to a value below 100% would lead to a lower value of the contingent consideration.

The contingent consideration related to the acquisition of Davydick & Co. Pty Limited existing on 31 December 2013 in the amount of EUR 97 thousands was settled with a payment of EUR 59 thousands in the first quarter of 2014. The difference in the amount of EUR 41 thousands was recognised in the financial result.

The development of the financial assets that are recognised at fair value and assigned to level 3 of the fair value hierarchy is stated below:

in EUR thousands	Contingent consideration in business combinations	Total
Balance as of 1 January 2014	**1,371**	**1,371**
Acquisition of the business of Five Star Clamps, Inc.	2,630	2,630
Gains and losses recognised in profit (+) or loss (–)	141	141
Payments	–1,095	–1,095
Currency effects	549	549
Balance as of 31 December 2014	**3,314**	**3,314**
Total gains or losses for the period included in profit or loss, under 'Financial result'	141	141

In accordance with IFRS 7.20 (a), net gains and losses from financial instruments by measurement category are as follows:

in EUR thousands	2014	2013
Loans and receivables (LaR)	67	–33
Financial liabilities at cost (FLAC)	–9,186	–14,563
	–9,119	**–14,596**

Net gains and losses of loans and receivables comprise currency effects, impairment of trade receivables, and interest income on short-term bank deposits. Net gains and losses of financial liabilities at cost comprise interest expenses and currency effects on loans, borrowings and bank deposits.

22. DERIVATIVE FINANCIAL INSTRUMENTS

The derivative financial instruments were as follows:

	31 Dec 2014		31 Dec 2013	
in EUR thousands	Assets	Liabilites	Assets	Liabilites
Cross-currency swaps – cash flow hedges		15,623		9,845
Interest rate swaps – cash flow hedges		2,554		5,375
Foreign exchange derivatives – cash flow hedges	3	172	92	50
Foreign exchange derivatives – fair value hedges		1,871		
Total	3	20,220	92	15,270
Less non-current portion				
Cross-currency swaps – cash flow hedges		15,623		8,293
Interest rate swaps – cash flow hedges		2,554		
Non-current portion	0	18,177	0	8,293
Current portion	3	2,043	92	6,977

Foreign exchange derivatives

On 31 December 2014, foreign exchange derivatives with a positive market value of EUR 3 thousands and with a negative market value of EUR 172 thousands were classified as cash flow hedges. The notional principal amount was EUR 2,500 thousands and EUR 6,629 thousands. Furthermore, foreign exchange derivatives with a negative market value of EUR 1,871 thousands and a notional principal amount of EUR 96,368 thousands were classified as fair value hedges.

Interest rate swaps and cross-currency swaps

In order to avoid interest rate fluctuations, NORMA Group has hedged parts of the loans against changes in the interest rates as well as changes in the exchange rates. The remaining part of NORMA Group's financing was hedged against interest rate changes.

The ineffective portion recognised in profit or loss amounts to EUR 0 thousands in 2014 (2013: loss of EUR 140 thousands).

The effective part recognised in other comprehensive income reduced the equity in 2014 by EUR 3,339 thousands before taxes (2013: reduction of EUR 1,527 thousands). Of this amount, EUR –12,327 thousands are due to the measurement of the derivatives held as cash flow hedges and EUR 8,988 thousands are due to the change in value of the underlying. In the period, an additional EUR 6,328 thousands before tax were reclassified from the hedging reserve to profit or loss and thus increased other comprehensive income (2013: increase of EUR 4,841 thousands). This results in an overall increase of other operating income before tax of EUR 2,989 thousands (2013: EUR 3,314 thousands).

Amounts recognised in the hedging reserve in equity on 31 December 2014 will be released in profit or loss until the repayment of the loans.

The notional principal amounts of the outstanding cross-currency-swap contracts on 31 December 2014 were EUR 73 million (31 December 2013: EUR 117 million). Interest rate derivatives had a notional principal amount of EUR 110 million (31 December 2013: EUR 199 million).

On 31 December 2014 and 2013, the hedged fixed interest rate was between 0.981% and 4.04%; the variable interest rate was the 3-month EURIBOR.

The maximum exposure to credit risk on the reporting date is the fair value of the derivative assets in the consolidated statement of financial position.

23. TRADE AND OTHER RECEIVABLES

Trade receivables were as follows:

in EUR thousands	31 Dec 2014	31 Dec 2013
Trade receivables	109,457	91,092
Less: allowances for doubtful accounts	–1,921	–1,638
	107,536	89,454

All trade receivables are due within one year. The following table shows the maturity analysis for trade receivables and other current receivables that are not impaired:

AS OF 31 DECEMBER 2014

in EUR thousands	Not past due	< 30 days	30 to 90 days	91 to 180 days	181 days to 1 year	> 1 year	Total
Trade receivables	80,308	15,484	6,829	3,347	993	542	**107,503**
Other receivables	179	0	0	0	2	0	**181**
	80,487	**15,484**	**6,829**	**3,347**	**995**	**542**	**107,684**

AS OF 31 DECEMBER 2013

in EUR thousands	Not past due	< 30 days	30 to 90 days	91 to 180 days	181 days to 1 year	> 1 year	Total
Trade receivables	64,563	17,439	5,528	1,133	483	201	**89,347**
Other receivables	681	2	0	0	0	0	**683**
	65,244	**17,441**	**5,528**	**1,133**	**483**	**201**	**90,030**

On 31 December 2014 and 2013, there was no indication that trade receivables that were not impaired could be irrecoverable.

The amount of receivables that were impaired was as follows:

in EUR thousands	31 Dec 2014	31 Dec 2013
Trade receivables impaired	**1,954**	1,746
Allowances for doubtful accounts	**–1,921**	–1,638

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

in EUR thousands	31 Dec 2014	31 Dec 2013
Euro	**33,707**	44,547
US dollar	**54,051**	28,782
Chinese renminbi	**6,508**	4,428
British pound	**3,435**	2,515
Australian dollar	**3,020**	2,704
Swedish krona	**788**	1,232
Swiss franc	**871**	1,220
Indien rupee	**1,105**	685
Malaysian ringgit	**943**	900
Thai baht	**460**	457
Russian ruble	**515**	731
Other currencies	**2,314**	1,937
	107,717	**90,138**

All trade receivables were impaired by specific valuation allowances. There have been no general allowances. Movements on the Group provision for impairment of trade receivables are as follows:

in EUR thousands	2014	2013
As of 1 January	**1,638**	**2,350**
Additions	**445**	273
Amounts used	**–178**	–716
Reversals	**–20**	–221
Currency effects	**36**	–48
As of 31 December	**1,921**	**1,638**

The creation and release of allowances for doubtful accounts have been included in 'other operating income / expenses' in the consolidated statement of comprehensive income. Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk on the reporting date is the carrying amount of each class of receivables mentioned above. The Group does not hold any collateral as security.

On 31 December 2014 and 2013, the trade and other receivables are unsecured.

Receivables of EUR 770 thousands (2013: EUR 1,339 thousands) were sold in a factoring contract.

Trade receivables include receivables of EUR 16,416 thousands from National Diversified Sales, Inc., which was acquired in the fourth quarter of 2014.

ABS programme

In 2014, NORMA Group entered into a revolving asset purchase agreement (Receivables Purchase Agreement) with Weinberg Capital Ltd. (special purpose entity). Within the agreed structure, NORMA Group sold trade receivables in the context of an ABS transaction which was successfully initiated in December 2014. Receivables are sold by NORMA Group to a special purpose entity.

As of 31 December 2014, domestic NORMA Group entities had sold receivables in an amount of EUR 11.9 million under this asset-backed securities (ABS) programme with a maximum volume of EUR 25 million. From the sold receivables EUR 1.9 million were retained as loss reserves and were not paid out. These assets were recognised as other financial assets. The basis for this transaction is the transfer of trade receivables of individual NORMA Group subsidiaries to a special purpose entity with a framework of undisclosed assignment. This special purpose entity (SPE) is not consolidated under IFRS 10, because neither the power over the SPE is attributable to the NORMA Group nor the NORMA Group has an essential self-interest and no connection between power and variability of the returns of the special purpose entity exists.

The requirements for a receivables transfer according to IAS 39.15 are met, since the receivables are transferred according to IAS 39.18 a). Verification in accordance with IAS 39.20 shows that substantially all risk and rewards were neither transferred nor retained. Therefore, according to IAS 39.30, NORMA Group's continuing involvement must be recognised. This continuing involvement in the amount of EUR 320 thousands includes the maximum amount that NORMA Group could conceivably have to pay back under the default guarantee and the expected interest payments until the payment is received for the carrying amount of the receivables transferred. The fair value of the guarantee / interest payments to be assumed has been estimated at EUR 4 thousands, taken through profit or loss and recognised under other liabilities.

24. INVENTORIES

The inventories were as follows:

in EUR thousands	31 Dec 2014	31 Dec 2013
Raw materials	30,418	25,134
Work in progress	16,163	7,271
Finished goods and goods for resale	68,296	47,365
	114,877	79,770

On 31 December 2014, impairments on inventories amounting to EUR 2,415 thousands (31 December 2013: EUR 2,919 thousands) were made.

Inventories include inventories of EUR 26,490 thousands from National Diversified Sales, Inc., which was acquired in the fourth quarter of 2014. Thereof, EUR 12,523 thousands were measured at fair value less costs to sale.

On 31 December 2014 and 2013, the inventories are unsecured.

25. OTHER NON-FINANCIAL ASSETS

Other non-financial assets were as follows:

in EUR thousands	31 Dec 2014	31 Dec 2013
Deferred costs	1,558	1,019
VAT assets	5,115	2,751
Receivables against factor	222	767
Prepayments	2,557	1,061
Reimbursement insurance contracts	170	1,141
Other assets	1,705	1,375
	11,327	8,114

26. OTHER FINANCIAL ASSETS

Other financial assets were as follows:

in EUR thousands	31 Dec 2014	31 Dec 2013
Receivables from ABS programme	1,866	0
Other assets	332	0
	2,198	0

Receivables from the ABS programme include reserves for the trade receivables sold → Note 23 'Trade and other receivables'.

27. EQUITY

Subscribed capital

The subscribed capital of the Company on 31 December 2014 and 2013 amounted to EUR 31,862 thousands and was fully paid in. It is divided into 31,862,400 shares with no par value and a notional value of EUR 1. The liability of the shareholders for the obligations of the Company to its creditors is limited to this capital. The amount of the subscribed capital is not permitted to be distributed by the Company to its shareholders.

With the change of the legal form of NORMA Group to a public Company on 14 March 2011, EUR 24,786 thousands, including acquired treasury shares, were reclassified from the capital reserves to subscribed capital.

In the course of the IPO on 8 April 2011, a capital increase of seven million shares was placed, leading to an increase in the subscribed capital of EUR 7,000 thousands.

Authorised and conditional capital

The Management Board was authorised by the extraordinary shareholders' meeting on 6 April 2011 for the period ending on 5 April 2016 to increase the Company's registered share capital in one or more transactions by up to EUR 15,931,200 in aggregate by issuing up to 15,931,200 new no par value registered shares against cash contributions or contributions in kind (authorised capital).

With the resolution of the extraordinary shareholders' meeting on 6 April 2011, the Company's share capital has been conditionally increased by up to EUR 12,505,000 through the issuance of up to 12,505,000 new no par value registered shares (conditional capital). The conditional capital increase serves to issue shares to the holders or creditors of convertible or warrant-linked bonds as well as profit participation rights based on the authorisation approved by the extraordinary shareholders' meeting of 6 April 2011.

Capital reserve

The capital reserve contains:

- amounts (premiums) received for the issuance of shares,
- premiums paid by shareholders in exchange for the granting of a preference for their shares,
- amounts resulted from other capital contributions of the owners.

NORMA Group SE began trading on the Prime Standard of the Frankfurt Stock Exchange on 8 April 2011. The issue price for NORMA Group's shares was EUR 21.00. In the course of the IPO, a capital increase of seven million shares with a value of EUR 147,000 thousands was placed, leading to an increase in the subscribed capital of EUR 7,000 thousands and an increase of the capital reserve of EUR 140,000 thousands.

Costs for the Operational Performance Incentive Cash Programme (OPICP) of EUR 2,762 thousands were fully reimbursed in accordance with the agreement by the previous shareholders. In 2013, EUR 1,067 thousands were finally paid and recognised in the capital reserve.

Retained earnings

Retained earnings consisted of the following:

in EUR thousands	Retained earnings	Remeasurements of post employment benefit obligations	Stock options	IPO costs directly netted with equity	Reimbursement IPO costs by shareholder	Acquisition of non-controlling interest	Effects from the application of IAS 19R	Total
Balance as of 31 December 2012	**53,110**	**−874**	**602**	**−4,640**	**4,681**	**−2,429**	**839**	**51,289**
Profit for the year	55,557							**55,557**
Dividends paid	−20,711							**−20,711**
Stock options			−602					**−602**
Effect before taxes		−726						**−726**
Tax effect		159						**159**
Balance as of 31 December 2013	**87,956**	**−1,441**	**0**	**−4,640**	**4,681**	**−2,429**	**839**	**84,966**
Profit for the year	54,722							**54,722**
Dividends paid	−22,304							**−22,304**
Effect before taxes		−1,619						**−1,619**
Tax effect		453						**453**
Balance as of 31 December 2014	**120,374**	**−2,607**	**0**	**−4,640**	**4,681**	**−2,429**	**839**	**116,218**

A dividend of EUR 22,304 thousands (EUR 0.70 per share) was paid to the shareholders of NORMA Group after the Annual General Meeting in May 2014, which reduced the retained earnings.

Other reserves
Other reserves consisted of the following:

in EUR thousands	Cash flow hedges	Exchange differences on translating foreign operations	Total
Balance as of 1 January 2013	**−6,699**	**−1,851**	**−8,550**
Currency translation		−7,636	**−7,636**
Effect before taxes	3,314		**3,314**
Tax effect	−985		**−985**
Balance as of 31 December 2013	**−4,370**	**−9,487**	**−13,857**
Currency translation		14,326	**14,326**
Effect before taxes	2,989		**2,989**
Tax effect	−962		**−962**
Balance as of 31 December 2014	**−2,343**	**4,839**	**2,496**

28. SHARE-BASED PAYMENTS

Management incentive schemes
The matching stock programme (MSP) for the Management Board provides a long-term incentive to commit to the success of the Group. The MSP is a share-based option.

To this end, the Supervisory Board specifies a number of share options to be granted each financial year, in financial year 2015 for the last time, with the proviso that the Management Board member makes a corresponding personal investment in the Group.

The shares involved in the share options are those shares allocated or acquired and qualified as part of the MSP defined in the Management Board contract. The number of share options is calculated by multiplying the qualified shares (2014: 108,452; 2013: 108,452) held at the time of allotment by the option factor specified by the Supervisory Board. A new option factor is set for every tranche (the option factor for 2014 is 1.5; 2013: 1.5). The MSP is split into five tranches. The first tranche was allocated on the day of the IPO. The other tranches will be allocated on 31 March each following year. There are therefore 162,679 share options in the 2014 financial year (2013: 162,679 share options).

The holding period is four years (on 31 March 2018 for the 2014 tranche, on 31 March 2017 for the 2013 tranche, on 31 March 2016 for the 2012 tranche and on 31 March 2015 for the 2011 tranche). The exercise price for the 2011 tranche is the issue price at the time of the Group's IPO. The exercise price for the other tranches will be the weighted average of the closing price of the Group's share on the 60 trading days directly preceding the allocation of each tranche. Dividend payments by the Group during the vesting period are deducted from the exercise price of each tranche. The value of the share option is calculated using a generally accepted valuation methodology (Monte-Carlo-Simulation). The Group used the historical volatility of the NORMA Group SE share to determine the volatility.

The Group used the following parameters for its evaluation for the tranche of 2014:

Expected duration until exercise in years	3.3
Exercise price in EUR	40.16
Risk-free interest rate in %	−0.02
Expected volatility in %	33.00
Expected dividend payment in %	2.00
Share price when granted in EUR	39.00
Expected Cap (2% of the average EBITA during the holding period)	17.30
Share price as of 31 December 2014 reporting date in EUR	39.64

Each tranche is calculated on the grant date, taking changes in influencing factors into account, and prorated over the vested period.

The options of a tranche can only be exercised within a period of two years following the expiration of the holding period. In order for an option to be exercised, the weighted average of the last ten trading days must be at least 1.2 times of the exercise price. The pay out is limited to 2% of the average EBITA (tranches 2011, 2012 and 2014) or EBITDA (tranche 2013) during the holding period. When the option is exercised, the Group can decide at its own discretion whether to settle the option in shares or cash. The tranches from 2011 to 2014 will likely be settled in equity instruments.

The fair value was determined when the options were granted. Because the tranches will be settled in equity instruments, the fair value of the option rights will not be adjusted during the holding period (vesting period). The fair value of the option rights for 2014 was EUR 4.11 per option right when the option rights were granted (2013: EUR 7.33). The fair value of the 162,679 option rights granted with the 2014 tranche came to EUR 668,611 (Tranche 2013: EUR 1,192,674).

The resulting personnel expenses will be recorded over the course of the vesting period. They came to EUR 541,011 for the 2014 financial year (2013: EUR 698,531) assuming no staff turnover. This amount was allocated to capital reserve.

The option rights granted under the matching stock programme (MSP) changed as follows in the 2014 and 2013 financial years:

	Number of option rights outstanding	Exercise price per right (in EUR)	Contractual life in years	Aggregated intrinsic value (in EUR)
Balance as of 31 December 2012	**325,358**	**19.44**	**4.75**	**-**
Granted	162,679	23.71	5.25	-
Exercised	-	-	-	-
Lapsed / expired	-	-	-	-
Balance as of 31 December 2013	**488,037**	**20.86**	**4.25**	**7,428,737***
Excercisable options as of 31 December 2013	**-**	**-**	**-**	**-**

* based on the closing share price as of 31 December 2013

Balance as of 31 December 2013	**488,037**	**20.86**	**4.25**	**-**
Granted	162,679	40.16	5.25	-
Exercised	-	-	-	-
Lapsed / expired	-	-	-	-
Balance as of 31 December 2014	**650,716**	**25.69**	**3.75**	**9,163,708***
Excercisable options as of 31 December 2014	**-**	**-**	**-**	-

* based on the closing share price as of 31 December 2014

The aggregated intrinsic value, based on the closing share price on 31 December 2014, was EUR 9,164 thousands, the tranche 2014 had an aggregated intrinsic value of EUR 0 thousands.

The exercise prices of the option rights granted under the MSP are between EUR 17.87 and EUR 40.16 per right and are as follows:

	Number of option rights outstanding	Exercise price per right (in EUR)	Contractual life in years
Tranche 2011	162,679	21.00	2.25
Tranche 2012	162,679	17.87	3.25
Tranche 2013	162,679	23.71	4.25
Tranche 2014	162,679	40.16	5.25

Long-Term Incentive Plan

In financial year 2013, NORMA Group installed a share-based, long-term, variable compensation component for executives and certain other groups of employees (Long-Term Incentive Plan). The Long-Term Incentive Plan (LTI) is a share-based payment, cash settled plan that takes into account both the performance of the Company and the share price development.

The participants receive a preliminary number of share units (virtual shares) at the start of the performance period based on a percentage of the respective base salary multiplied with a conversion rate. The conversion rate is determined based on the average share price of the previous 60 trading days of the calendar year prior to the grant date. Once four years have elapsed, the number of share units granted at the start of the performance period is adjusted based on the Company's performance achieved, incorporating both the targets defined during the performance period and the Company / regional factor.

The goal achievement factor, measured by adjusted EBITA, as well as the Company / regional factor are applied as performance targets. The goal achievement factor is based on the adjusted EBITA of NORMA Group. The absolute adjusted EBITA target is determined for every year of the performance period based on the budgeted value. After conclusion of the four-year-period, the yearly recorded adjusted EBITA values are defined as a percentage in relation to the target values and averaged out over the four years. Allocation occurs above a goal achievement ratio of 90%. Between 90% and 100% goal achievement, every percentage point amounts to 10 percentage points of goal achievement factor. Between 100% and 200% goal achievement, the goal achievement factor grows by 1.5 percentage points per percentage point of goal achievement.

The company factor is determined by the Group Senior Management based on the development of the Company, as well as the development in relation to comparable companies. In addition to this, the development of free cash flows is taken into account when determining the factor. At the discretion of the Group Senior Management, unanticipated developments can also be taken into account and the company factor corrected either downward or upward accordingly. The factor can assume values between 0.5 and 1.5.

The regional factor is defined by the Group Senior Management prior to pay-out and can assume a value between 0.5 and 1.5. The factor takes into account the results of the region, as well as any region-specific aspects.

The value of the share units is then determined at the end of the fourth calendar year based on the average share price of the last 60 days of trading in this fourth year. In case the calculated Long-term Incentive pay-out exceeds 250% of the initial grant value, the maximum pay-out is capped at 250%. The value determined is paid out to the participants in cash in May of the fifth year.

The LTI is a group-wide and global compensation instrument with a long-term orientation. Due to the coupling to the development not only of the stock price, but also the Company's performance, the LTI provides an additional incentive to create value through value-based action, aligned with the goals of NORMA Group.

The determination of fair value, which is the basis for determining the pro rata provision on the balance sheet date, was performed using a Monte Carlo simulation. Due to the cash settlement of the virtual share units, the fair value is measured on each balance sheet date and the resulting changes in the fair value are recognised in income or loss. The allocation of the expenses is made on a pro rate basis over the performance period.

The share units granted under the LTI changed as follows in the 2014 and 2013 financial years:

	1st Tranche LTI 2013	2nd Tranche LTI 2014
Expected duration until exercise in years	2.00	3.00
Fair value per "Share Unit" in EUR as of 31 December 2014	35.30	36.72
Share price when granted in EUR	20.68	36.40
Balance as of 31 December 2013	**37,122**	**0**
Tentatively granted "Share Units"	-	24,768
Exercised	-	-
Lapsed	5,238	1,383
Balance as of 31 December 2014	**31,884**	**23,385**

	1st Tranche LTI 2013
Expected duration until exercise in years	3.00
Fair value per "Share Unit" in EUR as of 31 December 2013	30.73
Share price when granted in EUR	20.68
Balance as of 31 December 2012	**0**
Tentatively granted "Share Units"	43,394
Exercised	-
Lapsed	6,272
Balance as of 31 December 2013	**37,122**

In financial year 2014, expenses resulting from the LTI in the amount of EUR 492 thousands (2013: EUR 285 thousands) were recorded under personnel expense and within a corresponding provision. In total, the provision for the LTI amounts to EUR 777 thousands as of 31 December 2014 (2013: EUR 285 thousands).

29. RETIREMENT BENEFIT OBLIGATIONS

Retirement benefit obligations result mainly from the German pension plan and a Swiss post-employment benefit plan.

The German defined benefit pension plan was closed for new entrants in 1990 and provides benefits in case of retirement, disability, and death as life-long pension payments. The benefits entitlements depend on years of service and salary. The portion of salary that is above the income threshold for social security contribution leads to higher benefit entitlements compared to the portion of the salary up to that threshold. Although the plan was closed in 1990, NORMA Group is still exposed to certain actuarial risks associated with defined benefit plans, such as longevity and compensation increases. Due to the amount of the obligation and the composition of the plan participants, approximately 95% are pensioners, a significant change in the actuarial assumptions would have no significant effects on NORMA Group. Employees hired after 1990 are eligible under a defined contribution scheme. The contributions are paid into an insurance contract providing lump sum payments in case of retirements and death.

Besides the German plan, there is a further benefit plan in Switzerland resulting from the Swiss "Berufliches Vorsorgegesetz" law (BVG). According to the BVG, each employer has to grant post-employment benefits for qualifying employees. The plan is a capital-based plan under which the Company has to make contributions equivalent to at least the limits specified in the plan conditions employee contributions. These plans are administered by foundations that are legally separated from the entity and are subject to the BVG. The Group has outsourced the investment process to the Foundation, which sets the strategic asset allocation in their group life portfolio. All regulatory granted obligations out of the plan are reinsured by an insurance company. This covers risks of disability, death and longevity. Furthermore, there is, for the retirement assets invested, a 100% capital and interest guarantee. In the case of a shortfall, the employer and plan participants' contribution might be increased according to decisions of the relevant foundation board. Strategies of the foundation boards to make up for potential shortfalls are subject to approval by the regulator.

Reconciliation of defined benefit obligations (DBO) and plan assets

The amounts included in the Group's Consolidated Financial Statements arising from its post-employment defined benefit plans are as follows:

in EUR thousands	**31 Dec 2014**	31 Dec 2013
Present value of obligations	**15,130**	12,907
Fair value of plan assets	**2,859**	2,038
Liability in the balance sheet	**12,271**	**10,869**

The reconciliation of the net defined benefit liability (liability in the balance sheet) is as follows:

in EUR thousands	2014	2013
As of 1 January	**10,869**	**10,319**
Current service cost	**436**	238
Administration costs	**17**	0
Net interest expenses	**266**	248
Remeasurments:		
Return on plan assets excluding amounts included in net interest expenses	**95**	0
Actuarial (gains) losses from changes in demographic assumptions	**1,236**	–51
Actuarial (gains) losses from changes in financial assumptions	**307**	–101
Experience (gains) losses	**–19**	181
Employer contributions	**–176**	0
Benefits paid	**–776**	–656
Business combinations, disposals and other	**0**	692
Foreign currency translation effects	**16**	–1
As of 31 December	**12,271**	**10,869**

A detailed reconciliation for the changes in the DBO is provided in the following table:

in EUR thousands	2014	2013
As of 1 January	**12,907**	**10,319**
Current service cost	**436**	238
Administration costs	**17**	0
Interest expenses	**312**	248
Remeasurments:		
Actuarial (gains) losses from changes in demographic assumptions	**1,236**	–51
Actuarial (gains) losses from changes in financial assumptions	**307**	–101
Experience (gains) losses	**–19**	181
Plan participants contribution	**989**	0
Benefits paid	**–1,120**	–656
Business combinations, disposals and other	**0**	2,730
Foreign currency translation effects	**65**	–1
As of 31 December	**15,130**	**12,907**

The changes in the scope of consolidation and other in the fiscal year 2013 are due to the initial consolidation of the Swiss plan.

The total defined benefit obligation at the end of financial year 2014 includes EUR 6,039 thousands for active employees, EUR 78 thousands for former employees with vested benefits and EUR 9,013 thousands for retirees and surviving dependents.

A detailed reconciliation of the changes in the fair value of plan assets is provided in the following table:

in EUR thousands	2014	2013
As of 1 January	**2,038**	**0**
Interest income	**46**	0
Remeasurements:		
Return on plan assets excluding amounts included in net interest expenses	**–95**	0
Employer contributions	**176**	0
Plan participants contributions	**989**	0
Benefits paid	**–344**	0
Settlement payments	**0**	0
Business combinations, disposals and other	**0**	2,038
Liability administration costs	**0**	0
Foreign currency translation effects	**49**	0
Fair value of plan assets at end of year	**2,859**	**2,038**

The other changes in financial year 2013 are due to the initial consolidation of the Swiss plan.

Disaggregation of plan assets

The allocation of the plan assets of the benefit plans is as follows:

in EUR thousands	2014	2013
Asset class		
Insurance contracts	**2,822**	1,956
Cash deposit	**33**	80
Equity securities	**4**	2
Total	**2,859**	**2,038**

Cash deposits and equity securities have quoted prices in active markets. The values for insurance contracts represent the redemption value, for these no quoted prices in an active market are available.

Actuarial assumptions

The principal actuarial assumptions are as follows:

in %	2014	2013
Discount rate	**1.62**	2.85
Inflation rate	**1.71**	1.77
Future pension increases	**1.70**	2.00

The biometric assumptions are based on the 2005 G Heubeck life-expectancy tables for the German plan and on the life-expectancy tables of the BVG 2010 G for the Swiss plan.

Sensitivity analysis

If the discount rate was to differ by +0.25%/−0.25% from the interest rate used on the balance sheet date, the defined benefit obligation for pension benefits would be an estimated EUR 468 thousands lower or EUR 493 thousands higher. If the future pension increase used was to differ by +0.25%/−0.25% from management's estimates, the defined benefit obligation for pension benefits would be an estimated EUR 241 thousands higher or EUR 232 thousands lower. The reduction/increase of the mortality rates by 10% results in an increase/deduction of life expectancy depending on the individual age of each beneficiary. That means, for example, that the life expectancy of a male NORMA employee age 55 years as of 31 December 2014 increases/decreases by approximately one year. In order to determine the longevity sensitivity, the mortality rates were reduced/increased by 10% for all beneficiaries. The effect on DBO as of 31 December 2014 due to a 10% reduction/increase in mortality rates would result in an increase of EUR 838 thousands or decrease of EUR 856 thousands.

When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method) has been applied as when calculating the post-employment benefit obligation recognised in the Consolidated Statement of Financial Position. Increases and decreases in the discount rate or rate of pension progression which are used in determining the DBO do not have a symmetrical effect on the DBO due to the compound interest effect created when determining the net present value of the future benefit. If more than one of the assumptions are changed simultaneously, the combined impact due to the changes would not necessarily be the same as the sum of the individual effects due to the changes. If the assumptions change at a different level, the effect on the DBO is not necessarily in a linear relation.

Future cash flows

Employer contributions expected to be paid to the post-employment defined benefit plans in financial year 2014 are EUR 222 thousands.

Expected payments from post-employment benefit plans are as follows:

in EUR thousands	**2014**
Expected benefit payments	
2015	**793**
2016	**779**
2017	**764**
2018	**750**
2019	**736**
2020–2024	**3,485**

in EUR thousands	2013
Expected benefit payments	
2014	762
2015	752
2016	741
2017	731
2018	720
2019–2023	3,445

The weighted average duration of the defined benefit obligation is 10.9 years.

30. PROVISIONS

The development of provisions is as follows:

in EUR thousands	As of 1 Jan 2014	Additions	Amounts used	Unused amounts reversed	Interest accrued	Changes in consoli-dation	Transfers	Foreign currency translation	As of 31 Dec 2014
Guarantees	2,144	173	–206	–739	0	0	0	19	**1,391**
Severance	549	955	–472	0	0	0	–30	2	**1,004**
Early retirement	2,883	1,717	–1,390	0	111	0	0	0	**3,321**
Other personnel-related obligations	3,963	1,749	–1,817	–34	90	0	247	8	**4,206**
Outstanding credit notes	1,391	985	–616	–466	0	0	0	–9	**1,285**
Outstanding invoices	802	1,010	–307	–541	0	0	0	85	**1,049**
Others	1,886	1,005	–619	–216	0	0	0	37	**2,093**
Total provisions	**13,618**	**7,594**	**–5,427**	**–1,996**	**201**	**0**	**217**	**142**	**14,349**

in EUR thousands	As of 1 Jan 2013	Additions	Amounts used	Unused amounts reversed	Interest accrued	Changes in consoli-dation	Transfers	Foreign currency translation	As of 31 Dec 2013
Guarantees	1,652	578	–131	–4	0	95	0	–46	**2,144**
Severance	621	437	–507	0	0	0	0	–2	**549**
Early retirement	2,755	2,136	–2,060	0	52	0	0	0	**2,883**
Other personnel-related obligations	2,611	1,565	–217	–115	3	217	0	–101	**3,963**
Outstanding credit notes	1,653	532	–659	–113	0	0	0	–22	**1,391**
Outstanding invoices	839	269	–182	–99	0	0	0	–25	**802**
Others	1,170	837	–532	–21	0	510	0	–78	**1,886**
Total provisions	**11,301**	**6,354**	**–4,288**	**–352**	**55**	**822**	**0**	**–274**	**13,618**

	31 December 2014			31 December 2013		
in EUR thousands	**Total**	**thereof current**	**thereof non-current**	Total	thereof current	thereof non-current
Guarantees	**1,391**	**1,085**	**306**	2,144	1,835	309
Severance	**1,004**	**1,004**	**0**	549	549	0
Early retirement	**3,321**	**0**	**3,321**	2,883	0	2,883
Other personnel-related obligations	**4,206**	**1,830**	**2,376**	3,963	2,289	1,674
Outstanding credit notes	**1,285**	**1,285**	**0**	1,391	1,391	0
Outstanding invoices	**1,049**	**1,049**	**0**	802	802	0
Others	**2,093**	**1,889**	**204**	1,886	1,468	418
Total provisions	**14,349**	**8,142**	**6,207**	**13,618**	**8,334**	**5,284**

Employees at NORMA Group in Germany can engage in an early retirement contract ("Altersteilzeit"). The employee reduces his / her working hours in preparation of his / her retirement. In the first phase, the employee works 100% ("Arbeitsphase"). In the second phase, he / she is exempt from work ("Freistellungsphase"). The employees receive half of their payment for the total early retirement-phase as well as top-up payments (including social security costs paid by the employer). The duration of the early retirement has a maximum of six years.

The accounting for early retirement ("Altersteilzeit") is based on actuarial valuations taking into account assumptions such as a discount rate of 0.61% (2013: 1.75%) as well as the 2005 G Heubeck life-expectancy tables. For signed early retirement contracts, a liability has been recognised. The liability includes top-up payments ("Aufstockungsbeträge") as well as deferred salary payments ("Erfüllungsrückstände").

Provisions for guarantees include provisions due to circumstances where a final agreement has not yet been achieved and provisions based on experience (customer claim quota, amount of damage, etc.). Future price increases are considered if material.

Provisions for severance payments include expected severance payments for NORMA Group employees due to circumstances where a final agreement has not yet been achieved. The provisions will be paid out in the following financial year and are therefore reported under the current provisions.

Other personnel-related obligations include incentives in the amount of EUR 1,637 thousands (2013: EUR 2,113 thousands), which are due to a variable element of the board compensation (LTI) of the Management Board and provisions due to the share-based, variable compensation component for executives and certain other groups of employees (Long-Term Incentive Plan) in the amount of EUR 777 thousands (2013: EUR 285 thousands). A detailed description of the MSP can be found in → Note 28 "Share-based payments."

The Company's long-term incentive (LTI) of the Management Board is a component of a variable remuneration element designed to maximise the Company's long-term performance. The LTI plan also comprises an EBITA component and an operating free cash flow before external use (FCF) component, each of which are observed over a period of three years (performance period). A new three year performance period begins every year. Both components are calculated by multiplying the average annual adjusted EBITA and FCF values actually achieved in the performance period by the adjusted EBITA and FCF bonus percentages specified in the employment contract. In the second step, the actual value of a component is compared to the medium-term plan approved by the Supervisory Board to evaluate the Company's performance and adjustments are made to the LTI plan. The LTI plan is limited to two and a half times the amount that would be arrived at on the basis of the figures in the Company's medium-term plan. If the actual value is lower than the planned value, the LTI plan is reduced on a straight-line basis down to a minimum of EUR 0 if the three year targets are missed by a significant amount. Due to the calculation of the variable remuneration based on future results of the Group, uncertainties exist regarding the amount of the future outflows. Parts of the long-term compensation component will be paid out in the first half of the following financial year and are therefore reported under the current provisions.

Furthermore other personnel-related provisions include provisions for short term bonuses in the amount of EUR 455 thousands, which are due to the short term variable remuneration element (STI) for the Management Board, jubilee provisions in the amount of EUR 675 thousands (2013: EUR 585 thousands) and provisions for payable income tax and social security contributions in foreign countries and other personnel-related provisions.

Jubilee provisions are based on actuarial valuations taking into account assumptions such as a discount rate of 1.45% as well as the 2005 G Heubeck life-expectancy tables.

Provisions for outstanding credit notes in the amount of EUR 1,285 thousands (2013: 1,391 thousands) include obligations for subsequent price adjustments for past periods due to ongoing negotiations with customers. There are uncertainties regarding the amount and timing of the outflows. However, it is expected that this results within a year in payments.

The position "Other" includes provisions for dismantling obligations in the amount of EUR 503 thousands (2013: EUR 1,117 thousands), as well as provisions in connection with the planned shutdown of Nordic Metalblok S.r.l. in the amount of EUR 542 thousands.

31. BORROWINGS

The borrowings were as follows:

in EUR thousands	**31 Dec 2014**	31 Dec 2013
Non-current		
Bank borrowings	**408,225**	200,981
	408,225	**200,981**
Current		
Bank borrowings	**21,478**	117,856
Revolving credit facility	**0**	5,500
Other borrowings (e.g. factoring and reverse-factoring)	**1,243**	1,771
	22,721	**125,127**
Total borrowings	**430,946**	**326,108**

Bank borrowings

As of 31 December 2014, NORMA Group's financing consists in the amount of EUR 92.8 million of syndicated bank facilities (2013: EUR 195.0 million). As part of the renegotiation of the syndicated bank facilities, EUR 20.8 million were borrowed with a maturity until 2016 (including the option to extend until 2019 or 2021).

In financial year 2014, the repayment of the syndicated bank facilities amounts to EUR 123.0 million (2013: EUR 25.0 million).

Furthermore, NORMA Group issued a promissory note valued at EUR 125.0 million with 5, 7 and 10 year terms in 2013. Additionally, NORMA Group issued a second promissory note valued at EUR 106.0 million with 3, 5, 7 and 10 year terms and at USD 128.5 million (value in EUR on 31 December 2014: 105.8 million) with 3, 5, and 7 year terms.

A revolving credit line used in the amount of EUR 5.5 million as of 31 December 2013 and was fully repaid in financial year 2014.

The maturity of the syndicated bank facilities and the promissory note on 31 December 2014 is as follows:

in EUR thousands	up to 1 year	> 1 year up to 2 years	> 2 years up to 5 years	> 5 years
Bank borrowings, net	19,200	73,600	0	0
Promissory note, net	0	0	185,926	150,914
Total	**19,200**	**73,600**	**185,926**	**150,914**

The maturity of the syndicated bank facilities and the promissory note on 31 December 2013 is as follows:

in EUR thousands	up to 1 year	> 1 year up to 2 years	> 2 years up to 5 years	> 5 years
Bank borrowings, net	115,800	19,200	60,000	0
Promissory note, net	0	0	52,000	73,000
Total	**115,800**	**19,200**	**112,000**	**73,000**

Costs directly attributable to financing were netted with the bank borrowings in accordance with IAS 39.43. They are amortised over the financing period using the effective interest method. The total amount, which was amortised over the remaining financing period, amounts to EUR 2,565 thousands as of 31 December 2014 (2013: EUR 3,551 thousands).

The syndicated bank facilities are hedged against foreign exchange rate and interest rate changes. Furthermore, tranches of the promissory note with variable interest rates are hedged against interest rate changes. The derivative liability was increased from EUR 15,220 thousands on 31 December 2013 to EUR 18,177 thousands on 31 December 2014.

The bank borrowings are unsecured on 31 December 2014. With renegotiations of the credit facilities in the fourth quarter of 2012, the established securities for the existing credit lines were fully released.

Factoring

NORMA Group has sold a portion of its receivables (EUR 770 thousands) and payables (EUR 473 thousands) to a factor. NORMA Group still bears the opportunities and risks resulting from the receivables. The transactions are therefore shown as financial liabilities.

32. OTHER NON-FINANCIAL LIABILITIES

Other non-financial liabilities are as follows:

in EUR thousands	**31 Dec 2014**	31 Dec 2013
Non-current		
Government grants	**1,756**	1,163
Other liabilities	**34**	235
	1,790	**1,398**
Current		
Non-income tax liabilities	**2,337**	2,859
Social liabilities	**3,929**	3,021
Personnel-related liabilities (e.g. holiday, bonus, premiums)	**17,588**	14,827
Other liabilities	**917**	1,547
Deferred income	**1,244**	153
	26,015	**22,407**
Total other non-financial liabilities	**27,805**	**23,805**

NORMA Group received government grants amounting to EUR 2,270 thousands, of which EUR 1,756 thousands were not recognised in profit or loss. They consist of grants in cash as well as land. The grants are bound to capital expenditures and employees. NORMA Group recognises the government grants as income over the period in which related expenses occur. In 2014, EUR 514 thousands were recognised as income (2013: EUR 310 thousands).

33. OTHER FINANCIAL LIABILITIES

Other financial liabilities were as follows:

in EUR thousands	**31 Dec 2014**	31 Dec 2013
Non-current		
Finance lease liabilities	**248**	375
Acquisition liability	**2,998**	544
Other liabilities	**517**	700
	3,763	**1,619**
Current		
Finance lease liabilities	**201**	308
Outstanding credit notes	**227**	225
Acquisition liability	**1,286**	2,956
Other liabilities	**731**	1,187
	2,445	**4,676**
Total other financial liabilities	**6,208**	**6,295**

The future aggregate minimum lease payments under non-cancellable finance leases and their respective present values are as follows:

in EUR thousands	31 Dec 2014	31 Dec 2013
Gross finance lease liabilities – minimum lease payments		
Up to 1 year	**211**	343
Later than 1 year and up to 5 years	**258**	395
Later than 5 years	**0**	0
	469	**738**
Future finance charges on finance lease	**20**	**55**
Present value of finance lease liabilities		
Up to 1 year	**201**	308
Later than 1 year and up to 5 years	**248**	375
Later than 5 years	**0**	0
	449	**683**

Lease liabilities are effectively secured because the rights to the leased assets will revert to the lessor in the event of default.

34. TRADE PAYABLES

All trade payables are due to third parties within one year. For information regarding trade payables, please refer to → Note 3.14.

Trade payables include trade payables of EUR 9,698 thousands from National Diversified Sales, Inc., which was acquired in the fourth quarter of 2014.

35. FINANCIAL LIABILITIES AND NET DEBT

The financial liabilities of NORMA Group have the following maturity:

31 DECEMBER 2014

in EUR thousands	up to 1 year	> 1 year up to 2 years	> 2 years up to 5 years	> 5 years
Borrowings	22,721	71,883	185,514	150,828
Trade payables	80,829	0	0	0
Finance lease liabilities	202	200	47	0
Other financial liabilities	2,243	3,460	0	56
	105,995	**75,543**	**185,561**	**150,884**

31 DECEMBER 2013

in EUR thousands	up to 1 year	> 1 year up to 2 years	> 2 years up to 5 years	> 5 years
Borrowings	125,127	19,326	108,619	73,036
Trade payables	59,025	0	0	0
Finance lease liabilities	309	221	153	0
Other financial liabilities	4,367	508	737	0
	188,828	**20,055**	**109,509**	**73,036**

Net debt of NORMA Group is as follows:

in EUR thousands	31 Dec 2014	31 Dec 2013
Bank borrowings, net	**429,703**	324,338
Derivative financial liabilities – hedge accounting	**20,220**	15,270
Other borrowings (e.g. factoring and reverse-factoring)	**1,243**	1,770
Finance lease liabilities	**449**	683
Other financial liabilities	**5,759**	5,612
Financial debt	**457,374**	**347,673**
Cash and cash equivalents	**84,271**	194,188
Net debt	**373,103**	**153,485**

The financial debt of NORMA Group increased by 31.6% from EUR 347,673 thousands as of 31 December 2013 to EUR 457,374 thousands as of 31 December 2014. The increase is mainly due to the issue of a promissory note valued at EUR 106,000 thousands and USD 128,500 thousands in the fourth quarter of 2014, which was mainly used for the financing of the acquisition of National Diversified Sales, Inc. Furthermore, in the context of the renegotiation of the existing syndicated bank facilities, an additional EUR 20,800 thousands were borrowed. Conversely, parts of the syndicated bank facilities in the amount of EUR 123,000 thousands and the associated derivative financial liabilities in the amount of EUR 8,007 thousands were repaid in 2014. In addition, a revolving credit line used in the amount of EUR 5,500 thousands as of 31 December 2013 was repaid in the third quarter of 2014.

The net debt of EUR 373,103 thousands increased in comparison to 31 December 2013 (EUR 153,485 thousands) due to the financing of the acquisition of National Diversified Sales, Inc. in the fourth quarter of 2014.

Other Notes

36. INFORMATION ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

In the statement of cash flows, a distinction is made between cash flows from operating activities, investing activities and financing activities.

Net cash provided by operating activities is derived indirectly from profit for the period. The profit for the period is adjusted to eliminate non-cash expenses from depreciation and amortisation as well as expenses for which the cash effects are investing or financing cash flows and to eliminate other non-cash expenses and income. Net cash provided by operating activities of EUR 96,361 thousands (2013: EUR 115,351 thousands) represents changes in current assets, provisions and liabilities (excluding liabilities in connection with financing activities).

The Group participates in a reverse-factoring-programme as well as in an ABS programme. The payments to the factor and from the ABS programme are included in cash flows from operating activities, as this represents the economic substance of the transactions.

Other non-cash expenses and revenues included in net cash provided by operating activities in financial year 2014 mainly include non-cash expenses from the stock option programme amounting to EUR 541 thousands (2013: EUR 699 thousands) and non-cash interest expenses from the amortisation of accrued costs, directly attributable to the refinancing, amounting to EUR 2,498 thousands (2013: EUR 1,710 thousands).

Furthermore, non-cash income (–) / expenses (+) from foreign exchange rate gains and losses on intragroup monetary items in the amount of EUR – 4,398 thousands (2013: EUR 1,355 thousands) are included in other non-cash expenses and revenues.

Cash flows resulting from interest paid are disclosed as cash flows from financing activities.

Net cash provided by operating activities in financial year 2014 was influenced by outflows from income taxes, relating to tax liabilities from prior years.

Cash flows from investing activities in 2014 in the amount of EUR – 265,060 thousands include the cash effects from the purchase of the business activities of Five Star Clamps, Inc. in the amount of EUR 4,587 thousands and the purchase of National Diversified Sales, Inc. in the amount of EUR 225,262 thousands. In 2013, cash effects from acquisitions in the amount of EUR 13,210 thousands were recognised.

The net payments for acquisitions of subsidiaries in 2014 and 2013 were as follows:

in EUR thousands	**2014**	2013
Acquisition liability at the beginning of the period	**3,500**	0
Payment obligations from acquisitions	**244,588**	16,819
Acquired cash and cash equivalents	**–11,139**	–109
Other Changes	**432**	0
Less acquisition liability at the end of the period	**4,284**	3,500
Less payments for shares in a subsidiary[1]	**907**	0
Net payments for acquisitions of subsidiaries	**232,190**	**13,210**

[1] Net cash used in / provided by financing activities

Furthermore, cash flows from investing activities include transactions relating to the acquisition and disposal of non-current assets in the amount of EUR 30,152 thousands (2013: EUR 32,870 thousands).

Cash flows from financing activities comprise proceeds from borrowings (2014: EUR 229,870 thousands, 2013: EUR 128,118 thousands), repayments of borrowings (2014: EUR –129,257 thousands; 2013: EUR – 46,598 thousands), outflows resulting from repayment of hedging derivatives in the amount of EUR 9,901 thousands, the dividend payment (2014: EUR – 22,304 thousands, 2013: EUR – 20,711 thousands), as well as cash flows resulting from interest paid (2014: EUR – 9,492 thousands, 2013: EUR – 9,773 thousands).

The proceeds from borrowings result from the promissory note issued in the fourth quarter of 2014 in the amount of EUR 209,742 thousands and from the syndicated bank facilities in the amount of EUR 20,128 thousands in connection with the acquisition of National diversified Sales, Inc. in the fourth quarter of 2014 (→ Note 40 “Business combinations”).

The repayments of borrowings mainly include the cash outflows from the repayment of parts of the syndicated bank facilities in the amount of EUR 123,000 thousands and the associated derivative financial liabilities in the amount of EUR 8,007 thousands. Furthermore, borrowing facilities in the amount of EUR 5,500 thousands were repaid in the third quarter of 2014.

Additionally, payments for shares in a subsidiary in the amount of EUR 907 thousands (2013: EUR 0 thousands) and repayments from finance lease liabilities in the amount of EUR 287 thousands (2013: EUR 453 thousands) are disclosed as cash flows from financing activities.

The changes in balance sheet items that are presented in the consolidated statement of cash flows cannot be derived directly from the balance sheet, as the effects of currency translation are non-cash transactions and changes in the consolidated Group are shown directly in the net cash used in investing activities.

Cash is comprised of cash on hand and demand deposits of EUR 84,047 thousands on 31 December 2014 (31 December 2013: EUR 192,603 thousands), as well as cash equivalents with a value of EUR 224 thousands (2013: EUR 1,585 thousands).

Cash from China, Serbia, Brazil and Malaysia (31 December 2014: EUR 3,904 thousands, 31 December 2013: EUR 9,272 thousands) cannot currently be distributed due to restrictions on capital movements.

37. SEGMENT REPORTING

NORMA Group segments the Group at a regional level. The reportable segments of NORMA Group are EMEA, the Americas and Asia-Pacific. NORMA Group's vision includes regional growth targets. Distribution Services are focused regionally and locally. EMEA, the Americas and Asia-Pacific have linked regional intercompany organisations of different functions. As a result, the Group's management reporting and controlling system has a regional focus. The product portfolio does not vary significantly between these segments.

Revenues of each segment are generated from the three product categories clamps (CLAMP), joining elements (CONNECT) and fluid systems / connectors (FLUID).

NORMA Group measures the performance of its segments through profit or loss indicators which are referred to as "adjusted EBITDA" and "adjusted EBITA."

"Adjusted EBITDA" comprises revenue, changes in inventories of finished goods and work in progress, other own work capitalised, raw materials and consumables used, other operating income and expenses, and employee benefits expense, adjusted for material one-time effects. EBITDA is measured in a manner consistent with that used in the statement of comprehensive income.

"Adjusted EBITA" includes, in addition to the EBITDA, the depreciation adjusted for depreciation from purchase price allocations.

In 2014, acquisition related expenses, mainly in connection with the acquisition of National Diversified Sales, Inc., in the amount of EUR 6,924 thousands were adjusted within EBITDA and the EBITA. Furthermore, in 2014, as already in 2013, EBITA was also adjusted by depreciation from purchase price allocations. Details regarding the adjustments can be found in → Note 7 "Adjustments."

Inter-segment revenue is recorded at values that approximate third-party selling prices.

Segment assets comprise all assets less (current and deferred) income tax assets. Taxes are shown in the reconciliation. Segment assets and liabilities are measured in a manner consistent with that used in the statement of financial position.

Assets of the "Central Functions" include mainly cash and intercompany receivables.

Segment liabilities comprise all liabilities less (current and deferred) income tax liabilities. Taxes are shown in the reconciliation. Segment assets and liabilities are measured in a manner consistent with that used in the statement of financial position. Liabilities of the "Central Functions" include mainly borrowings.

Capex equals additions to non-current assets (without additions to finance lease transactions).

The reconciliation of the segments' adjusted EBITDA to the profit before tax is as follows:

in EUR thousands	2014	2013
Total segments' adjusted EBITDA	**138,443**	**129,319**
Depreciation without PPA depreciation	**–16,944**	–16,699
Total adjusted EBITA of the Group	**121,499**	**112,620**
Adjusted acquisition costs	**–6,924**	0
Depreciation from PPA	**–1,289**	–496
EBITA of the Group	**113,286**	**112,124**
Amortisation	**–15,442**	–12,604
Financial costs, net	**–14,469**	–15,585
Profit before tax	**83,375**	**83,935**

Current and deferred tax assets and liabilities are shown in the consolidation. On 31 December 2014, EUR 22,942 thousands (31 December 2013: EUR 13,105 thousands) tax assets and EUR 115,345 thousands (31 December 2013: EUR 43,217 thousands) tax liabilities were shown in the consolidation.

External sales per country, measured according to the place of domicile of the company which manufactures the products, are as follows:

in EUR thousands	2014	2013
Germany	**192,957**	188,414
USA, Mexico, Brazil	**237,757**	191,569
Other countries	**264,030**	255,562
	694,744	**635,545**

The non-current assets per country include non-current assets less deferred tax assets, derivative financial instruments, and shares in consolidated related parties.

in EUR thousands	31 Dec 2014	31 Dec 2013
Germany	118,018	118,879
USA, Mexico, Brazil	450,402	152,854
Sweden	51,804	53,239
Other countries	136,376	129,463
Consolidation	–13,439	–11,386
	743,161	443,049

38. CONTINGENCIES

The Group has contingent liabilities in respect of legal claims arising in the ordinary course of business.

NORMA Group does not believe that any of these contingent liabilities will have a material adverse effect on its business or any material liabilities will arise from contingent liabilities.

39. COMMITMENTS

Capital commitments

Capital expenditure (nominal value) contracted for on the balance sheet date but not yet incurred is as follows:

in EUR thousands	31 Dec 2014	31 Dec 2013
Property, plant and equipment	3,358	1,443
	3,358	1,443

There are no material commitments concerning intangible assets.

Operating lease commitments

The Group leases various vehicles, property and technical equipment under non-cancellable operating lease agreements. The lease terms are between 1 and 15 years. The Group also leases various technical equipment under cancellable operating lease agreements.

NORMA Group has significant operating lease arrangements with annual lease payments of more than EUR 200 thousands, concerning the leasing of land and buildings. Except for usual renewable options, the lease contracts do not comprise other options. The lease arrangements are held by the following companies:

- NORMA UK Ltd. (Great Britain): lease-term from 2006 to 2016, prolonged to 2028, soonest termination in 2023,
- NORMA Pacific Pty Ltd. (Australia): lease-term from 2013 to 2017, soonest termination in 2017,
- NORMA Michigan Inc. (USA): lease-term from 2013 to 2019, soonest termination in 2019,
- NORMA Pennsylvania Inc. (USA): lease-term from 2011 to 2016, soonest termination in 2016,
- Connectors Verbindungstechnik AG (Switzerland): lease-term from 2012 to 2016, soonest termination in 2016,
- National Diversified Sales, Inc. (USA): lease-terms from 2012 to 2016, soonest termination in 2016; 2013 to 2015, soonest termination in 2015; 2013 to 2020, soonest termination in 2020 and 2014 to 2016, soonest termination in 2016.

Lease expenditure (including non-cancellable and cancellable operating leases) amounting to EUR 8,737 thousands in 2014 (2013: EUR 8,345 thousands) is included in profit or loss in 'other operating expenses.'

The following table shows the future aggregate minimum lease payments (nominal value) under non-cancellable operating leases:

in EUR thousands	31 Dec 2014	31 Dec 2013
No later than 1 year	6,113	5,191
Later than 1 year and no later than 5 years	12,638	9,780
Later than 5 years	6,356	6,053
	25,107	21,024

40. BUSINESS COMBINATIONS

Business combinations in the financial year

In 2014, NORMA Group acquired the business activities of Five Star Clamps, Inc. (USA) and 100% of the shares in National Diversified Sales, Inc. (USA).

In the purchase price allocation, mainly immaterial assets were identified. Customer lists were evaluated using the 'Multi Period Excess Earnings Method' amounting to EUR 135,404 thousands. Trademarks were evaluated using the 'Relief from Royalty Method' amounting to EUR 25,562 thousands. Patents & technology of EUR 1,270 thousands were evaluated with the 'Relief from Royalty Method.'

All assets and liabilities that arose from the acquisitions in 2014 are allocated to the cash-generating unit (CGU) "Americas" because it is expected that they will benefit from the business combinations.

The acquired assets and liabilities are shown in detail in the following section.

Five Star Clamps, Inc.

Effective 25 April 2014, NORMA Group acquired the business activities of Five Star Clamps, Inc. ("Five Star") in the United States.

Five Star with its headquarters in Crest Hill near Chicago, Illinois, has been selling joining products since 1987. The high-quality clamps from the owner-managed business are distributed to customers in over 50 different industries. In financial year 2013, Five Star generated revenues of about USD 5.5 million. Five Star has many years of expertise in the markets for joining technology. The acquisition will strengthen NORMA Group's market position in the US region and we will expand our manufacturing footprint and distribution activities.

Goodwill of EUR 2,563 thousands derives from the acquisition which mainly relates to the extended product range and the strengthening of NORMA Group's market position.

Of the consideration of EUR 7,218 thousands, EUR 4,588 thousands were paid in cash and EUR 2,630 thousands consist of incurred liabilities as per 25 April 2014 (31 December 2014: EUR 2,998 thousands).

The incurred liabilities consist entirely of a contingent consideration agreement according to IFRS 3.39. Under the contingent consideration agreement, NORMA Group is obligated to pay a specific amount depending on certain revenue made by Five Star in financial year 2015 compared to financial year 2012.

The potential not discounted future amount resulting from the contingent consideration is between EUR 0 thousands and EUR 2,998 thousands.

Based on the financial forecast of the Company, the Group expects the contingent consideration to be paid in the total amount. This leads to a fair value in the amount of EUR 2,998 thousands.

Change of the primarily purchase price allocation of the business activities of Five Star Clamps, Inc. acquired in the second quarter of 2014

The purchase price allocation was adjusted in the fourth quarter of 2014 based on the final determination of the Trade Working Capital Adjustment and new information regarding facts and circumstances that existed as of the acquisition date. Had this information been available at the time, it would have had an effect on the allocation of the purchase price.

The following table summarises the consideration paid for Five Star and the amounts of the assets acquired and liabilities assumed recognised on the acquisition date and on 31 December 2014:

in EUR thousands	Initial purchase price allocation	Corrections within the evaluation period	Adjusted purchase price allocation
Consideration on 25 April 2014	**7,111**	**107**	**7,218**
Acquisition-related costs (included in other operating expenses in the consolidated financial statement of comprehensive income)	54	69	123
Recognised amounts of identifiable assets acquired and liabilities assumed			
Property, plant and equipment	680	0	680
Trademarks	241	0	241
Customer lists	3,399	0	3,399
Inventory	252	0	252
Trade and other receivables	431	0	431
Trade payables	–165	0	–165
Provisions	–184	0	–184
Deferred tax assets	68	–68	0
Total identifiable net assets	**4,722**	**–68**	**4,654**
Goodwill	2,389	174	2,563
	7,111	**107**	**7,218**

The fair value of trade and other receivables is EUR 431 thousands and includes trade receivables with a fair value of EUR 436 thousands, of which EUR 5 thousands are expected to be uncollectible.

Due to the acquisition of the business activities of Five Star on 25 April 2014, the determination of the fair values of the acquired assets and liabilities on the balance sheet date could not be completed. The consolidation is therefore based on a preliminary purchase price allocation. This concerns in particular the fair value of the acquired identifiable intangible assets in the amount of EUR 3,640 thousands; this item mainly includes customer relationships.

The provisions mainly consist of personnel-related and warranty provisions.

The revenue included in the consolidated statement of comprehensive income contributed by Five Star was EUR 3,178 thousands since 25 April 2014. NORMA Group acquired individual assets, liabilities and processes. Therefore, no profit and revenue can be shown for the period from 1 January to 24 April 2014.

National Diversified Sales, Inc.
On 31 October 2014, NORMA Group acquired all shares in National Diversified Sales, Inc. ("NDS").

NDS has its headquarters in Woodland Hills, California, located just north of Los Angeles. The Company has been operating its business for over 40 years and has more than 500 employees at two production sites and six warehouses. NDS manufactures and sells water management systems that collect and drain stormwater, irrigation solutions including drip irrigation; as well as joining products for use in flow management applications. The product portfolio comprises drainage products including valve boxes, catch basins, channel drains and subsurface drains; as well as automated drip irrigation systems and connecting fittings and valves. NDS offers more than 5,000 products in total, which the Company sells via more than 7,700 retail and wholesale customer locations in the USA. NDS had sales of approximately USD 127 million (approximately EUR 96 million) in financial year 2013.

Goodwill of EUR 75,386 thousands derives from the acquisition, which mainly relates to unpatented technologies and know-how that do not meet the recognition criteria according to IFRS 3 as well as other intangible assets like expertise of the employees and to a small extend expected synergy effects.

None of the goodwill recognised is expected to be deductible for tax purposes.

Of the consideration of EUR 140,991 thousands, EUR 140,022 thousands were paid in cash and EUR 969 thousands consist of incurred liabilities. The consideration is exposed to future purchase price adjustments, which result from the final determination of the Trade Working Capital as well as other financial figures on the acquisition date.

The following table summarises the consideration paid for National Diversified Sales, Inc. and the amounts acquired and the liabilities assumed recognised on the acquisition date:

in EUR thousands	
Consideration on 31 October 2014	**140,991**
Acquisition-related costs (included in other operating expenses in the consolidated financial statement of comprehensive income)	4,162
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	11,139
Property, plant and equipment	21,338
Trademarks	25,321
Customer lists	132,005
Patented technology	1,270
Software	242
Inventory	27,472
Trade and other receivables	17,737
Trade payables and other liabilties	−9,867
Loans	−87,065
Finance lease liabilities	−793
Personnel related liabilities	−10,285
Tax assets	777
Deferred tax assets	4,852
Deferred tax liabilties	−68,536
Total identifiable net assets	**65,605**
Goodwill	75,386
	140,991

Due to the acquisition of NDS on 31 October 2014, the determination of the fair values of the acquired assets and liabilities on the balance sheet date could not be completed. The consolidation is therefore based on a preliminary purchase price allocation. This concerns in particular the fair value of the acquired identifiable intangible assets in the amount of EUR 158,839 thousands; this position mainly includes customer relationships and trademarks.

The position trademarks mainly includes the corporate brand NDS®.

The fair value of trade and other receivables is EUR 17,737 thousands and includes trade receivables with a fair value of EUR 17,001 thousands. The book value of trade receivables is EUR 17,027 thousands, whereof EUR 26 thousands are impaired.

Other personnel related liabilities mainly relate to outstanding bonus payments, also in connection with the acquisition of NDS by NORMA Group.

Loans and finance lease liabilities were fully repaid by NORMA Group on 31 December 2014. Including those payments, the total payments for the acquisition amounted to EUR 228,848 thousands.

The revenue included in the consolidated statement of comprehensive income contributed by NDS was EUR 13,918 thousands since 31 October 2014 (acquisition date). Over the same period, NDS also contributed a gain of EUR 1,147 thousands (the reported result does not include the step-up effects of the purchase price allocation of NDS).

Had NDS been consolidated from 1 January 2014, the consolidated statement of comprehensive income would show revenue of EUR 101,984 thousands and NDS would have contributed a gain of EUR 3,947 thousands, including one-off expenses in the amount of EUR 10 million (the reported result does not include the step-up effects of the purchase price allocation of NDS).

41. RELATED-PARTY TRANSACTIONS

Sales and purchases of goods and services

In 2014 and 2013, no management services were bought from related parties.

There are no material sales or purchases of goods and services from non-consolidated companies, from the shareholders of NORMA Group, from key management or from other related parties in 2014 and 2013.

Details regarding the compensation of the Management Board can be found on → pages 100 to 102 and → Notes 28 and 42.

Reimbursement claim to 3i funds

Costs for the Operational Performance Incentive Cash Programme (OPICP) were reimbursed by the previous shareholders; in 2013 the last part of the costs for the OPICP in the amount of EUR 1,067 thousands was paid by the previous shareholders and recognised in the capital reserve in accordance with the agreement (→ Note 27).

42. ADDITIONAL DISCLOSURES PURSUANT TO SECTION 315A (1) OF THE GERMAN COMMERCIAL CODE (HGB)

Compensation of board members

The remuneration of the Management Board and Supervisory Board of NORMA Group GmbH was as follows:

in EUR thousands	2014	2013
Total Management Board	3,235	3,923
Total Supervisory Board	460	450
	3,695	**4,373**

Fees for the auditor

Fees for the auditor, PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main were expensed as follows:

in EUR thousands	2014	2013
Audit fees	531	356
Audit-related fees	24	18
Other fees	106	111
	661	**485**

Headcount

The average headcount breaks down as follows:

Number	2014	2013
Direct labour	2,205	1,833
Indirect labour	1,167	931
Salaried	1,375	1,181
	4,747	**3,945**

The category ‘direct labour’ consists of employees who are directly engaged in the production process. The numbers fluctuate according to the level of output. The category ‘indirect labour’ consists of personnel that do not directly produce products, but rather support production. Salaried employees are employees in administrative / sales / central functions.

Consolidation

Name, place of domicile and share in capital pursuant to section 313 (2) No. 1 HGB of the consolidated group of companies is presented in → Note 4.

Proposal for the distribution of earnings

The Management Board proposes that a dividend of EUR 0.75 be paid as a dividend per bearer of shares, leading to a total dividend payment of EUR 23,896,800.

Corporate governance (Section 161 AktG)

The Management Board and Supervisory Board have issued a corporate governance declaration pursuant to section 161 of the German Stock Corporation Act (Aktiengesetz) and made it available to shareholders on the website of NORMA Group.
@ http://investors.normagroup.com

43. EVENTS AFTER THE BALANCE SHEET DATE

As of 9 March 2015, no events were known that would have led to a material change in the disclosure or valuation of the assets and liabilities as of 31 December 2014.

Appendix to the Notes to the Consolidated Financial Statements

NOTIFICATION OF VOTING RIGHTS

According to section 160 (1) No. 8 Stock Corporation Act (AktG), information regarding voting rights that have been notified to the Company pursuant to section 21 (1) or (1a) of the German Securities Trading Act (WpHG) have to be disclosed.

The following table gives an overview of all voting rights that have been notified to the Company as of 9 March 2015. It contains the information of the last notification of each shareholder. Please note that the percentage and shares may have changed in the meantime. All notifications of voting rights by the Company in the reporting period and beyond are available on the website @ http://investoren.normagroup.com.

Notifying party
Allianz Global Investors Europe GmbH, Frankfurt am Main, Germany
Ameriprise Financial Inc., Minneapolis, USA [1]
Atlantic Value General Partner Limited, London, United Kingdom
Atlantic Value Investment Partnership LP, Wilmington, Delaware, USA
AXA Investment Managers S.A., Courbevoie, France
AXA S.A., Paris, France
Bank of America Corporation, Wilmington, DE, USA
BlackRock (Luxembourg) S.A., Senningerberg, Luxembourg [2]
BlackRock Advisors Holdings, Inc., New York, USA [2]
BlackRock Financial Management, Inc., New York, USA [3]
BlackRock Group Limited, London, United Kingdom [2]
BlackRock Holdco 2, Inc., Wilmington, USA [3]
BlackRock International Holdings, Inc., New York, USA [2]
BlackRock Investment Management (UK) Limited, London, United Kingdom [2]
BlackRock Luxembourg Holdco S.à.r.l., Senningerberg, Luxembourg [2]
BlackRock, Inc., New York, USA [3]
BNP Paribas Investment Partners S.A., Paris, France
BR Jersey International Holdings, L.P., St. Helier, Jersey, Channel Islands [2]
Capital Research and Management Company, Los Angeles, CA, USA
Columbia Management Investment Advisers LLC, Boston, USA
Delta Lloyd Asset Management N.V., Amsterdam, The Netherlands
Delta Lloyd N.V., Amsterdam, The Netherlands
DLAM Holding B.V., Amsterdam, The Netherlands
Merrill Lynch Europe Limited, London, United Kingdom
Merrill Lynch International Incorporated, Wilmington, DE, USA
Merrill Lynch International, London, United Kingdom
Merrill Lynch UK Holdings, London, United Kingdom
MIPL Group Limited, London, United Kingdom
MIPL Holdings Limited, London, United Kingdom
ML EMEA Holdings LLC, Wilmington, DE, USA
ML UK Capital Holdings, London, United Kingdom
MLEIH Funding, London, United Kingdom
Mondrian Investment Partners Limited, London, United Kingdom
NB Holdings Corporation, Wilmington, DE, USA
SMALLCAP World Fund, Inc., Los Angeles, CA, USA
T. Rowe Price Associates Inc., Baltimore, Maryland, USA
T. Rowe Price Group, Inc., Baltimore, Maryland, USA
T. Rowe Price International Discovery Fund, Inc., Baltimore, Maryland, USA
T. Rowe Price International Ltd., London, United Kingdom
TAM UK Holdings Limited, London, United Kingdom [1]
TC Financing Limited, London, United Kingdom [1]
The Capital Group Companies, Inc., Los Angeles, CA, USA
Threadneedle Asset Management Holdings Limited, London, United Kingdom [1]
Threadneedle Asset Management Holdings SARL, Luxembourg, Luxembourg [1]
Threadneedle Asset Management Limited, London, United Kingdom [1]
Threadneedle Holdings Limited, London, United Kingdom [1]
Threadneedle Investment Funds ICVC, London, United Kingdom
Threadneedle Investment Services Limited, London, United Kingdom [1]

[1] The voting rights attributed to the notifying party are held by the following shareholder whose share in the voting rights in NORMA Group SE exceeds 3% or more: Threadneedle Investment Funds ICVC.

[2] The total amount does not necessarily equal the sum of the detailed attributed holdings. This results from voting rights having multiple attributions within the BlackRock Group structure.

[3] The statement does not reflect a change in BlackRock's current holdings of voting rights. The statement simply updates information regarding BlackRock's holdings in NORMA Group SE and has been agreed with BaFin. Furthermore, the statement does not signify any change in investment strategies pursued.

Achievement of voting rights	Notification limit	Share in %	Number of shares	Pursuant to section 22 WpHG
January 21, 2014	5% exceedance	5.02	1,601,001	thereof 0.50% (157,764 voting rights) according to § 22 (1) sent. 1 no. 6 WpHG
May 9, 2013	10% shortfall	9.96	3,172,259	§ 22 (1) sent. 1 no. 6 in connection with sent. 2 WpHG
June 15, 2012	3% & 5% exceedance	5.34	1,700,937	§ 22 (1) sent. 1 no. 6 in connection with sent. 2 WpHG
June 15, 2012	3% & 5% exceedance	5.34	1,700,937	§ 22 (1) sent. 1 no. 6 in connection with sent. 2 WpHG
February 9, 2015	3% exceedance	3.02	960,777	§ 22 (1) sent. 1 no. 6 WpHG
February 9, 2015	3% exceedance	3.02	961,337	§ 22 (1) sent. 1 no. 6 in connection with sent. 2 WpHG
May 13, 2014	3% shortfall	1.03	328,779	§ 22 (1) sent. 1 no. 1 WpHG
November 24, 2014	3% shortfall	2.95	938,957	§ 22 (1) sent. 1 no. 6 WpHG
November 26, 2014	5% shortfall	4.98	1,586,635	thereof 0.87% (278,692 voting rights) according to § 22 (1) sent. 1 no. 1 WpHG and 0.0003% (106 voting rights) according to § 22 (1) sent. 1 no. 2 WpHG and 4.10% (1,307,837 voting rights) according to § 22 (1) sent. 1 no. 6 in connection with sent. 2 WpHG
September 25, 2014		5.73	1,825,591	thereof 1.32% (419,539 voting rights) according to § 22 (1) sent. 1 no. 1 WpHG, 0.03% (10,070 voting rights) according to § 22 (1) sent. 1 no. 6 WpHG, 4.36% (1,390,577 voting rights) according to § 22 (1) sent. 1 no. 6 in connection with sent. 2 WpHG, 0.0009% (275 voting rights) according to § 22 (1) sent. 1 no. 1 WpHG and according to § 22 (1) sent. 1 no. 6 in connection with sent. 2 WpHG, 0.02% (5,130 voting rights) according to § 22 (1) sent. 1 no. 2 in connection with sent. 2 WpHG and according to § 22 (1) sent. 1 no. 6 in connection with sent. 2 WpHG
November 25, 2014	5% shortfall	4.99	1,592,919	thereof 0.87% (275,611 voting rights) according to § 22 (1) sent. 1 no. 1 WpHG and 4.13% (1,317,308 voting rights) according to § 22 (1) sent. 1 no. 6 in connection with sent. 2 WpHG
September 25, 2014		5.73	1,825,591	thereof 1.32% (419,539 voting rights) according to § 22 (1) sent. 1 no. 1 WpHG, 4.40% (1,400,647 voting rights) according to § 22 (1) sent. 1 no. 6 in connection with sent. 2 WpHG, 0.0009% (275 voting rights) according to § 22 (1) sent. 1 no. 1 WpHG and according to § 22 (1) sent. 1 no. 6 in connection with sent. 2 WpHG, 0.02% (5,130 voting rights) according to § 22 (1) sent. 1 no. 2 in connection with sent. 2 WpHG and according to § 22 (1) sent. 1 no. 6 in connection with sent. 2 WpHG
November 26, 2014	5% shortfall	4.98	1,586,635	thereof 0.87% (278,692 voting rights) according to § 22 (1) sent. 1 no. 1 WpHG and 0.0003% (106 voting rights) according to § 22 (1) sent. 1 no. 2 WpHG and 4.10% (1,307,837 voting rights) according to § 22 (1) sent. 1 no. 6 in connection with sent. 2 WpHG
November 24, 2014	5% shortfall	4.90	1,562,271	thereof 0.84% (267,790 voting rights) according to § 22 (1) sent. 1 no. 1 WpHG and 4.06% (1,294,481 voting rights) according to § 22 (1) sent. 1 no. 6 WpHG and 1.04% (332,341 voting rights) according to § 22 (1) sent. 1 no. 6 in connection with sent. 2 WpHG
November 26, 2014	3% shortfall	2.99	951,887	§ 22 (1) sent. 1 no. 6 in connection with sent. 2 WpHG
September 25, 2014		5.73	1,825,591	thereof 1.32% (419,539) according to § 22 (1) sent. 1 no. 1 WpHG, 4.40% (1,400,647) according to § 22 (1) sent. 1 no. 6 in connection with sent. 2 WpHG, 0.0009% (275) according to § 22 (1) sent. 1 no. 1 WpHG and according to § 22 (1) sent. 1 no. 6 in connection with sent. 2 WpHG, 0.02% (5,130) according to § 22 (1) sent. 1 no. 2 in connection with sent. 2 WpHG and according to § 22 (1) sent. 1 no. 6 in connection with sent. 2 WpHG
April 17, 2014	3% exceedance	3.15	1,004,048	thereof 2.05% (654,125 voting rights) according to § 22 (1) sent. 1 no. 1 WpHG and also 1.1% (349,923 voting rights) according to § 22 (1) sent. 1 no. 6 in connection with sent. 2 WpHG
November 26, 2014	5% shortfall	4.98	1,586,635	thereof 0.87% (278,692 voting rights) according to § 22 (1) sent. 1 no. 1 WpHG and 0.0003% (106 voting rights) according to § 22 (1) sent. 1 no. 2 WpHG and 4.10% (1,307,837 voting rights) according to § 22 (1) sent. 1 no. 6 in connection with sent. 2 WpHG
March 7, 2014	3% exceedance	3.05	973,100	§ 22 (1) sent. 1 no. 6 WpHG
June 19, 2012	3% exceedance	3.25	1,036,183	§ 22 (1) sent. 1 no. 6 in connection with sent. 2 WpHG
October 8, 2014	3% exceedance	3.08	980,700	§ 22 (1) sent. 1 no. 6 WpHG
October 8, 2014	3% exceedance	3.08	980,700	§ 22 (1) sent. 1 no. 6 in connection with sent. 2 and 3 WpHG and § 22 (1) sent. 1 no. 1 WpHG
October 8, 2014	3% exceedance	3.08	980,700	§ 22 (1) sent. 1 no. 6 in connection with sent. 2 and 3 WpHG
May 13, 2014	3% shortfall	0.99	316,660	§ 22 (1) sent. 1 no. 1 WpHG
May 13, 2014	3% shortfall	0.99	316,660	§ 22 (1) sent. 1 no. 1 WpHG
May 13, 2014	3% shortfall	0.99	316,660	
May 13, 2014	3% shortfall	0.99	316,660	§ 22 (1) sent. 1 no. 1 WpHG
June 15, 2012	3% & 5% exceedance	5.34	1,700,937	§ 22 (1) sent. 1 no. 6 in connection with sent. 2 WpHG
June 15, 2012	3% & 5% exceedance	5.34	1,700,937	§ 22 (1) sent. 1 no. 6 in connection with sent. 2 WpHG
May 13, 2014	3% shortfall	0.99	316,660	§ 22 (1) sent. 1 no. 1 WpHG
May 13, 2014	3% shortfall	0.99	316,660	§ 22 (1) sent. 1 no. 1 WpHG
May 13, 2014	3% shortfall	0.99	316,660	§ 22 (1) sent. 1 no. 1 WpHG
June 15, 2012	3% & 5% exceedance	5.34	1,700,937	§ 22 (1) sent. 1 no. 6 WpHG
May 13, 2014	3% shortfall	1.03	328,779	§ 22 (1) sent. 1 no. 1 WpHG
October 30, 2014	3% exceedance	3.05	970,940	
August 5, 2011	3% exceedance	3.02	963,303	§ 22 (1) sent. 1 no. 6 in connection with sent. 2 WpHG
August 5, 2011	3% exceedance	3.023	963,303	§ 22 (1) sent. 1 no. 6 in connection with sent. 2 WpHG
August 8, 2011	3% exceedance	3.025	964,148	
August 5, 2011	3% exceedance	3.02	963,303	§ 22 (1) sent. 1 no. 6 WpHG
October 20, 2014	5% shortfall	4.76	1,517,146	§ 22 (1) sent. 1 no. 6 in connection with sent. 2 WpHG
October 20, 2014	5% shortfall	4.76	1,517,146	§ 22 (1) sent. 1 no. 6 in connection with sent. 2 WpHG
March 7, 2014	3% exceedance	3.05	973,100	§ 22 (1) sent. 1 no. 6 in connection with sent. 2 and 3 WpHG
October 20, 2014	5% shortfall	4.76	1,517,146	§ 22 (1) sent. 1 no. 6 in connection with sent. 2 WpHG
October 20, 2014	5% shortfall	4.76	1,517,146	§ 22 (1) sent. 1 no. 6 in connection with sent. 2 WpHG
October 20, 2014	5% shortfall	4.76	1,517,146	§ 22 (1) sent. 1 no. 6 WpHG
October 20, 2014	5% shortfall	4.76	1,517,146	§ 22 (1) sent. 1 no. 6 in connection with sent. 2 WpHG
October 17, 2013	5% shortfall	4.94	1,575,121	
October 17, 2013	5% shortfall	4.94	1,575,121	§ 22 (1) sent. 1 no. 6 WpHG

Corporate Bodies

MEMBERS OF THE MANAGEMENT BOARD

Werner Deggim
Chief Executive Officer (CEO)
Master's degree in Mechanical Engineering

Dr. Othmar Belker
Chief Financial Officer (CFO)
PhD in Economics

Bernd Kleinhens
Managing Director Business Development
Master's degree in Mechanical Engineering

John Stephenson
Master of Science, Chief Operating Officer (COO)

MEMBERS OF THE SUPERVISORY BOARD

Dr. Stefan Wolf (Chairman)
- Chief Executive Officer (CEO) of ElringKlinger AG, Dettingen, Germany
- Member of the Supervisory Board of Fielmann AG, Hamburg, Germany
- Member of the Supervisory Board of Allgaier Werke GmbH, Uhingen, Germany
- Member of the Board of Directors of Micronas Semiconductor Holding AG, Zurich, Switzerland

Lars M. Berg (Deputy Chairman)
- Independent Consultant
- Chairman of the Supervisory Board of Net Insight AB, Stockholm, Sweden
- Chairman of the Supervisory Board of KPN OnePhone Holding B.V., Duesseldorf, Germany
- Member of the Supervisory Board of Ratos AB, Stockholm, Sweden
- Member of the Supervisory Board of Tele2 AB, Stockholm, Sweden

Günter Hauptmann
- Independent Consultant
- Member of the Supervisory Board of Geka GmbH, Bechhofen, Germany
- Chairman of the Advisory Board of GIF GmbH, Alsdorf, Germany

Knut J. Michelberger
- Independent Consultant
- Member of the Advisory Board of Gauff Management GmbH & Co. KG, Frankfurt/Main, Germany (until March 2015)
- Member of the Management Board of Kaffee-Partner Holding GmbH and its subsidiaries, Osnabrück, Germany
- Member of the Advisory Board of Rena Technologies GmbH, Guetenbach, Germany (since March 2015)

Dr. Christoph Schug
- Consultant
- Member of the Supervisory Board of Baden-Baden Cosmetics AG, Baden-Baden, Germany
- Member of the Board of Directors of AMEOS Gruppe AG, Zurich, Switzerland

Erika Schulte
- Director of Hanau Wirtschaftsförderung and Liquidator of Technologie und Gründerzentrum Hanau GmbH
- No seats on other boards

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group Management Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Maintal, 9 March 2015

NORMA Group SE
The Management Board

Werner Deggim Dr. Othmar Belker Bernd Kleinhens John Stephenson

Auditor's Report

We have audited the consolidated financial statements prepared by the NORMA Group SE, comprising the statement of financial position, the statement of comprehensive income, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements, together with the group management report for the business year from January 1 to December 31 2014. The preparation of the consolidated financial statements and the group management report in accordance with the IFRSs, as adopted by the EU, and / or the additional requirements of German commercial law pursuant to § (Article) 315a Abs. (paragraph) 1 HGB ("Handelsgesetzbuch": German Commercial Code) is the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company's Board of Managing Directors, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit the consolidated financial statements comply with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Frankfurt am Main, March 17, 2015

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Dr. Ulrich Störk	[ppa.] Benjamin Hessel
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Glossary

5S METHODOLOGY
5S is a method to organise a work space for efficiency and effectiveness in order to reduce industrial accidencts.

AFTERMARKET SEGMENT
The market concerned with the maintenance / repair of investment goods or long-life final goods (e.g. vehicles) or the sale of replacement parts or complementary parts for the goods. This involves the sale of services and / or parts that are directly related to the previous sale of the goods.

APAC
Abbreviation for the region Asia-Pacific.

AUSTENITIC STEELS
Austenitic steel is a stainless steel that normally contains an alloy of 15–20% chromium and 5–15% nickel. Other alloy components can have an impact on these figures. Austenitic steels cannot be hardened by way of heat treatment and are usually not magnetisable. They can be used in environments with high chloride levels. There are several types of chloride in technical chemistry, all of which vary in terms of their impact on austenitic steels.

CAQ-SOFTWARE
Software for quality assurance.

CODE OF CONDUCT
A set of policies which can / should be applied in a wide range of contexts and environments depending on the situation. In contrast to a rule, the target audience is not obliged to always comply with the code of conduct. A code of conduct is more of a personal commitment to follow or abstain from certain patterns of behaviour and ensure that nobody gains an unfair advantage by circumventing these patterns.

COMPLIANCE
Conforming to rules: companies adhering to codes of conduct, laws and guidelines.

CORPORATE GOVERNANCE
A set of all international and national rules, regulations, values and principles which apply to companies and determine how these companies are managed and monitored.

CORPORATE RESPONSIBILITY
A form of corporate self-regulation integrated into a business model by taking societal and environmental aspects into account.

COVERAGE
The regular assessment of the economic and financial situation of a listed company by banks or financial research institutions.

CROSS-SELLING EFFECTS
The action or practice of selling an additional product or service to an existing customer.

DISTRIBUTION SERVICES (DS)
One of NORMA Group’s two ways to market, which provides a wide range of high-quality, standardised joining products for a broad range of applications and customers.

EARNINGS BEFORE INTEREST, TAXES AND AMORTISATION (EBITA)
Earnings before interest, taxes and amortisation of intangible assets.

EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTISATION (EBITDA)
Earnings before interest, taxes, depreciation (of property, plant and equipment) and amortisation (of intangible assets). It is a measure of a company's operating performance before investment expenses.

ELASTOMERS
Stable but elastic plastics which are used at a temperature above their glass transition temperature. The plastics can deform under tensile load or compressive load, but then return to their original undeformed shape.

EMEA
Abbreviation for the economic area of Europe (made up of Western and Eastern Europe), the Middle East and Africa.

ENGINEERED JOINING TECHNOLOGY (EJT)
One of NORMA Group's two ways to market. It provides customised, highly engineered joining technology products primarily, but not exclusively, for industrial OEM customers.

EURIBOR
Reference rate for time deposits in the interbank business (currency: EUR)

EUROPEAN MARKET INFRASTRUCTURE REGULATION (EMIR)
EU regulation that regulates the over-the-counter market with derivative products. The main stipulation of this regulation obligates market participants to clear their over-the-counter standard derivative transactions through a central counterpart and report these transactions to a transaction registry.

FERRITIC STEELS
Ferritic chromium steel is a stainless steel that normally cannot be hardened. It is magnetisable and is used in environments containing little or no chloride.

FREE CASH FLOW
Indicates the amount of money that is available to pay dividends to shareholders and / or repay loans.

GEMBA WALK
Daily walk through the production halls in order to inspect individual processes in the opposite order of the workflow and analyse potential opportunities for improvements.

GLOBAL EXCELLENCE PROGRAMME
A cost optimisation programme that was started in 2009. It coordinates and manages all of NORMA Group's sites and business units.

INITIAL PUBLIC OFFERING (IPO)
First offering of shares of a company on the organised capital market.

INTERNATIONAL SECURITIES IDENTIFICATION NUMBER (ISIN)
A 12-digit alphanumerical code used to identify a security traded on the stock market.

ISO 14001
An international environmental management standard that specifies the internationally accepted requirements for an environmental management system.

ISO 9001
International standard that defines the fundamentals of quality management systems.

ISO/TS 16949
An international standard that combines the existing general demands on quality management systems of the (mostly North American and European) automotive industry.

KAIZEN
Kaizen refers to activities that continually improve all functions. It also applies to processes, such as purchasing and logistics, that cross organisational boundaries into the supply chain.

LEAN MANUFACTURING
A systematic method for the elimination of waste within a manufacturing process.

NATIONAL BUREAU OF STATISTICS (NBS)
Chinese Bureau of Statistics.

OHSAS 18001
Abbreviation for Occupational Health and Safety Assessment Series; used in many countries as a basis for certification of occupational health and safety management systems. The structure is closely linked to the ISO 9001 and ISO 14001 standards.

ORIGINAL EQUIPMENT MANUFACTURER (OEM)
A company that retails products under its own name.

PRIME STANDARD
A segment of the regulated stock market with higher inclusion requirements than the General Standard. It is the private law segment of the Frankfurt Stock Exchange with the highest transparency standards. All companies listed in the DAX, MDAX, TecDAX and SDAX must be included in the Prime Standard.

REVERSE FACTORING
A financing solution initiated by the ordering party in order to help his suppliers to finance their receivables more easily and at a lower interest rate than what they would normally be offered.

ROADSHOW
A series of corporate presentations made to investors by an issuer at various financial locations to attract investment in the company.

SELECTIVE CATALYTIC REDUCTION (SCR)
Selective catalytic reduction is a method to reduce particle and nitrogen oxide emissions.

SENIOR FACILITY AGREEMENT (SFA)
Loan agreement.

SIX SIGMA
A management system for process improvement using analytical and statistical tools.

ECONOMIES OF SCALE
Defined in business economics' production theory and microeconomics as the connection between the scale of a company's output and the number of factors of production that it uses.

SOCIETAS EUROPAEA (SE)
A legal form for stock companies in the European Union and the European Economic Area. With the SE, the EU started allowing for companies to be founded in accordance with a largely uniform legal framework at the end of 2004.

THERMOPLASTICS (ALSO KNOWN AS PLASTOMERS)
Plastics which become elastic (thermoplastic) in a particular temperature range, whereby this process is reversible.

SECURITIES ID NUMBER (WKN)
A six-character combination of numbers and letters used in Germany to identify securities.

XETRA
An electronic trading system operated by Deutsche Börse AG for the spot market.

Overview by Quarter 2014[1]

		Q1 2014	Q2 2014	Q3 2014	Q4 2014
Income statement					
Revenue	EUR millions	177.8	175.2	165.5	176.2
Gross profit[2]	EUR millions	102.4	100.5	98.7	104.0
Adjusted EBITA[2]	EUR millions	32.6	30.5	29.2	29.2
Adjusted EBITA margin[2]	%	18.4	17.4	17.6	16.6
EBITA	EUR millions	32.4	30.2	27.4	23.3
Adjusted profit for the period[2]	EUR millions	19.6	17.1	17.1	17.7
Adjusted EPS[2]	EUR	0.61	0.53	0.54	0.55
Profit for the period	EUR millions	13.6	15.4	14.4	11.6
EPS	EUR	0.42	0.49	0.45	0.36
Cash flow					
Cash flow from operating acitivities	EUR millions	16.8	22.0	18.3	39.3
Operating net cash flow	EUR millions	18.7	25.1	17.6	41.9[3]
Cash flow from investing activities	EUR millions	−6.6	−10.2	−12.5	−235.7
Cash flow from financing acitivities	EUR millions	−111.4	−31.4	−17.9	218.3
Balance sheet					
Total assets	EUR millions	748.1	740.8	752.1	1,078.40
Equity	EUR millions	336.1	332.4	354.8	368.0
Equity ratio	%	44.9	44.9	47.2	34.1
Net debt	EUR millions	147.3	164.0	166.8	373.1

[1] By adding the figures for the single quarters slight differences from the full year figures 2014 may arise as a result of rounding.
[2] Adjusted by the acquisition effects described in the notes to the consolidated statement. → Notes, adjustments, p. 133.
[3] Without balance sheet effects caused by the acquisitions of NDS and Five Star.

Multi-Year Overview

		2014[1]	2013	2012[2]	2011	2010
Order situation						
Order book (31 Dec)	EUR millions	**279.6**	236.7	215.4	218.6	188.0
Income statement						
Revenue	EUR millions	**694.7**	635.5	604.6	581.4	490.4
thereof EMEA	EUR millions	**394.5**	388.0	367.5	372.7	336.6
thereof Americas	EUR millions	**237.8**	191.6	193.3	173.0	123.8
thereof Asia-Pacific	EUR millions	**62.5**	56.0	43.8	35.7	30.0
EJT	EUR millions	**484.5**	443.9	427.6	411.5	323.6
DS	EUR millions	**216.6**	193.6	174.5	170.3	168.3
Gross profit[3]	EUR millions	**405.6**	371.4	344.4	322.6	274.7
Adjusted EBITA[3]	EUR millions	**121.5**	112.6	105.4	102.7	85.4
Adjusted EBITA margin[3]	% of sales	**17.5**	17.7	17.4	17.7	17.4
EBITA	EUR millions	**113.3**	112.1	105.1	84.7	64.9
Adjusted profit for the period[3]	EUR millions	**71.5**	62.1	61.8	57.6	48.2
Profit for the period	EUR millions	**54.9**	55.6	56.6	35.7	30.3
Adjusted EPS[3]	EUR	**2.24**	1.95	1.94	1.92	1.93
EPS	EUR	**1.72**	1.74	1.78	1.19	1.21
Financial result	EUR millions	**–14.5**	–15.6	–13.2	–29.6	–14.9
Tax rate[4]	%	**33.3**	32.6	30.3	30.0	27.0
R&D expenses	EUR millions	**–25.9**	–21.9	–22.1	–16.8	–16.6
R&D ratio	% of EJT-sales	**5.3**	4.9	5.1	4.1	5.1
Cost of materials[3]	EUR millions	**–289.9**	–269.4	–263.5	–262.3	–220.5
Cost of materials ratio[3]	% of sales	**41.7**	42.4	43.6	45.1	45.0
Personnel expenses[5]	EUR millions	**188.3**	–169.7	–156.5	–143.7	–124.4
Cash flow						
Cash flow from operating activities	EUR millions	**96.4**	115.4	96.1	71.7	62.1
Operating net cash flow	EUR millions	**103.2**[6]	103.9	81.0	66.8	51.7
Cash flow from investing activities[7]	EUR millions	**–265.1**	–43.4	–58.1	–33.7	–56.6
Cash flow from financing activities	EUR millions	**57.7**	51.7	–34.1	–0.5	–3.1
Balance sheet						
Total assets	EUR millions	**1,078.4**	823.7	691.8	648.6	578.8
Equity	EUR millions	**368.0**	319.9	289.2	256.0	78.4
Equity ratio	%	**34.1**	38.8	41.8	39.5	13.5
Net debt		**373.1**	153.5	199.0	198.5	344.1
Working capital	EUR millions	**141.8**	110.8	115.9	106.2	86.7
Working capital ratio	% of sales	**20.4**	17.4	19.2	18.3	17.7
Employees						
Core workforce		**4,828**	4,134	3,759	3,415	3,028
Total workforce incl. temporary staff		**5,975**	4,947	4,485	4,252	3,830
Share						
Number of shares (weighted)		**31,862,400**	31,862,400	31,862,400	30,002,126	24,862,400
Number of shares (year-end)		**31,862,400**	31,862,400	31,862,400	31,862,400	24,862,400

[1] In 2014 adjustments were made which especially relate to the acquisition of NDS. These adjustments are described in the notes. → Notes, adjustments, p. 133.

[2] 2012: The accounting rules changed in 2013 due to the first-time use of IAS 19R. In order to better compare the earnings, assets and financial positions, the 2012 figures have been adjusted to suit the new accounting rules and may therefore deviate from the figures published in the 2012 Annual Report.

[3] Adjusted in 2014. → Notes, adjustments, p. 133.

[4] 2011: Tax rate adjusted by deferred tax liabilities of EUR 2.8 million resulting from 2007.

[5] from 2008 to 2011 and 2014 adjusted by one-off effects.

[6] Without balance sheet effects caused by the acquisitions of NDS and Five Star.

[7] 2010, 2012, 2013 and 2014 including acquisitions.

Annual Review

Q1

JANUARY – MARCH 2014

NORMA Group earns Best Partner Award from General Motors in China

Acquisition of remaining 15 % of the shares in Malaysian subsidiary Chien Jin Plastic

NORMA Group receives Best Medium Enterprise 2013 award in Serbia

NORMA Group certified A-Class Supplier by FAW-Volkswagen Automobile in China

Q2

APRIL – JUNE 2014

Start of production in Brazil

Acquisition of business activities from joining technology manufacturer Five Star Clamps in the US

Start of production in new plant in China

Large order receipt for the second-generation of NORMAFLEX fluid pipes

NORMA Group receives PACCAR 50 PPM Award

NORMA Group receives Komatsu Award for outstanding suppliers

Q3

JULY – SEPTEMBER 2014

Opening of new Distribution Center in Lake Orion and expansion of DS business

NORMA Group earns General Motors' Supplier Quality Excellence Award

NORMA Group in China recognized as top supplier by General Motors and Ford

Q4

OCTOBER – DECEMBER 2014

Acquisition of specialised water management company National Diversified Sales in the USA

Launch of development aid program NORMA Clean Water in India

Release of first Sustainability Report for the year 2013

Placement of promissory note valued at EUR 209 million

Q1

JANUARY – MARCH 2015

Large order receipt for PS 3 quick connectors from a German supplier to the automotive industry

Financial Calendar 2015

25.03.2015	Publication of Full Year Results 2014
06.05.2015	Publication of Q1 Interim Results 2015
20.05.2015	Annual General Meeting in Frankfurt/Main
05.08.2015	Publication of Q2 Interim Results 2015
04.11.2015	Publication of Q3 Interim Results 2015

We constantly update our financial calendar. Please visit the Investor Relations section on our website @ www.normagroup.com for up-to-date information.

Contact and Imprint

If you have any questions regarding NORMA Group or would like to be included in our distribution list, please contact the Investor Relations team:

E-mail: ir@normagroup.com

Andreas Trösch
Vice President Investor Relations
Phone: + 49 6181 6102 741
Fax: + 49 6181 6102 7641
E-mail: andreas.troesch@normagroup.com

Vanessa Wiese
Senior Manager Investor Relations
Phone: + 49 6181 6102 742
Fax: + 49 6181 6102 7642
E-mail: vanessa.wiese@normagroup.com

EDITOR
NORMA Group SE
Edisonstraße 4
63477 Maintal, Germany

Phone: + 49 6181 6102 740
E-mail: info@normagroup.com
www.normagroup.com

CONCEPT AND LAYOUT
3st kommunikation, Mainz

FSC www.fsc.org MIX Paper from responsible sources FSC® C006990

Print compensated Id-No. 1436967 www.bvdm-online.de

Note on the Annual Report
This Annual Report is also available in German. If there are differences between the two, the German version takes priority.

Note on rounding
Please note that slight differences may arise as a result of the use of rounded amounts and percentages.

Forward-looking statements
This Annual Report 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 Annual Report, no guarantee can be given that this will continue to be the case in the future.

Sources
Page 38: Saigon Photography, Shutterstock.com

NORMA Group SE
Edisonstraße 4
63477 Maintal, Germany

Phone: +49 6181 6102 740
E-mail: info@normagroup.com
www.normagroup.com