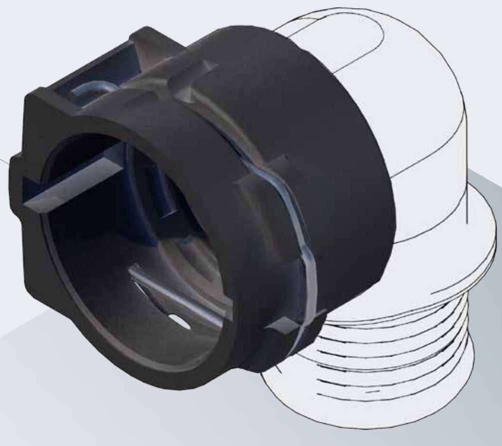


INTERIM REPORT

SECOND QUARTER 2019

OVERVIEW OF KEY FIGURES

		Q2 2019 [1,2]	Q2 2018 [1]	H1 2019 [1,2]	H1 2018 [1]
Order situation					
Order book (Jun 30)	EUR million	–	–	387.3	373.4
Income statement / Financial control parameters					
Revenue	EUR million	289.0	276.4	564.7	549.0
(Adjusted) gross profit	EUR million	167.1	162.5	328.4	321.2
Adjusted EBITA	EUR million	40.9	42.0	80.6	87.7
Adjusted EBITA margin	%	14.2	15.2	14.3	16.0
EBITA	EUR million	32.8	41.0	69.7	85.3
EBITA margin	%	11.3	14.8	12.3	15.5
Adjusted profit for the period	EUR million	25.7	27.3	50.9	56.9
Adjusted EPS	EUR	0.81	0.86	1.60	1.78
Profit for the period	EUR million	15.6	22.9	34.8	47.9
EPS	EUR	0.49	0.72	1.09	1.50
NORMA Value Added (NOVA)	EUR million	10.5	14.1	21.1	31.1
Net operating cash flow	EUR million	28.8	30.2	28.6	16.4
Cash flow					
Operating cash flow	EUR million	27.0	33.1	36.7	27.2
Cash flow from investing activities	EUR million	– 11.6	– 17.9	– 28.2	– 30.0
Cash flow from financing activities	EUR million	– 40.8	63.7	– 54.7	62.8

		Jun 30, 2019	Dec 31, 2018
Balance sheet			
Total assets	EUR million	1,505.8	1,471.7
Equity	EUR million	602.5	602.4
Equity ratio	%	40.0	40.9
Net debt [3]	EUR million	477.9	399.6
Employees			
Core workforce		6,838	6,901

		H1 2019	H1 2018
Non-financial control parameters			
Number of invention applications		10	22
Defective parts per million (PPM)		6	5
Quality-related customer complaints per month		6	7

Share data		
IPO		April 2011
Stock exchange		Frankfurt Stock Exchange, Xetra
Market segment		Regulated Market (Prime Standard), MDAX
ISIN		DE000A1H8BV3
Security identification number / Ticker symbol		A1H8BV / NOEJ
Highest price H1 2019 [4]	EUR	49.26
Lowest price H1 2019 [4]	EUR	33.70
Closing price as of June 30, 2019 [4]	EUR	36.44
Market capitalization as of June 30, 2019 [4]	EUR million	1,161.1
Number of shares		31,862,400

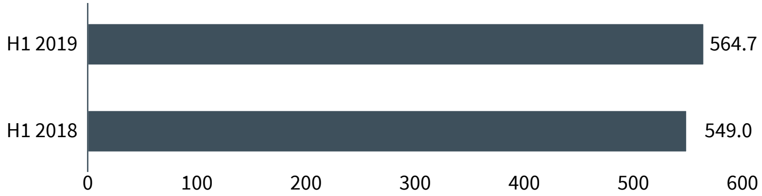
1_Adjustments are described in the notes starting on ▸ PAGE 42.
2_Including effects from the first-time adoption of IFRS 16.
3_Excluding derivative financial instruments.
4_Xetra price.

CONTENTS

HIGHLIGHTS FIRST HALF YEAR 2019 [1]

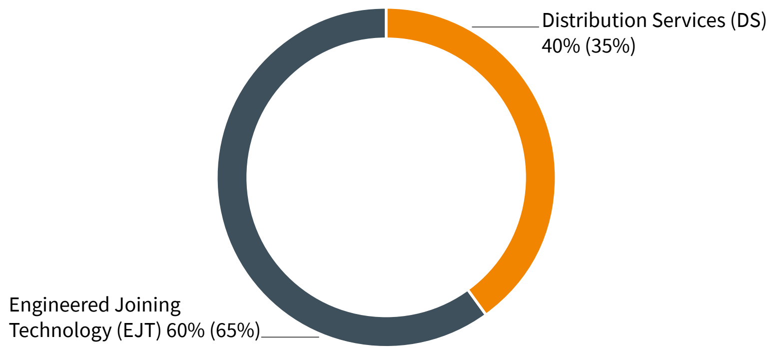
DEVELOPMENT OF SALES H1 2019

IN EUR MILLION



DISTRIBUTION OF SALES BY SALES CHANNELS

IN %, H1 2018 IN BRACKETS



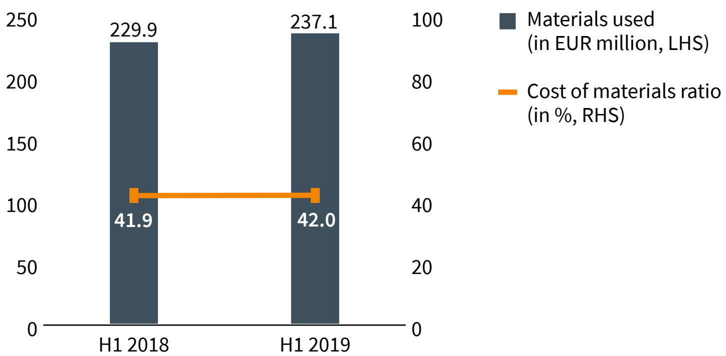
EFFECTS ON GROUP SALES

	In EUR million	Share in %
Sales H1 2018	549.0	
Organic growth	– 12.6	– 2.3
Acquisitions	12.9	2.3
Currency effects	15.4	2.8
Sales H1 2019	**564.7**	**2.9**

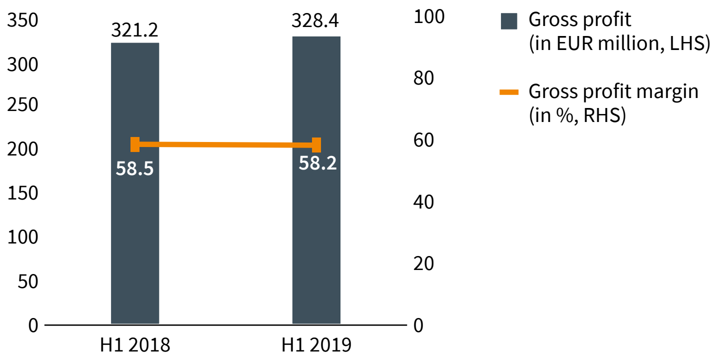
DEVELOPMENT OF SALES CHANNELS

	EJT		DS	
	H1 2019	H1 2018	H1 2019	H1 2018
Group sales (in EUR millions)	338.7	353.4	223.5	192.3
Growth (in %)	– 4.2		16.2	
Share of sales (in %)	60.3	64.8	39.7	35.2

COSTS OF MATERIALS AND COST OF MATERIALS RATIO

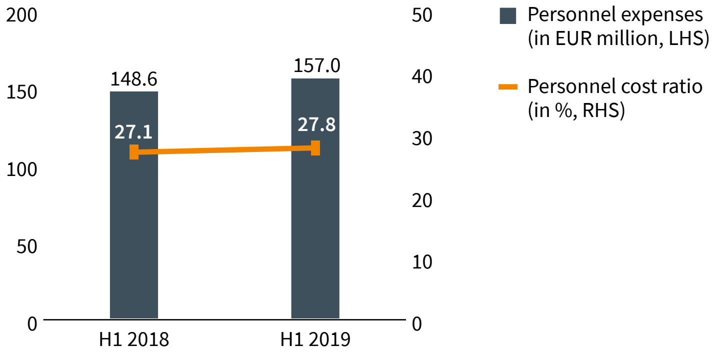


GROSS PROFIT AND GROSS PROFIT MARGIN

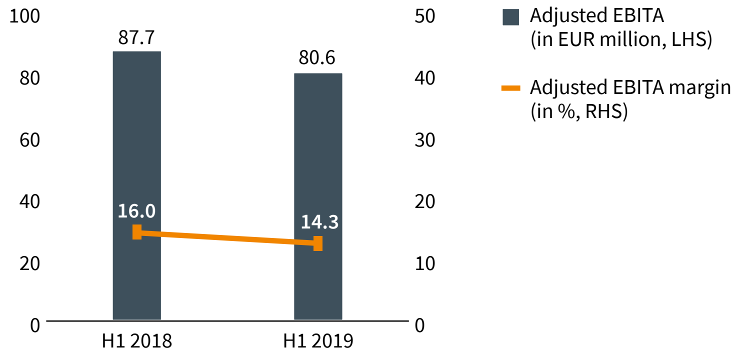


1_Adjustments are described in the notes starting on ▸ PAGE 42.

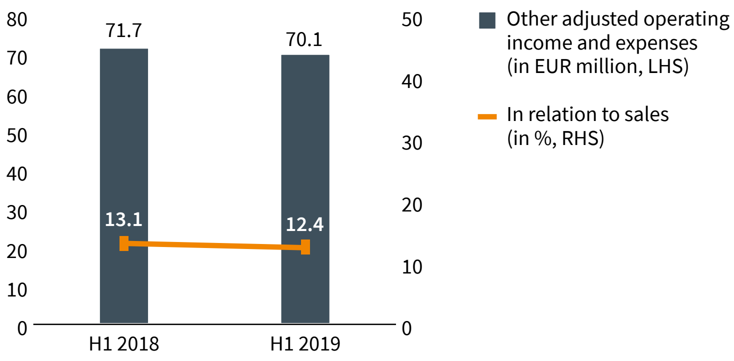
ADJUSTED PERSONNEL EXPENSES AND PERSONNEL COST RATIO [1]



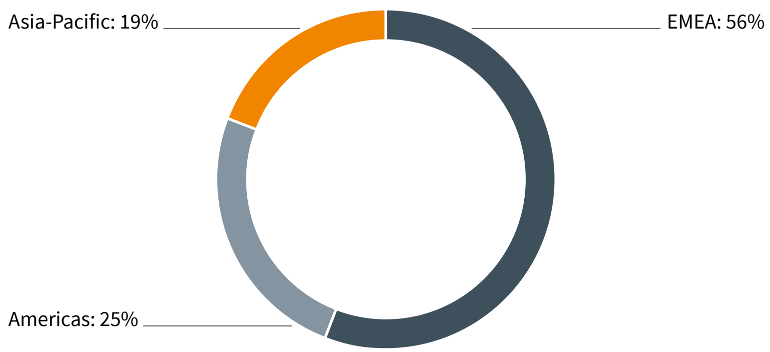
ADJUSTED EBITA AND ADJUSTED EBITA MARGIN [1]



ADJUSTED OTHER OPERATING INCOME AND EXPENSES AS WELL AS IN RELATION TO SALES [1]



CORE WORKFORCE BY SEGMENT



NET OPERATING CASH FLOW [2]

IN EUR MILLION	H1 2019	H1 2018
Adjusted EBITDA	101.3	100.9
Changes in working capital	–48.6	–57.9
Investments from operating business	–24.1	–26.6
Net operating cash flow	**28.6**	**16.4**

1_ Adjustments are described in the notes starting on PAGE 42.
2_ Including the positive effect of EUR 5.6 million due to the first-time adoption of IFRS 16.

NORMA GROUP ON THE CAPITAL MARKET

INTERNATIONAL FINANCIAL MARKETS REMAIN HIGHLY VOLATILE

On the international financial markets, the first half of 2019 was characterized by the recovery from the significant losses in the second half of 2018 on the one hand, and, on the other hand, by high volatility and mixed economic signals. In the first three months of 2019, the international stock markets offset a share of the losses in the second half of 2018. In fact, some exchanges, for example, the New York and Zurich stock exchanges, even reached new historic highs. In May, however, exacerbation of the trade disputes and recurring tensions in the Gulf region triggered further price declines, although these were moderate compared to the previous gains.

The German stock market also saw corrective movements at the beginning of 2019, while volatility remained high. Despite its export-driven nature and the economic uncertainty, the overall trend of the DAX, Germany's leading index, followed an upward trend. The index closed the first half of 2019 at 12,399 points, up 17.4% compared to the end of December 2018. The MDAX closed at 25,620 points, up a considerable 18.7%.

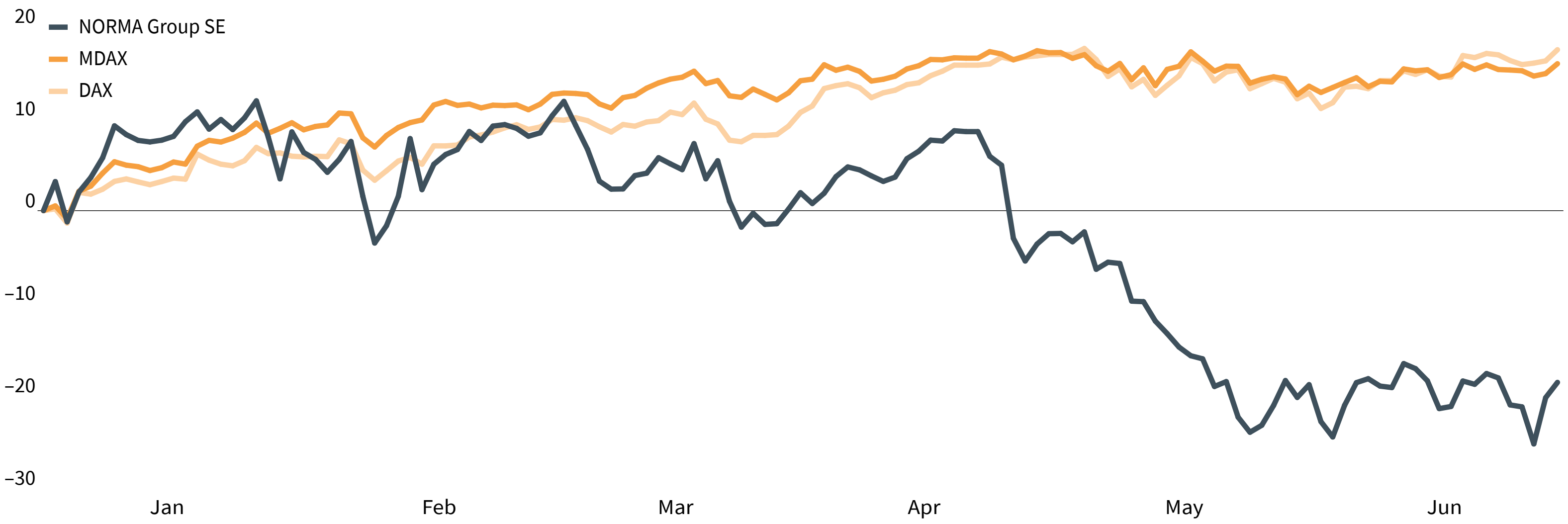
The US Dow Jones Index has gained 14,0% since the beginning of the year. The broader S&P 500 Index performed even better, rising by 17.4% compared to the end of 2018.

PERFORMANCE OF THE NORMA GROUP SHARE

In a generally volatile environment on the international financial markets, the NORMA Group share came under severe pressure in the first half of 2019, as did other stocks in the automotive sector, due to the after-effects of the WLTP issue and trade disputes. The share started the new stock market year at a price of EUR 43.18 and then followed a sideward trend within a corridor of between EUR 43 and EUR 48. It reached its high of EUR 49.26 at the beginning of March. Subsequently, NORMA Group's share distanced itself from the performance of the MDAX benchmark index with a significant price correction, reaching the

INDEX-BASED COMPARISON OF NORMA GROUP'S SHARE PRICE PERFORMANCE WITH THE MDAX AND THE DAX IN THE FIRST HALF OF 2019

IN %



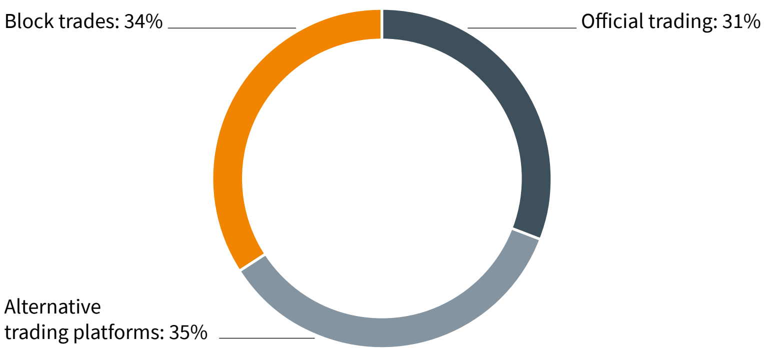
lowest level to date in the period under review of EUR 33.70 at the beginning of June. The significant downward trend since the beginning of May can be attributed, among other factors, to the concretization of the full-year guidance for the EBITA margin at the end of April. The share closed the first half of 2019 at a price of EUR 36.44. Compared to the end of 2018, this equates to a negative share price performance of – 15.6%.

NORMA Group's market capitalization amounted to around EUR 1.16 billion (Dec 31, 2018: EUR 1.38 billion) as of June 30, 2019, ranking 60th of 60 in the MDAX based on the market capitalization of the free float, a relevant metric for determining index membership.

TRADING VOLUME

From January to June 2019, the average Xetra trading volume of the NORMA Group share was 94,764 shares per day (H1 2018: 81,909 shares). In terms of value, this equates to approximately EUR 3.98 million (H1 2018: EUR 5.06 million). The NORMA Group share thus ranked 58th out of 60 in the MDAX based on trading volume. The distribution of the total trading activities of NORMA Group shares on the various trading platforms is shown in the ▶ GRAPHIC: DISTRIBUTION OF TRADING ACTIVITY

DISTRIBUTION OF TRADING ACTIVITY [1]

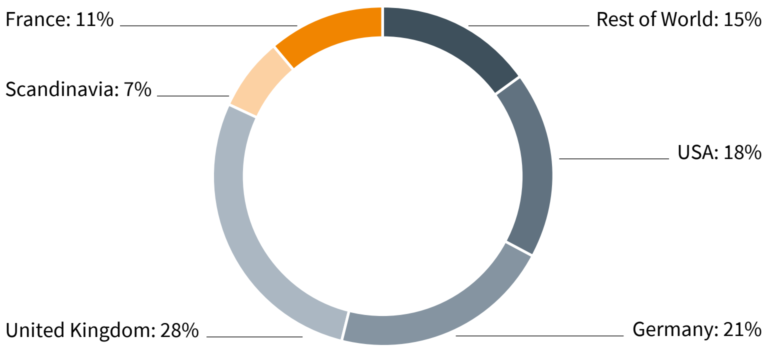


1_As of June 30, 2019.

REGIONALLY DIVERSIFIED SHAREHOLDER STRUCTURE

The NORMA Group share has gained greater international recognition in recent years due to an active investor relations work. This has resulted in the rising importance of foreign investors. NORMA Group has therefore achieved a regionally broad diversified shareholder base with a significant share of international investors, primarily from the UK, the US, France and Scandinavia. ▶ GRAPHIC: FREE FLOAT BY REGION. German investors currently account for around 21%.

FREE FLOAT BY REGION [1]



Institutional investors currently hold around 95% of the 31,862,400 NORMA Group shares. As of the end of July 2019, management held around 0.6% of the shares. Another 4.2% are held by private shareholders. At 4,662 in total, the number of private shareholders increased considerably in the first half of 2019 compared to the end of 2018 (3,671).

According to voting rights notifications received as of the end of July 2019, shares of NORMA Group SE designated as free floating are held by the following investors:

VOTING RIGHTS NOTIFICATIONS [1]

Investor	in %
Allianz Global Investors GmbH, Frankfurt am Main, Germany	10.001
Ameriprise Financial Inc., Wilmington, DE, USA [2]	8.35
Impax Asset Management Group Plc, London, United Kingdom	5.08
Threadneedle (Lux), Bertrange, Luxembourg	5.004
Allianz Global Investors Fund SICAV, Senningerberg, Luxembourg	3.30
Mondrian Investment Partners Limited, London, United Kingdom	3.10
BNP Paribas Asset Management S.A., Paris, France	3.05
Allianz SE, Munich, Germany	3.04
AXA S.A., Paris, France	2.93
SMALLCAP World Fund Inc., Baltimore, Maryland, USA	2.88
The Capital Group Companies, Inc., Los Angeles, California, USA	2.85
Norges Bank, Oslo, Norway	2.68
NORMA Group Management	0.64

DIRECTORS' DEALINGS

In the first half of 2019, three transactions were reported as notifications of Directors' Dealings. These can be found in the following table.

DIRECTORS' DEALINGS

Buyer / seller	Bernd Kleinhens, CEO [3]
Type of transaction	Buy
Financial instrument	Share (DE000A1H8BV3)
Date of transaction	May 13, 2019
Price in EUR	38.54
Total value in EUR	50,102.00

Buyer / seller	Dr. Michael Schneider, CFO
Type of transaction	Buy
Financial instrument	Share (DE000A1H8BV3)
Date of transaction	May 14, 2019
Price in EUR	38.3072
Total value in EUR	101,514.08

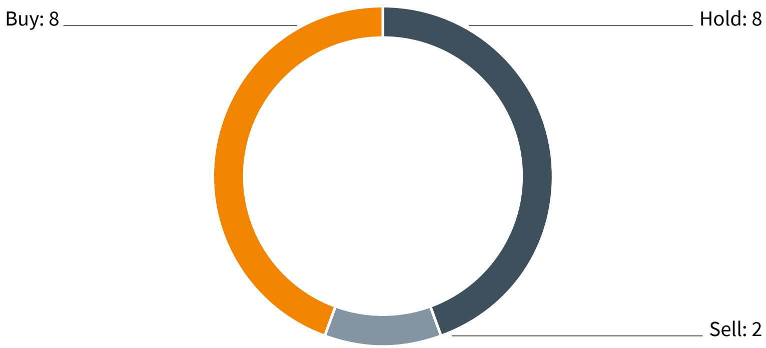
Buyer / seller	Dr. Friedrich Klein, COO
Type of transaction	Buy
Financial instrument	Share (DE000A1H8BV3)
Date of transaction	June 11, 2019
Price in EUR	36.94
Total value in EUR	18,470.00

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, fair valuation of the Company.

Maintaining an ongoing, transparent dialogue with analysts represents one key element of Investor Relations work. Currently, 18 national and international research houses and institutions are following the Company's share performance and submit their valuations at regular intervals. As of June 30, 2019, eight of these rated the NORMA Group share as a "buy" and eight recommended holding the share. Two analysts issued a "sell" recommendation. The average price target was EUR 47.92 (Dec 31, 2018: EUR 54.71).

ANALYST RECOMMENDATIONS [4]



1_As of July 31, 2019, all voting rights notifications are published on the Company's website. INVESTORS.NORMAGROUP.COM
2_The voting rights attributed to the notifying party are held by the following shareholder: Threadneedle (Lux) (5.004%).
3_CEO until the end of July 31, 2019.
4_As of June 30, 2019.

DEVELOPMENT OF COVERAGE AFTER THE REPORTING DATE

Following the adjustment of the forecast on July 19, 2019, the majority of the analysts covering the share also adjusted their valuations of the NORMA Group share. Based on the research reports received by the end of July 2019, the average price was EUR 38.21. Coverage taken up again by the institution Oddo BHF at the end of June 2019 is also included in this figure. As of July 25, 2019, seven analysts recommended buying the NORMA Group share and eleven institutions advised holding it. In addition, one sell recommendation was issued.

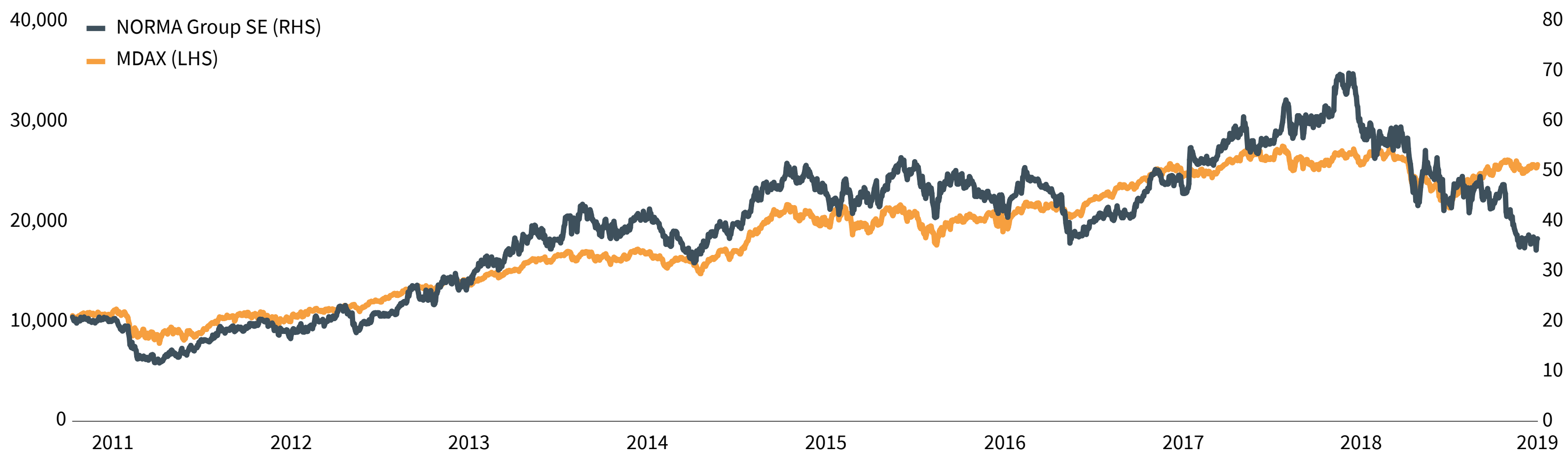
ANNUAL GENERAL MEETING 2019: DIVIDEND OF EUR 1.10 RESOLVED

The Annual General Meeting of NORMA Group SE was held in Frankfurt / Main on May 21, 2019. The proposal by the Management and Supervisory Boards to pay a dividend of EUR 1.10 per share (2018: EUR 1.05) was accepted by the Annual General Meeting by a majority of 99.99%. A total of 68% of the share capital of NORMA Group SE was represented.

The total distribution thus amounts to around EUR 35.0 million (2018: EUR 33.5 million). This corresponds to a payout ratio of 30.5% of adjusted Group earnings in fiscal year 2018 of EUR 114.8 million (2018: 31.9%; EUR 105.0 million) and is thus within the defined target corridor of 30% to 35% of adjusted Group earnings.

Furthermore, this year's Annual General Meeting voted on the election of a new candidate to the Supervisory Board. By resolution of the Annual General Meeting, Mark Wilhelms was elected a member of the Supervisory Board by receiving 96.5% of the votes. Mark Wilhelms has many years of experience in multinational industrial companies as a process and industrial engineer. He has been a member of management of Stabilus SA since 2009.

DEVELOPMENT OF THE NORMA GROUP SHARE SINCE THE IPO IN 2011 COMPARED TO THE MDAX



With the exception of agenda item 7 on the resolution on the approval of the remuneration system for the members of the Management Board, all other items on the agenda were approved by a clear majority. All voting results can be found on the NORMA Group website in the Investor Relations section. INVESTORS.NORMAGROUP.COM

KEY FIGURES OF THE NORMA GROUP SHARE [1]

	H1 2019
Closing price [2] as of June 30 (in EUR)	36.44
Highest price [2] (in EUR)	49.26
Lowest price [2] (in EUR)	33.70
Number of unweighted shares as of June 30	31,862,400
Market capitalization (in EUR million)	1,161.1
Average daily Xetra volume	
Shares	94,764
EUR million	3.98
Earnings per share (in EUR)	1.09
Adjusted earnings per share (in EUR)	1.60

1_As of June 30, 2019.
2_Xetra price.

CONSOLIDATED INTERIM MANAGEMENT REPORT

PRINCIPLES OF THE GROUP

The 2018 Annual Report provides a detailed overview of business activities, objectives and the strategy of NORMA Group SE. The statements contained therein remain valid. There were no major changes in the first half of 2019.

The developments of the most important financial and non-financial performance indicators in the first half of 2019 are shown in the following tables.

FINANCIAL CONTROL PARAMETERS

	H1 2019[1]	H1 2018
Group sales (in EUR million)	564.7	549.0
Adjusted EBITA margin (in %)	14.3	16.0
Net operating cash flow (in EUR millions)	28.6	16.4
NORMA Value Added (NOVA) (in EUR millions)	21.1	31.1

1_Including effects from first-time adoption of IFRS 16.

NON-FINANCIAL CONTROL PARAMETERS

	H1 2019	H1 2018
Number of invention applications	10	22
Defective parts per million (PPM)	6	5
Quality-related customer complaints per month	6	7

RESEARCH AND DEVELOPMENT

The main activities of the Research and Development department of NORMA Group are described in detail in the 2018 Annual Report. ▶ 2018 ANNUAL REPORT, P. 48 TO 50.

In the first six months of fiscal year 2019, R&D activities again focused on updating and analyzing the Innovation Roadmap and its ongoing implementation. This Roadmap is designed to help NORMA Group detect megatrends and relevant changing market requirements earlier so that appropriate development projects can be planned and conducted. So-called 'Innovation Councils', are driving the implementation of the projects identified. For example, the Innovation Council 'Digitization' is responsible for coordinating all information and global activities on digitization, as well as developing and implementing a strategy geared to all regions and business sectors.

Besides digitization, the areas of water management and e-mobility were focal points in the current reporting period. Technologies not yet in application were scientifically investigated in greater detail.

With respect to its core competencies, NORMA Group has advanced the identification and validation of new plastic materials even further and optimized its testing processes. This has significantly improved the informative value for its applications in certain areas, for example in the area of cooling water and thermal management solutions for electric vehicles. In this case, the emphasis was mainly on the application-related properties of materials and material combinations. Furthermore, the R&D department provided support for various customer projects by conducting basic research.

R&D KEY FIGURES

	H1 2019	H1 2018
Number of R&D employees	374	357
R&D employee ratio in relation to permanent staff (in %)	5.5	5.6
R&D expenses in the area of EJT (in EUR million)	16.7	14.8
R&D ratio in relation to EJT sales (in %)	4.9	4.2

ECONOMIC REPORT

GENERAL ECONOMIC AND INDUSTRY-SPECIFIC CONDITIONS

GLOBAL ECONOMIC GROWTH STAGNATES NOTICEABLY

Due to the ongoing US trade conflicts and sanctions, both trade and investment activity continued to weaken significantly in the first half of 2019. In the US, industrial production – excluding the energy sector – declined markedly (Q1: – 1.7%, Q2: – 2.3%). In this context, capacity utilization fell to 77.9% as of per end of June (June 2018: 78.6%). According to initial official estimates, the US economy thus grew by only 2.1% in the second quarter of 2019 (Q1: +3.1%). Although positive growth rates were achieved in China, the pace of growth there is also slowing noticeably. Thus, industrial production in China rose by only 6.0% through the end of June and the GDP grew by 6.3%. In the eurozone as well, business activity came under increasing pressure. According to the ifo Institute, industrial production is believed to have declined by 0.7% in the second quarter of 2019 (Q1: – 0.3%). According to Eurostat, capacity utilization was again lower in the second quarter at 82.6% (Q2 2018: 83.8%) and gross domestic product growth only reached +1.1% despite strong domestic demand (Q1: +1.2%).

DOWNTURN IN INDUSTRY INCREASINGLY WEAKENS GERMAN ECONOMY

Due to the export-related downturn in industry, the German economy cooled down further in the first half of 2019 compared to the already clouded trend since the middle of last year. Although lively domestic demand is supporting the German economy, the underlying economic trend is currently weak, according to Deutsche Bundesbank. Against this backdrop, industrial production in Germany has shrunk significantly so far this year (Q1: – 2.1%, April: – 3.6%, May: – 4.3%). According to Eurostat, capacity utilization fell to 85.4% in the second quarter (Q2 2018: 87.8%). At 0.6, the real gross domestic product rose only moderately year-on-year in the first quarter of 2019 (+0.4% on a calendar-adjusted basis). According to the ifo Institute's forecast, the economy grew by only 0.2% year-on-year in the entire first half of 2019.

MECHANICAL ENGINEERING AND CONSTRUCTION: INCREASINGLY ANEMIC DUE TO WEAKER ORDER SITUATION AND CAPACITY UTILIZATION

Burdened by the current trade conflicts and sanctions, the industrial economy cooled down significantly. Following strong growth rates in past years, global industrial production in the first quarter of 2019 increased at an annualized rate of only 1.9%. In the industrial nations, production even shrank by 2.1%. The declining trend is also reflected in the figures for April, which show a worldwide increase of only 1.6% (industrial nations: – 0.1%). As a result of this negative development, the environment for mechanical engineering has deteriorated tangibly. According to data from the respective statistical offices, production in the eurozone fell by 2.1% in the first quarter of 2019. A decline of 0.6% was observed in Germany (April: – 1.3%). According to the German Engineering Federation (VDMA), the weaker order situation in the German mechanical and plant engineering sector is attributable to a high level of uncertainty on the part of customers. According to the VDMA, this will have negative effects on current and future investment projects. Against this backdrop, capacity utilization in Germany at the end of April 2019 was at around 87% after around 90% a year ago.

AUTOMOTIVE INDUSTRY WITH PARTLY MASSIVE VOLUME SLUMP

According to data from LMC Automotive (LMCA), global sales of light vehicles (LV, up to 6 tons) fell sharply by 6.6% to 45.2 million units in the first half of 2019. In particular, the ongoing US trade conflict with China and the burden of the technological transition had a noticeable negative impact on development in the first six months of 2019. With a decrease of 12.4% in absolute terms, the Chinese market accounted for more than half of the global losses. Weaker demand was also observed in the US (– 2.1%) and Western Europe (– 2.9%), although the decline was much less pronounced in these regions. In Europe as a whole, passenger car sales fell by 3.1% according to data from the ACEA association. Corresponding to LMCA, manufacturers reduced LV production noticeably worldwide (Q1: – 6.2%, Q2: – 6.4%) in view of this weak demand, particularly in the Asia-Pacific region. In contrast, according to LMCA data, the global production of commercial vehicles increased again, although the increase was somewhat lower in the second quarter (Q1: +3.7%, Q2: +2.9%). Nevertheless, global demand for commercial vehicles fell recently (Q2: – 5.0%) as a result of the economic situation.

CONSTRUCTION INDUSTRY IN CHINA AND EUROPE CONTINUES ITS UPSWING

The US construction industry showed a mixed picture through mid-2019: While public-sector construction activity rose sharply, activity in the private construction sector shrank by 3.5%, with residential construction in particular recording a significant decline (– 7.8%). By contrast, Asia and Europe are currently benefiting from the very good specific environment. The main drivers are a high need for new construction and renovation, urbanization and attractive financing conditions. Political impulses also had a positive effect on developments in Asia and Europe. Corresponding to the National Bureau of Statistics (NBS), building investments in China rose by 10.9% in nominal terms in the first half of 2019 (residential construction: +15.8%). The construction upswing also continued in Europe. Real construction output rose by 3.1% in April and 2.0% in May (Q1: +5.1%). According to Eurostat data, the momentum in the EU as a whole was somewhat stronger. Italy, Spain and France recorded moderate growth. Construction again grew strongly in the Netherlands, Austria, Eastern Europe and in parts of Scandinavia. The German construction industry grew dynamically, again (Q1: +8.5%, April: +5.5%, May: +0.1%).

SIGNIFICANT EVENTS IN THE FIRST HALF OF 2019

IMPLEMENTATION OF RIGHTSIZING PROGRAMM

In February 2019, the Management Board announced the implementation of a rightsizing program aimed at the long-term optimization of the Group's structures. More detailed information can be found in the 2018 Annual Report. The statements made there remain valid. ▶ 2018 ANNUAL REPORT, P. 44

The measures already implemented and planned are expected to result in an annual positive earnings contribution (adjusted EBITA) of around EUR 10 million to EUR 15 million from 2021 on. The Management Board estimates the total costs of the project at around EUR 10 million to EUR 15 million spread out over a period of approximately two years. The costs incurred within the framework of the project are shown adjusted. ▶ ADJUSTMENTS, P. 14

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

ADJUSTMENT OF THE ANNUAL FORECAST FOR 2019

On July 19, 2019, the Management Board issued an ad hoc announcement in which an adjustment was made to the 2019 annual forecast. The contents of the revised forecast are presented in the following section entitled "General statement by the Management Board."

PERSONNEL CHANGES IN THE MANAGEMENT BOARD OF NORMA GROUP SE

NORMA Group announced on July 19, 2019 that Bernd Kleinhens, Chairman of the Management Board, will be stepping down from the Management Board by mutual agreement by July 31, 2019. As of August 1, 2019, Dr. Michael Schneider took over the duties of Chairman of the Management Board on an interim basis in addition to his function as Chief Financial Officer (CFO). The Supervisory Board is initiating the process to find a definitive solution to fill the position of Chairman of the Management Board.

GENERAL STATEMENT BY THE MANAGEMENT BOARD ON THE COURSE OF BUSINESS AND COMPARISON OF TARGET AND ACTUAL VALUES

With a volume of EUR 564.7 million in the first half of 2019, NORMA Group generated 2.9% sales growth year-on-year (H1 2018: EUR 549.0 million), although the increase in sales in the first six months of the current fiscal year was driven to a large extent by positive contributions from acquisitions and currency effects. In contrast, the Group's organic sales growth in the period from January to June2019 declined slightly by 2.3%.

At 14.3%, the adjusted EBITA margin in the first half of 2019 was well below the expectations of the Management Board and the forecast published in the 2018 Annual Report and specified on April 25, 2019. The EBITA margin was, among others, adversely affected by the lower organic sales volume as well as costs resulting from the introduction of an ERP system at a site in Latin America.

These developments were mainly influenced by the continued weak market environment in the global automotive business. Global trade disputes and sanctions also had a negative impact. This resulted in a reluctance to invest, which is reflected in the EMEA and Asia-Pacific regions in particular, especially China and India, in a weak market and a continuing decline in business.

The Management Board assumes that the situation on the international automotive markets will not ease significantly in the second half of 2019 either and, for this reason and on the basis of the expected sales development for the second half of 2019, on July 19, 2019 adjusted both the sales forecast and the forecast for the adjusted EBITA margin as well as for the net operating cash flow for the full year 2019. ▶ FORECAST REPORT, P. 26

EARNINGS, ASSETS AND FINANCIAL POSITION

NORMA Group adjusts certain expenses for the operational management of the Company. The adjusted results presented in the following reflect the Management's view.

ADJUSTMENTS

In the first six months of 2019, net expenses totaling EUR 9.2 million (H1 2018: EUR 0.6 million) were adjusted in EBITDA (earnings before interest, taxes, depreciation and amortization of intangible assets). These relate to other operating expenses (EUR 1.1 million) and expenses for employee benefits (EUR 7.7 million) from the rightsizing project initiated in the fourth quarter of 2018 to optimize Group structures. In addition, expenses for integration costs in connection with the acquisitions of Kimplas and Statek were adjusted within other operating expenses (EUR 0.3 million) and employee benefit expenses (EUR 38 thousand).

In addition, as in previous years, depreciation on property, plant and equipment from purchase price allocations amounting to EUR 1.7 million (H1 2018: EUR 1.8 million) was adjusted within EBITA (earnings before interest, taxes and amortization of intangible assets) as was depreciation on intangible assets from purchase price allocations amounting to EUR 11.2 million (H1 2018: EUR 9.8 million) was adjusted within EBIT.

Notional income taxes resulting from the adjustments are calculated using the tax rates of the respective local companies affected and taken into account in the adjusted results after taxes.

Adjusted values are shown in the following. More information on unadjusted values is provided in the Notes to the Consolidated Financial Statements.
▶ NOTES, STARTING P. 42

ADJUSTMENTS [1]

IN EUR MILLION	H1 2019 reported	Total adjustments	H1 2019 adjusted
Revenue	**564.7**	**0**	**564.7**
Changes in inventories of finished goods and work in progress	– 1.7	0	– 1.7
Other own work capitalized	2.6	0	2.6
Raw materials and consumables used	– 237.1	0	– 237.1
Gross profit	**328.4**	**0**	**328.4**
Other operating income and expenses	– 71.5	1.4	– 70.1
Employee benefits expense	– 164.8	7.8	– 157.0
EBITDA	**92.1**	**9.2**	**101.3**
Depreciation	– 22.4	1.7	– 20.7
EBITA	**69.7**	**10.9**	**80.6**
Amortization	– 15.4	11.2	– 4.2
Operating profit (EBIT)	**54.3**	**22.1**	**76.4**
Financial costs – net	– 7.3	0	– 7.3
Earnings before taxes	**47.0**	**22.1**	**69.1**
Income tax	– 12.2	– 6.0	– 18.2
Profit for the period	**34.8**	**16.1**	**50.9**
Non-controlling interests	0	0	0
Profit attributable to shareholders of the parent	**34.8**	**16.1**	**50.9**
Earnings per share (in EUR)	**1.09**	**0.51**	**1.60**

1_Deviations in decimal places are the result of commercial rounding.

EFFECTS FROM FIRST-TIME ADOPTION OF IFRS 16

Due to the first-time adoption of IFRS 16 since January 1, 2019, the Consolidated Financial Statements of NORMA Group have been subject to changeover effects. The effects from the first-time adoption of IFRS 16 on key financial control parameters for the period from January 1 to June 30, 2019, are presented below:

EFFECTS FROM THE FIRST-TIME ADOPTION OF IFRS 16 ON KEY FINANCIAL CONTROL PARAMETERS [1]

IN EUR MILLIONS	H1 2019 adjusted	Effects of IFRS 16	H1 2019 adjusted without IFRS 16
Adjusted EBITA	**80.6**	**0.6**	**80.0**
Adjusted EBITA margin (in %)	14.3	0.1	14.2
Net operating cash flow	**28.6**	**5.6**	**23.0**
in % related to revenue	5.1	1.0	4.1
NORMA VALUE ADDED (NOVA)	**21.1**	**0.5**	**20.6**

1_Deviations may occur due to commercial rounding.

The effects from the first-time adoption of IFRS 16 on the consolidated balance sheet are shown in detail in the ▶ NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, P. 35.

EARNINGS POSITION

Order backlog

The order backlog (excluding Fengfan, Kimplas and Statek) was EUR 387.3 million as of June 30, 2019 (June 30, 2018: EUR 373.4 million, excluding Lifial and Fengfan, Kimplas and Statek). Adjusted for Lifial due to comparison reasons, the order backlog as of June 30, 2019 was EUR 386.8 million and, therefore, nearly on the prior years' level. Currency effects, particularly in connection with the US dollar, had a positive effect on the level of the order backlog.

Declining organic sales in the first half of 2019

At EUR 564.7 million in the first half of 2019 (H1 2018: EUR 549.0 million), Group sales were 2.9% higher than in the previous year. Organic growth declined by 2.3%, while sales from acquisitions contributed EUR 12.9 million or 2.3% respectively. In addition, currency effects had a positive impact of 2.8% in the first half of 2019.

At EUR 289.0 million, Group sales for the months April to June 2019 were 4.9% higher than in the first quarter of 2019 and 4.6% higher than in the same quarter of the previous year (Q2 2018: EUR 276.4 million). Organic sales growth in the second quarter declined slightly by 0.4% , but improved significantly compared to the first quarter of 2019 (- 4.2%). The acquisitions of Kimplas and Statek contributed EUR 6.7 million or 2.4% to Group sales in the second quarter of 2019. Although the effects from currency translation were weaker than in the first quarter of 2019, they still had a positive effect of 2.5%.

The year-on-year decline in organic sales in the first half of 2019 is primarily attributable to weaker global production and sales figures in the automotive sector. The DS segment was the growth driver in all three regions. Sales growth in the Americas region was mainly the result of strong organic growth at NDS and positive currency translation effects. In the Asia-Pacific region, moderate organic growth in the DS segment and additional sales from the acquisition of Kimplas compensated for the significant decline in sales in the EJT segment. In the EMEA region, too, growth impulses came from the DS segment. Besides moderate organic growth, acquisitions also had a positive impact on sales in the first half of 2019.

Growth in both sales channels driven by currency and acquisition effects

Through its EJT distribution channel, NORMA Group generated sales revenue of EUR 338.7 million (H1 2018: EUR 353.4 million) in the first half of 2019. This represents negative sales growth of – 4.2% compared to the same period of the previous year. Effects from currency translations had a positive impact on the significant decline in organic growth.

In the second quarter of 2019, sales in the EJT segment amounted to EUR 169.2 million (Q2 2018: EUR 172.3 million). This corresponds to a negative development of – 1.8% compared to the same quarter of the previous year.

Through its DS distribution channel, NORMA Group generated sales revenue of EUR 223.5 million in the first half of 2019, representing growth of 16.2% over the previous year (H1 2018: EUR 192.3 million). This significant organic growth was positively supported by both acquisition and currency effects.

Sales revenues in the DS segment amounted to EUR 118.2 million in the second quarter of 2019 and were thus up 15.6% on the previous year's level (Q2 2018: EUR 102.3 million).

Material usage ratio affected by normalization of raw material prices and inventory reduction
Costs of materials amounted to EUR 237.1 million in the first half of 2019 and were thus 3.1% higher than in the same period of the previous year (H1 2018: EUR 229.9 million). Based on the sales revenues achieved in the first half of 2019, this resulted in a cost of materials ratio of 42.0% (H1 2018: adjusted 41.9%), which was nearly on a par with the previous year. The cost of materials ratio with regard to total output was 41.9% (H1 2018: adjusted 41.7%).

In the second quarter of 2019, costs of materials amounted to EUR 118.9 million, an increase of 4.5% on the prior-year quarter (Q2 2018: EUR 113.8 million). This resulted in a cost of materials ratio of 41.1% (Q2 2018: 41.2%).

Raw material prices, especially for alloy surcharges and plastic components, continued to normalize during the second quarter of 2019. In addition, write-offs on inventories had a negative impact on the materials usage ratio in the first six months of 2019.

Gross margin down
In the first half of 2019, NORMA Group generated a gross profit (sales revenues less cost of materials and changes in inventories plus other own work capitalized) of EUR 328.4 million. This equates to an increase of 2.2% over the same period of the previous year (H1 2018: adjusted EUR 321.2 million) and a gross margin (based on sales) of 58.2% (H1 2018: 58.5%).

In the second quarter of 2019, NORMA Group generated a gross profit of EUR 167.1 million, an increase of 2.8% on the previous year (Q2 2018: EUR 162.5 million). The gross margin in the second quarter of 2019 was 57.8%, compared to 58.8% in the same quarter of the previous year.

Adjusted personnel cost ratio risen
On June 30, 2019, NORMA Group had 8,890 employees worldwide, including temporary employees, of whom 6,838 were permanent staff. The number of permanent employees therefore rose by 6.7% compared to June 30, 2018 (6,407).

DELEVOPMENT OF PERSONNEL FIGURES

	June 30, 2019	June 30, 2018	Change in %
EMEA	3,793	3,710	2.2
Americas	1,725	1,704	1.2
Asia-Pacific	1,320	993	32.9
Core workforce	6,838	6,407	6.7
Temporary workers	2,052	1,942	5.7
Total number of employees including temporary workers	8,890	8,349	6.5

	H1 2019	H1 2018	Change in %
Average number of employees (core workforce)	6,964	6,346	9.7

The increase in the average number of employees by 9.7% was also reflected in higher adjusted expenses for employee benefits in the first half of 2019 to EUR 157.0 million (H1 2018: EUR 148.6 million), corresponding to an increase of 5.7%. This resulted in a higher adjusted personnel cost ratio of 27.8% (H1 2018: 27.1%) compared to the previous year.

In the second quarter of 2019, adjusted personnel expenses amounted to EUR 78.0 million, an increase by 3.9% compared to the second quarter of 2018 (EUR 75.0 million). At 27.0%, the adjusted personnel cost ratio in the second quarter was almost at the same level of the prior-year quarter (Q2 2018: 27.1%).

In the first half of 2019, EUR 7.7 million rightsizing costs in connection with the rightsizing project initiated in the fourth quarter of 2018 were adjusted within the employee benefits expenses. In addition EUR 38 thousands integration costs for the acquisitions of Kimplas and Statek were adjusted. ▶ NOTES, P. 43

Adjusted other operating income and expenses down noticeably
In the first half of 2019, the balance of adjusted other operating income and expenses was EUR –70.1 million, 2.3% below the level of the prior-year period (H1 2018: EUR –71.7 million). In relation to sales, the share of adjusted other operating expenses and income amounted to 12.4% in the current reporting period and was thus lower than in the previous year (H1 2018: 13.1%). This includes a positive effect of the first-time adoption of IFRS 16 amounting to EUR 5.6 million.

In the second quarter of 2019, adjusted other operating income and expenses amounted to EUR –37.5 million, down 3.4% on the prior-year quarter (Q2 2018: EUR –38.8 million). This results in a ratio of 13.0% (Q2 2018: 14.0%). ▶ NOTES, P. 45

Within other operating income and expenses, integration costs for the companies Kimplas and Statek, which were acquired in 2018, amounting to EUR 0.3 million were adjusted in the first six months of the current fiscal year. In addition, expenses in connection with the rightsizing project initiated in the fourth quarter of 2018 amounting to EUR 1.1 million were adjusted.

Operating income negatively impacted by declining production volumes in global automotive business

Adjusted EBITDA (adjusted earnings before interest, taxes, depreciation and amortization) reached EUR 101.3 million in the first half of 2019, up 0.4% on the previous year (H1 2018: EUR 100.9 million). This resulted in an adjusted EBITDA margin of 17.9% for the first half of 2019 (H1 2018: 18.4%). Adjusted EBITDA includes a positive effect of EUR 5.6 million from the first-time application of IFRS 16.

The adjusted EBITDA margin in the first half of 2019 was adversely affected in particular by the significantly lower production volumes in the automotive industry and the resulting revenue losses, particularly in the EMEA and Asia-Pacific regions. In addition, a not used flexibility in personnel structures, especially in EMEA and Asia-Pacific, also had a negative impact.

In the second quarter of 2019, adjusted EBITDA was EUR 51.6 million, up 6.0% year-on-year (Q2 2018: EUR 48.7 million). The adjusted EBITDA margin improved slightly from 17.6% in the prior-year quarter to 17.9% in the current reporting quarter.

Unadjusted EBITDA amounted to EUR 92.1 million in the first half of 2019 (H1 2018: EUR 100.3 million). This equates to an EBITDA margin of 16.3% (H1 2018: 18.3%). In the second quarter, unadjusted EBITDA amounted to EUR 44.2 million (Q2 2018: EUR 48.5 million), the EBITDA margin 15.3% (Q2 2018: 17.6%).

Adjusted EBITA (adjusted operating earnings), which in addition to the aforementioned adjustments is adjusted for depreciation on tangible assets from purchase price allocations, reached EUR 80.6 million in the current reporting period after EUR 87.7 million in the prior-year period, a decline of 8.2%. This results in an adjusted EBITA margin for the first six months of 2019 of 14.3% in relation to sales (H1 2018: 16.0%). Adjusted EBITA in the first half of 2019 was positively influenced by an effect of EUR 0.6 million from the first-time application of IFRS 16.

In the second quarter of 2019, adjusted EBITA decreased by 2.6% to EUR 40.9 million (Q2 2018: EUR 42.0 million). The adjusted EBITA margin amounted to 14.2% (Q2 2018: 15.2%).

Based on an unadjusted EBITA of EUR 69.7 million in the first half of 2019 (H1 2018: EUR 85.3 million), the unadjusted EBITA margin reached 12.3% (H1 2018: 15.5%). In the second quarter, unadjusted EBITA amounted to EUR 32.8 million after EUR 41.0 million in the prior-year quarter. This corresponds to an unadjusted EBITA margin of 11.3% (Q2 2018: 14.8%).

The development of the adjusted EBITA and the adjusted EBITA margin in the first half of 2019 reflects the effects of the significant decline in production volumes in the global automotive markets and the aforementioned not used flexibility of personnel structures, in particular in EMEA and Asia-Pacific.

NORMA value added (NOVA)

NORMA Value Added (NOVA) amounted to EUR 21.1 million in the first half of 2019 (excluding the effect of IFRS 16: EUR 20.6 million), a significant decline on the previous year (H1 2018: EUR 31.1 million). The main reason for the significant decline was the weaker adjusted EBIT. In the first half of 2019, NOVA was, among others, adversely affected by the increase in capital employed as a result of the acquisitions made in the previous fiscal year.

In the second quarter of 2019, NOVA was EUR 10.5 million (excluding the effect of IFRS 16: EUR 10.3 million), compared to EUR 14.1 million in the prior-year quarter.

Financial result below previous year

The financial result in the first six months of the current fiscal year amounted to EUR –7.3 million and thus declined by 19.0% compared to the same period of the previous year (H1 2018: EUR –6.1 million). ▶ NOTES, P. 46 While net interest expenses did not change compared to the same period of the previous year (H1 2019: EUR 6.5 million; H1 2018: EUR 6.5 million), the decrease within the financial result was mainly driven by interest expenses amounting to EUR –0.7 million (H1 2018: EUR –3 thousands) from leases in connection with the first-time adoption of IFRS 16 and other financial expenses amounting to EUR –0.6 million (H1 2018: EUR –0.5 million). The financial result was positively affected by effects from exchange rate changes of EUR 0.4 million (H1 2018: EUR 0.7 million)

In the second quarter of 2019, the financial result decreased to EUR –3.6 million (Q2 2018: EUR –2.7 million).

Adjusted earnings after taxes

Adjusted income taxes for the first six months of 2019 amounted to EUR 18.2 million (H1 2018: EUR 21.0 million). This resulted in a slightly lower tax rate of 26.4% (H1 2018: 26.9%). In the second quarter of 2019, adjusted income taxes amounted to EUR 9.6 million (Q2 2018: EUR 9.9 million).

Earnings after taxes adjusted for the aforementioned special effects and depreciation from purchase price allocations amounted to EUR 50.9 million in the reporting period and thus fell short of the previous year's level of EUR 56.9 million by a total of 10.5%.

In the second quarter of 2019, adjusted net income for the period amounted to EUR 25.7 million. This equates to a decline of 6.0% compared to the prior-year quarter (Q2 2018: EUR 27.3 million).

Adjusted earnings per share

Adjusted earnings per share amounted to EUR 1.60 in the first half of 2019, down 10.3% year-on-year (H1 2018: EUR 1.78).

Adjusted earnings per share in the second quarter of 2019 amounted to EUR 0.81 and thus decreased by 5.9% compared to the previous year's figure of EUR 0.86. ▶ NOTES, P. 46 The number of shares of 31,862,400 on which the calculation is based remained unchanged in the reporting period under review.

ASSET POSITION

Due to the first-time adoption of IFRS 16 since January 1, 2019, the effects on the individual balance sheet items are presented in the Notes to the Consolidated Financial Statements for comparison purposes. The total effect on the balance sheet total thus amounted to EUR 38.0 million. The previous year's figures used below are shown excluding the new accounting regulations, for comparison reasons.

Total assets

As of June 30, 2019, total assets amounted to EUR 1,505.8 million, 2.3% higher than at the end of 2018 (Dec 31, 2018: EUR 1,471.7 million).

Assets increased

Non-current assets amounted to EUR 960.8 million as of June 30, 2019, an increase of 3.5% compared to December 31, 2018 (EUR 928.3 million). The main reason for this development is an increase in property, plant and equipment, which is attributable in particular to the rights of use from operating leases (right of use (RoU) assets) to be capitalized for the first time as part of the first-time adoption of IFRS 16 (Leases) ▶ NOTES, P. 47 Non-current assets accounted for 63.8% of total assets as of June 30, 2019 (Dec 31, 2018: 63.1%).

Current assets amounted to EUR 545.0 million as of June 30, 2019, and thus remained at roughly the same level as at the end of 2018 (Dec 31, 2018: EUR 543.4 million). This was partly due to the 32.9% seasonal increase in trade receivables to EUR 190.3 million (Dec 31, 2018: EUR 143.1 million). An opposite effect resulted mainly from a 23.6% reduction in cash and cash equivalents to EUR 145.5 million (Dec 31, 2018: EUR 190.4 million).

Current assets accounted for 36.2% of total assets as of June 30, 2019 (Dec 31, 2018: 36.9%).

(Trade) working capital

(Trade) working capital (inventories plus trade receivables minus trade payables) amounted to EUR 232.8 million as of June 30, 2019, up 29.9% compared to December 31, 2018 (EUR 179.2 million) for seasonal reasons. This development is mainly attributable to the disproportionate increase in trade receivables and in relation a decrease in trade payables in the first half of 2019. The increase on the assets side mainly resulted from the reduction in the ABS and factoring programs by EUR 16.7 million.

Equity ratio down

The equity ratio fell to 40.0% as of June 30, 2019 (Dec 31, 2018: 40.9%). Group equity amounted to EUR 602.5 million as of June 30, 2019, and thus remained almost constant compared to December 31, 2018 (EUR 602.4 million). The dividend distribution in May 2019 (EUR –35.0 million) reduced equity. The profit for the period and currency translation differences had a positive impact on equity.

Financial liabilities increased significantly due to first-time adoption of IFRS 16

Non-current liabilities amounted to EUR 580.0 million as of June 30, 2019, an increase of 5.1% compared to the end of the year (Dec 31, 2018: EUR 552.1 million). The increase in non-current liabilities is due in particular to the increase in leasing liabilities (EUR 31.6 million) caused by the first-time adoption of IFRS 16. ▶ NOTES, P. 31

Current liabilities increased by EUR 6.2 million or 2.0% in the first half of 2019 compared to the end of 2018 (H1 2019: EUR 323.3 million; H1 2018: EUR 317.1 million). This is mainly due to changes in other financial liabilities (EUR –8.3 million or –44.1%) and non-financial liabilities (EUR 11.8 million or 43.8%) as well as the increase in leasing liabilities (EUR 8.4 million) due to the first-time adoption of IFRS 16. A slight increase in loan liabilities also had an increasing effect on current liabilities. On the other hand, trade payables declined (EUR –8.4 million or –5.9%).

On the balance sheet date, non-current liabilities accounted for 38.5% of total assets (Dec 31, 2018: 37.5%), while current liabilities accounted for 21.5% (Dec 31, 2018: 21.5%).

Higher net debt

Net debt was EUR 479.0 million on June 30, 2019, 19.7% or EUR 78.7 million higher than on December 31, 2018 (EUR 400.3 million). This was mainly due to a decrease in cash and cash equivalents as a result of net cash outflows from investing and financing activities (EUR –28.2 million and EUR –54.7 million, respectively), which more than offset the cash inflow from operating activities (EUR 36.7 million). Net debt in the first half of 2019 was also affected by the payment of the dividend of EUR 35.0 million. ▶ NOTES, P. 52 In addition, the increase in liabilities from leases due to the first-time application of IFRS 16 had an increasing effect on financial liabilities, which in turn increased net debt.

At 0.8, gearing (ratio of net debt to equity) as of June 30, 2019, was slightly higher than at the end of 2018 (Dec 31, 2018: 0.7). Leverage (net debt excl. hedging instruments in relation to EBITDA of the last 12 months) amounted to 2.4 as of June 30, 2019 (Dec 31, 2018: 1.9)

FINANCIAL POSITION

Central financial management

A detailed overview of the general financial management of NORMA Group is provided in the 2018 Annual Report. ▶ 2018 ANNUAL REPORT, P. 47

Net operating cash flow increases significantly due to improved working capital management

Net operating cash flow was EUR 28.6 million in the first half of 2019 (H1 2018: EUR 16.4 million). The increase of 74.1% is mainly due to the lower increase in (trade) working capital (EUR –48.6 million) as of June 30, 2019, compared to the end of 2018. As of the reporting date of the previous year, working capital had increased by EUR 57.9 million. In addition, effects of EUR 5.6 million resulting from the first-time application of IFRS 16 had a positive impact on the development of the net operating cash flow in the first half of 2019. In the first six months of the current reporting year, net operating cash flow as a percentage of sales amounted to 5.1% (H1 2018: 3.0%).

Investments of EUR 25.1 million were made in the period from January to June 2019 (H1 2018: EUR 26.6 million). The main focus of investments was on the plants in Germany, the UK, Serbia, Poland, China, Mexico and the US.

Cash flow from operating activities

In the first half of 2019, NORMA Group generated a cash flow from operating activities of EUR 36.7 million (H1 2018: EUR 27.2 million). The significant improvement in the cash flow from operating activities compared to the same period of the previous year is mainly due to the development of (trade) working capital in relation to EBITDA generated discussed earlier.

In the second quarter of 2019, the cash inflow from operating activities amounted to EUR 27.0 million after EUR 33.1 million in the prior-year quarter.

Cash flow from investing activities

In the first half of 2019, NORMA Group generated a cash outflow from investing activities of EUR 28.2 million (H1 2018: EUR –30.0 million). This mainly includes investments for the acquisition of intangible assets and property, plant and equipment totaling EUR 28.5 million (H1 2018: EUR 27.9 million), particularly relating to plants in Germany, the UK, Poland, Serbia, China, Mexico and the US. The Cash flow from investing activities in the first half of 2019 also includes net payments of EUR 0.5 million for acquisitions. By contrast, net payments for acquisitions in the amount of EUR 3.0 million for the payment of the remaining purchase price liabilities from the acquisition of Fengfan were included in the same period of the previous year.

For the first half of 2019, this resulted in an investment ratio based on sales (excluding acquisitions and proceeds from the sale of property, plant and equipment) of 5.0% (H1 2018: 5.1%).

In the second quarter of 2019, cash outflow from investing activities amounted to EUR 11.6 million (Q2 2018: EUR 17.9 million) and included the cash outflow for the acquisition of intangible assets and property, plant and equipment (EUR 12.3 million) as well as proceeds from the sale of property, plant and equipment (EUR 0.7 million).

Cash flow from financing activities influenced by partial repayment of loans and dividend payment

In the first half of 2019, NORMA Group reported a cash outflow from financing activities of EUR 54.7 million (H1 2018: cash inflow EUR 62.8 million). This mainly includes repayments of loans of EUR 10.2 million (H1 2018: EUR 2.4 million), repayments of lease liabilities of EUR 5.0 million (H1 2018: EUR 88 thousands) as well as interest payments (H1 2019: EUR −4.3 million; H1 2018: EUR −3.0 million) and repayments from hedging derivatives amounting to EUR −0.1 million (H1 2018: EUR −0.2 million). In addition, the dividend payment was reflected in a cash outflow of EUR 35.0 million (H1 2018: EUR −33.5 million). The cash flow from financing activities of the previous year included loans in the amount of EUR 102 million. ▶ NOTES, P. 32

In the second quarter of 2019, cash flow from financing activities amounted to EUR −40.8 million (H1 2018: EUR 63.7 million) against the backdrop of the aforementioned effects.

SEGMENT REPORTING

In the first six months of 2019, the share of Group sales generated abroad amounted to around 82.5% (H1 2018: 80.7%).

SLIGHT DECLINE IN SALES VOLUME IN THE EMEA REGION

External sales in the EMEA region amounted to EUR 254.6 million in the first six months of 2019, slightly down 1.4% year-on-year (H1 2018: EUR 258.1 million). The reason for the lower sales volume compared to the previous year was primarily a continued weak EJT business due to lower production and sales figures due to the continuing restrained business in the automotive sector. In the EJT segment alone, the organic decline in sales in the first six months of 2019 totaled 3.4%. By contrast, sales impetus came from the DS business, which recorded positive organic growth of 2.0%. Overall, organic growth in the EMEA region declined by −2.1%. In addition, acquisitions contributed 1.0% to sales growth in the EMEA region, while currency effects accounted for −0.2%. Thus, the EMEA region accounted for approximately 45% of total sales in the first half of 2019 (H1 2018: 47%).

Adjusted EBITDA in the EMEA region amounted to EUR 50.1 million in the current reporting period, down 2.5% year-on-year (H1 2018: EUR 51.4 million). The adjusted EBITDA margin in the first half of 2019 was 18.3% and, therefore, slightly improved compared to the previous year (H1 2018: 18.0%). Adjusted EBITA for the period January to June 2019 was EUR 41.5 million (H1 2018: EUR 45.4 million), a decrease of 8.5%. The adjusted EBITA margin in the region amounted to 15.2% in the first six months of the current fiscal year (H1 2018: 15.9%).

Investments in the EMEA region amounted to EUR 11.5 million in the first half of 2019 (H1 2018: EUR 12.2 million). The focus of investment was primarily on new machinery and production equipment for the plants in Germany, the UK, Serbia and Poland. As of June 30, 2019, assets amounted to EUR 625.4 million, a slight increase of 0.2% compared to the end of 2018 (Dec 31, 2018: EUR 624.4 million). Liabilities amounted to EUR 198.5 million as of June 30, 2019, and thus remained almost constant compared to the level at the end of 2018 (Dec 31, 2018: EUR 198.3 million).

SLIGHT DECLINE IN ORGANIC SALES IN THE AMERICAS REGION

In the Americas region, external revenue for the period January to June 2019 was EUR 237.3 million, an increase of 6.6% compared to the same period of last year (H1 2018: EUR 222.7 million). Organic growth in the Americas region was only slightly negative at −0.4% and improved significantly in the second quarter (+2.6%) compared to the first quarter of 2019 (−3.7%). While business with commercial vehicles and agricultural machinery again developed positively in

DEVELOPMENT OF SEGMENTS

	EMEA			Americas			Asia-Pacific		
IN EUR MILLIONS	H1 2019	H1 2018	Δ	H1 2019	H1 2018	Δ	H1 2019	H1 2018	Δ
Total segment revenues	273.1	285.0	–4.2	242.4	227.6	6.5	74.6	69.8	6.9
External revenues	254.6	258.1	–1.4	237.3	222.7	6.6	72.8	68.2	6.7
Contribution to consolidated external revenues (in %)	45	47	n/a	42	41	n/a	13	12	n/a
Adjusted EBIDTA [1]	50.1	51.4	–2.5	47.1	44.2	6.5	10.0	9.7	3.9
Adjusted EBIDTA margin (in %) [1, 2]	18.3	18.0	n/a	19.4	19.4	n/a	13.5	13.8	n/a
Adjusted EBITA margin (in %) [1]	41.5	45.4	–8.5	39.4	39.9	–1.2	6.4	7.5	–15.6
Adjusted EBITA margin (in %) [1, 2]	15.2	15.9	n/a	16.3	17.5	n/a	8.5	10.8	n/a

1_The adjusted figures are explained on ▶ PAGE 43
2_Related to segment revenues

the second quarter of 2019, production figures in the North American passenger car market continued to decline noticeably. NDS's water business recorded clearly positive organic sales growth in the first six months of 2019. Sales growth in the Americas region was also boosted in particular by currency effects in connection with the US dollar, which contributed a total of 7.0% to sales growth. The share of sales in the Americas region rose to 42% in the first half of 2019 (H1 2018: 41%).

Adjusted EBITDA in the Americas region amounted to EUR 47.1 million in the first six months of 2019, an increase of 6.5% compared to the same period of the previous year (H1 2018: EUR 44.2 million). The adjusted EBITDA margin was 19.4% (H1 2018: 19.4%). At EUR 39.4 million, adjusted EBITA was 1.2% lower than in the prior-year period (H1 2018: EUR 39.9 million). The adjusted EBITA margin of 16.3% was also lower than in the previous year (H1 2018: 17.5%). Among others, the introduction of an ERP system at a site in Latin America had a negative impact on the margin in the Americas region.

Investments in the Americas region amounted to EUR 6.9 million in the first six months of 2019 (H1 2018: EUR 10.0 million) and related in particular to the plants in the US and Mexico. As of 30 June 2019, assets amounted to EUR 679.2 million, an increase of 4.5% compared to the end of the previous year (Dec 31, 2018: EUR 649.8 million). This is mainly due to the first-time adoption of IFRS 16. Liabilities increased by 3.7% to EUR 301.8 million as of June 30, 2019, from EUR 291.2 million on December 31, 2018, also due to the first-time adoption of IFRS 16.

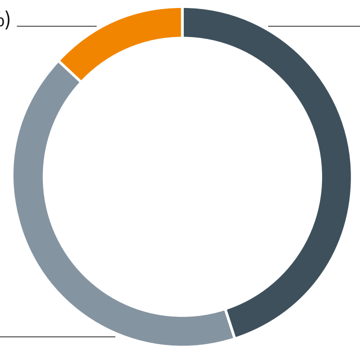
ASIA-PACIFIC REGION: DS SEGMENT WITH DOUBLE-DIGIT SALES GROWTH OF 54.2%

External sales in the Asia-Pacific region in the first half of 2019 amounted to EUR 72.8 million, an increase of 6.7% over the previous year (H1 2018: EUR 68.2 million). The decline in sales in the EJT segment, triggered by a continued weak environment in the Chinese automotive sector, was compensated for in particular by a good DS business due to additional sales from the acquisition of Kimplas. Organic sales were down by 9.0%. This was more than offset by positive sales contributions from acquisitions of 15.2%. Currency translation had a minor effect of 0.6% on sales. The segment's share of sales improved to 13% compared to 12% in the same period of the previous year.

Adjusted EBITDA in the Asia-Pacific region increased by 3.9% to EUR 10.0 million in the first half of 2019 (H1 2018: EUR 9.7 million). This resulted in an adjusted EBITDA margin of 13.5% (H1 2018: 13.8%). At EUR 6.4 million, adjusted EBITA in the first six months of 2019 was noticeably lower than in the previous year (H1 2018: EUR 7.5 million). The adjusted EBITA margin was 8.5% (H1 2018: 10.8%). In the Asia-Pacific region, the continued decline in investment volumes, especially in China and India, had a negative impact on the adjusted EBITA margin.

The Asia-Pacific region accounted for a total of EUR 6.0 million of the investment volume in the first half of 2019 (H1 2018: EUR 3.2 million). The investment focus was primarily on the plants in China. As of June 30, 2019, assets amounted to EUR 246.0 million and were thus 1.8% below the level at the end of 2018 (Dec 31, 2018: EUR 250.4 million). At EUR 48.9 million, debt at the end of June 2019 was 10.7% below the level at the end of 2018 (Dec 31, 2018: EUR 54.8 million).

SHARE OF SALES BY SEGMENT [1]



1_As of June 30, 2019.

NON-FINANCIAL PERFORMANCE INDICATORS

The most important non-financial control parameters for NORMA Group include the extent of market penetration, the Group's power of innovation, the employees' problem-solving behavior and the sustainable overall development of NORMA Group. The development of these performance indicators in the first half of 2019 is described here.

Other non-financial performance indicators include employee and environmental indicators and indicators on occupational safety and healthcare within the Group. They are reported on once per year in the CR Report. ▶ CR REPORT 2018

MAINTAINING THE GROUP'S MARKET POSITION

NORMA Group continuously works on sustainably expanding its business and achieving sales growth and profitability that is higher than the market average. By using innovative solutions and considering sustainable business practices and relationships, NORMA Group is able to add value creation potential in various areas of application and numerous industries. The Group's organic growth is thus a sign of NORMA Group's market penetration.

MAINTAINING THE GROUP'S POWER OF INNOVATION

Sustainably securing its technological leadership is a key driver of NORMA Group's future growth. The development of new products that are based on the changed requirements of end markets, customers and legal regulations is indispensable. NORMA Group therefore encourages the spirit of invention among its employees through targeted incentive systems, and records, manages and reports the number of annual invention applications in the Group. Ten invention applications were filed in the first half of 2019.

QUALITY AND DELIVERY RELIABILITY

NORMA Group stands for the highest possible reliability and quality of service. The reputation of its brands and reliability of its products are key factors in the Company's success. The Group therefore relies on the highest quality standards in developing and manufacturing its products. In order to minimize production losses and maximize customer satisfaction, NORMA Group measures and manages the problem solving behavior of its employees by using two performance indicators: the average number of quality-related 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. In the first half of 2019 the number of defective parts (PPM) was 6 (H1 2018: 5). The average number of quality-related complaints per month was 6 (H1 2018: 7).

ACTING RESPONSIBLY IN ALL AREAS OF THE COMPANY

NORMA Group considers it to be its primary 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 corporate governance and sustainable action. NORMA Group's strategy and goals in the area of Corporate Responsibility (CR) are evaluated and updated on a regular basis. The current scope of action was published in the CR Roadmap 2020. A detailed description of each area of action and its strategic contents is described in the Group's CR Report. ▶ CR REPORT 2018

FORECAST REPORT

GENERAL ECONOMIC AND INDUSTRY-SPECIFIC CONDITIONS

WEAK GLOBAL ECONOMIC GROWTH IN 2019

There are signs of a slowdown in the global economy. Trade conflicts and geopolitical risks, which are primarily reflected in a stagnating industrial sector, remain the main negative factors. While positive impulses can be seen thanks to the good condition of the labor market coupled with rising private consumption, which is benefiting from higher incomes, and the noticeable upturn in the construction industry, the positive effects of this are only partially revitalizing, therefore the economic development in the industrialized, emerging and developing countries is weakening visibly. Against this backdrop, the IMF's July forecast for 2019 projects overall weak global economic growth of 3.2% (instead of +3.3%) after 3.6% in 2018. According to estimates, the US will grow by 2.6%, the eurozone by 1.3% and China by 6.2%. In the meanwhile, due to the economic slowdown, fiscal countermeasures by the world's central banks are becoming apparent. For example, the US Federal Reserve made an interest rate cut in July 2019. The ECB is also planning to continue its zero interest rate policy and to launch another bond purchase program, if necessary.

FORECASTS FOR GDP GROWTH (REAL)

IN %	2018	2019e	2020e
World [1]	+3.6	+3.2	+3.5
USA [1]	+2.9	+2.6	+1.9
China [1]	+6.6	+6.2	+6.0
Euro region	+1.9 [1,2]	+1.3	+1.6
Germany			
▸ IWF [1]	+1.4	+0.7	+1.4
▸ ifo Institute [4]	+1.4 [3]	+0.6	+1.7

1_IMF WEO update July 2019.
2_Eurostat / ECB.
3_Destatis: unadjusted +1.4% for 2018 (adjusted on a calendar-basis +1.5%).
4_ifo summer forecast 2019.

GERMAN ECONOMY INCREASINGLY SLUGGISH WITH HIGH POLITICAL RISKS

The development of the German economy is currently weakening noticeably. According to the German Central Bank, the driving forces of the domestic economy are still intact. Nevertheless, the underlying economic trend is only moderate as a result of weak exports. In addition, leading indicators (ifo business climate, GfK consumer climate) have recently tended to cloud over. For 2019, the ifo Institute and the German Central Bank therefore anticipate low real GDP growth of 0.6% (IMF: +0.7%). Against the backdrop of the current weak export rate, a further downturn in the international economy, tighter trade restrictions coupled with sanctions and uncertainties in connection with the Brexit represent particularly high risks for the German economy.

MECHANICAL ENGINEERING AND CONSTRUCTION BURDENED BY PRODUCTION LOSSES IN 2019 – OUTLOOK CLOUDED

Mechanical engineering and construction will experience increasing pressure in 2019 as a result of the noticeable global strains. The investment climate is clouding over while capacity utilization is still high in many areas. Long-term investment projects on automation and digitalization could cushion the short-term, cyclical setbacks. Further, investments in environmental protection and the restructuring of the energy industry are also being stepped up. The outlook has deteriorated noticeably most recently, however. The industry association VDMA points to a high degree of uncertainty and order restraint. Orders from German manufacturers fell by 9% in real terms in the first half of the year (Q1: –10%, Q2: –9%) year-on-year. As a result, the VDMA has again lowered its forecast for German mechanical engineering in 2019. At present, production is expected to fall by 2% in real terms (most recently: +1%). A further escalation of trade conflicts would presumably dampen this outlook even further.

MECHANICAL ENGINEERING: CHANGE IN PRODUCTION AND ORDER INFLOW IN GERMANY (REAL)

IN %	2018	Q1 2019	Q2 2019
Production [1]	+2.3	–0.6	Apr.: –1.2 May: –2.5
according to VDMA [2]	+2.1	–	4 M: +0.0
Order inflow [2]	+5.0	–10.0	–9.0
Domestic	+6.0	–7.0	–12.0
Abroad	+4.0	–11.0	–6.0

1_German Central Bank / Destatis.
2_VDMA (partly prelims).

AUTOMOTIVE INDUSTRY IN 2019 ACCELERATES IN REVERSE GEAR – THE TRADE DISPUTE REMAINS THE MAIN RISK

2019 represents a year of heavy losses for the automotive industry. New environmental restrictions and mobility concepts as well as the technological revolution present the industry with major challenges. In addition, US trade barriers and the economic slowdown are hitting the industry hard. LMC Automotive expects the world market for light vehicles (LV, up to 6 t) to shrink in 2019 (sales: – 0.8%, production: – 2.2% to 92 million units). Production in Germany is forecast to fall by 2.5%. LMCA is particularly skeptical about China (– 5.0%), India (– 3.1%), the UK (– 6.6%) and Canada (– 7.2%). Moreover, according to LMCA, the commercial vehicle market (LCV) will decline significantly by the end of 2019, especially in Asia. By contrast, North America's commercial vehicle production is expected to grow solidly by a good 2% in 2019. Europe is stagnating at a high level. Overall, global commercial vehicle production is expected to fall by 1.3% in 2019. It should be noted here that the forecasts for commercial vehicles were made on the assumption that the US would not extend the trade dispute to the automotive industry in Europe.

AUTOMOTIVE INDUSTRY: GLOBAL PRODUCTION AND SALES DEVELOPMENT

IN %	2018	2019e	2020e
Light vehicles			
Global sales [1]	– 0.7	– 0.8	+ 2.3
Global production [1]	– 1.0	– 2.2	+ 2.9
Commercial vehicles			
Global sales [2]	+ 4.8	– 2.4	– 4.8
Global production [1]	+ 3.8	– 1.3	+ 5.0

1_LMC Automotive.
2_LMC Automotive (Trucks > 6 t).

CONSTRUCTION INDUSTRY REMAINS ON AN INTERNATIONAL GROWTH COURSE BEYOND 2019

China's construction industry is showing strong expansion momentum. The main drivers are the extraordinarily high demand and government initiatives. The US is also showing encouraging developments for public-sector construction. A falling interest rate landscape could also revive US residential construction. According to the industry network Euroconstruct (including ifo), positive trends will also be visible in Europe by 2021. While a moderate development is expected in the new building sector in the future, increasingly strong impulses are emerging from construction measures for the infrastructure. However, construction output in the 19 core markets of Europe is expected to rise only moderately in 2019 (+ 1.9% in real terms; previous year: + 3.1%). Construction in Western Europe is expected to grow by 1.5%, while growth of 7.4% is forecasted for Eastern Europe. According to the ifo Institute, Germany's construction investments will increase strongly by 4.4% in real terms in 2019. The German industry association HDB also sees a boost and has raised its forecast for 2019 accordingly. Sales in the construction industry are currently expected to increase by 8.5% (real: + 3.0%; previously: 6.0%).

CONSTRUCTION INDUSTRY: DEVELOPMENT OF EUROPEAN CONSTRUCTION INDUSTRY

IN %	2018	2019e	2020e
Europe (core markets) [1]	+ 3.1	+ 1.9	+ 1.5
▸ Western Europe (EU15)	+ 2.5	+ 1.5	+ 1.4
▸ Eastern Europe (EU4)	+ 14.0	+ 7.4	+ 3.9

1_ifo / Euroconstruct.

FUTURE DEVELOPMENT OF NORMA GROUP SE

NORMA Group is not planning any significant changes to its business objectives and strategy. A detailed description of its strategic goals can be found in the 2018 Annual Report. ▶ 2018 ANNUAL REPORT, P 42

The Management Board of NORMA Group SE does not expect the challenging situation on the international automotive markets to ease significantly in the second half of 2019 either. The main reason for this is the persistently weak market environment in the global automotive business. This is associated with a reluctance to invest, which is reflected in a sustained decline in business, particularly in the EMEA and Asia-Pacific regions. This applies in particular to a weak market in China and India. Against this backdrop, on July 19, 2019, NORMA Group adjusted the forecast published in its 2018 Annual Report and substantiated it on April 25, 2019, on the basis of the expected sales performance in the second half of 2019.

Based on current information, the Management Board of NORMA Group SE anticipates that the Group will achieve organic sales growth within the corridor of around – 1% to around 1% in fiscal year 2019 (previous forecast: 1% to 3%). In addition, the Management Board expects an adjusted EBITA margin of over 13% (previous forecast: at the lower end of the corridor between 15% and 17%) and net operating cash flow of EUR 90 million (previous forecast: EUR 100 million) for fiscal year 2019.

In the EMEA region, the Management Board continues to expect moderate organic growth. The Management Board now expects a moderate organic decline in the Americas region (previous forecast: "moderate organic growth"), while moderate organic growth is expected in the Asia-Pacific region (previous forecast: "strong organic growth"). For the EJT segment, the Management Board expects a noticable decrease (previous forecast: "moderate growth").

Regarding the adjusted personnel cost ratio, the Management Board expects a moderate increase based on current information (previous forecast: "roughly at the level of previous years"). With regard to NORMA Value Added (NOVA), a range of between EUR 30 million and EUR 40 million (previous forecast: "between EUR 50 million and EUR 60 million") is now being assumed. For the adjusted earnings per share a strong decrease is expected (previous forecast: "moderate increase").

The other key financial figures do not deviate significantly from the figures forecast in the 2018 Annual Report.

The forecast for the key financial figures and the most important non-financial figures is summarized in the following table.

FORECAST FOR THE FISCAL YEAR 2019 [1]

Consolidated sales	Organic growth of around – 1% to around 1%, additionally around EUR 13 million from acquisitions EMEA: Moderate organic growth Americas: Moderate organic decrease APAC: Moderate organic growth DS: Moderate growth EJT: Noticable decrease
Adjusted cost of materials ratio	Roughly at the same level as in previous years
Adjusted personnel cost ratio	Moderate increase
Investments in R&D (in relation to EJT sales)	Around 5% of EJT sales
Adjusted EBITA margin	Of more than 13%
NOVA	Between EUR 30 million and EUR 40 million
Financial result	Up to EUR – 15 million
Tax rate	Around 25% to 27%
Adjusted earnings per share	Strong decrease
Investment rate (without acquisitions)	Operative investments of around 5% of Group sales
Net operating cash flow	Around EUR 90 million
Dividend / dividend ratio	Approx. 30% to 35% of adjusted net profit for the period
Number of invention applications	More than 20
Number of defective parts (parts per million / PPM)	Below 20 [2]
Number of quality-related complaints per month	Below 8 [2]

1_Changes in key figures resulting from the first-time adoption of IFRS 16 are not taken into account in the forecast.
2_Targets until 2020.

RISK AND OPPORTUNITY REPORT

NORMA 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 its 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.

The 2018 Annual Report contains a detailed description of the risks and opportunities NORMA Group currently faces. ▶ 2018 ANNUAL REPORT, P. 79

RISK AND OPPORTUNITY 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. The financial impacts of risks and opportunities are assessed according to the relation to EBITA. Here, the following five categories are used:

- Insignificant: up to 1% of current EBITA
- Minor: more than 1% and up to 5% of current EBITA
- Moderate: more than 5% and up to 10% of current EBITA
- Significant: more than 10% and up to 25% of current EBITA
- High: more than 25% of current EBITA

The interval of the risk's or the opportunity's impact generally relates to the EBITA of the Group. Provided that an individual assessment relates solely to a specific segment, the EBITA of the respective segment is used instead. The assessment of opportunities and risks whose financial impact has an effect on line items in the Consolidated Statement of Comprehensive Income below EBITA is also performed in relation to EBITA. The presented impact always reflects the effects of countermeasures initiated.

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

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

Compared to the risk and opportunity assessment published in the 2018 Annual Report there is only one change in the area of economic and cyclical risks and opportunities. Thus, increasing trade conflicts, related trade barriers and uncertainties in connection with the Brexit lead to an increasing risk of an intensified general slowdown in the global economy. Against this backdrop, NORMA Group now considers the probability of the occurrence of economic and cyclical risks and opportunities as likely. Given the countermeasures taken, the related financial impacts remain to be considered as moderate.

RISK AND OPPORTUNITY PORTFOLIO OF NORMA GROUP [1]

		Probability of occurrence						Financial impact					
		very unlikely	unlikely	possible	likely	very likely	change comp. to 2018	insigni-ficant	minor	moderate	significant	high	change comp. to 2018
Financial risk 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			■			►			■			►
Operational 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													
Risks related to standards and contracts	Risks			■			►			■			►
Social and environmental standards	Risks			■			►			■			►
	Opportunities			■			►		■				►
Property rights	Risks			■			►		■				►
	Opportunities			■			►		■				►

1_If not indicated differently, the risk assessment applies for all regional segments.

REPORT ON SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

In the reporting period from January to June 2019, there were no significant transactions with related parties subject to reporting.

Maintal, August 6, 2019

NORMA Group SE

The Management Board

Dr. Michael Schneider
Member of the Management Board
Chief Financial Officer (CFO)

Dr. Friedrich Klein
Chief Operating Officer (COO)

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the period from January 1 to June 30, 2019

IN EUR THOUSANDS	Note	H1 2019	H1 2018
Revenue	(5)	564,670	548,984
Changes in inventories of finished goods and work in progress		– 1,708	443
Other own work capitalized		2,553	1,747
Raw materials and consumables used	(5)	– 237,145	– 229,931
Gross profit		**328,370**	**321,243**
Other operating income	(6)	6,300	8,053
Other operating expenses	(6)	– 77,808	– 80,394
Employee benefits expense	(7)	– 164,810	– 148,627
Depreciation and amortization		– 37,774	– 28,540
Operating profit		**54,278**	**71,735**
Financial income		489	428
Financial costs		– 7,773	– 6,550
Financial result	(8)	**– 7,284**	**– 6,122**
Profit before income tax		**46,994**	**65,613**
Income taxes		– 12,219	– 17,720
Profit for the period		**34,775**	**47,893**
Other comprehensive income for the period, net of tax			
Other comprehensive income that can be reclassified to profit or loss, net of tax		**2,356**	**7,101**
Exchange differences on translation of foreign operations		3,933	6,073
Cash flow hedges, net of tax		– 1,663	1,028
Costs of hedging, net of tax		86	0
Other comprehensive income that cannot be reclassified to profit or loss net of tax		**22**	**0**
Remeasurements of post-employment benefit obligations net of tax		22	0
Other comprehensive income for the period, net of tax		**2,378**	**7,101**
Total comprehensive income for the period		**37,153**	**54,994**
Profit attributable to			
Shareholders of the parent		34,802	47,755
Non-controlling interests		– 27	138
		34,775	**47,893**
Total comprehensive income attributable to			
Shareholders of the parent		37,118	54,839
Non-controlling interests		35	155
		37,153	**54,994**
(Un)diluted earnings per share (in EUR)	(9)	**1.09**	**1.50**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION as of June 30, 2019

ASSETS

IN EUR THOUSANDS	Note	June 30, 2019	Dec 31, 2018	June 30, 2018
Non-current assets				
Goodwill	(10)	390,427	389,505	361,961
Other intangible assets	(10)	273,688	283,394	251,298
Property, plant and equipment	(10)	284,251	243,326	213,174
Other non-financial assets		3,399	2,404	1,247
Derivative financial assets	(12)	625	2,180	3,331
Income tax assets		968	878	104
Deferred income tax assets		7,491	6,571	3,890
		960,849	**928,258**	**835,005**
Current assets				
Inventories	(11)	176,179	178,107	164,985
Other non-financial assets		23,841	17,984	17,446
Other financial assets		2,528	5,231	1,083
Derivative financial assets	(12)	360	584	237
Income tax assets		5,134	6,807	5,898
Trade and other receivables	(11 / 12)	190,301	143,138	190,639
Contract assets		1,169	1,185	1,051
Cash and cash equivalents	(17)	145,478	190,392	215,185
		544,990	**543,428**	**596,524**
Total assets		**1,505,839**	**1,471,686**	**1,431,529**

EQUITY AND LIABILITIES

IN EUR THOUSANDS	Note	June 30, 2019	Dec 31, 2018	June 30, 2018
Equity attributable to equity holders of the parent				
Subscribed capital		31,862	31,862	31,862
Capital reserve		210,323	210,323	210,323
Other reserves		4,811	2,517	– 1,280
Retained earnings		353,767	356,022	311,742
Equity attributable to shareholders		**600,763**	**600,724**	**552,647**
Non-controlling interests		1,708	1,717	2,462
Total equity	(13)	**602,471**	**602,441**	**555,109**
Liabilities				
Non-current liabilities				
Retirement benefit obligations		13,223	12,804	12,025
Provisions	(14)	6,745	7,260	8,738
Borrowings	(12)	454,227	455,759	560,507
Other non-financial liabilities	(15)	373	431	454
Contract liabilities		131	149	0
Lease liabilities	(2 / 12)	31,611	0	0
Other financial liabilities	(12)	2,002	1,992	4,267
Derivative financial liabilities	(12)	1,093	605	865
Deferred income tax liabilities		70,618	73,099	60,319
		580,023	**552,099**	**647,175**
Current liabilities				
Provisions	(14)	9,123	8,750	8,056
Borrowings	(12)	116,618	113,332	36,677
Other non-financial liabilities	(15)	38,797	26,984	33,680
Contract liabilities		414	453	254
Lease liabilities	(2 / 12)	8,408	0	0
Other financial liabilities	(12)	10,545	18,866	4,295
Derivative financial liabilities	(12)	6	153	538
Income tax liabilities		5,795	6,580	8,447
Trade and other payables		133,639	142,028	137,298
		323,345	**317,146**	**229,245**
Total liabilities		**903,368**	**869,245**	**876,420**
Total equity and liabilities		**1,505,839**	**1,471,686**	**1,431,529**

CONSOLIDATED STATEMENT OF CASH FLOWS for the period from January 1 to June 30, 2019

IN EUR THOUSANDS	Note	H1 2019	H1 2018
Operating activities			
Profit for the period		**34,775**	**47,893**
Depreciation and amortization		37,774	28,540
Gain (–) / loss (+) on disposal of property, plant and equipment		– 34	167
Change in provisions		1,291	1,419
Change in deferred taxes		– 2,472	– 754
Change in inventories, trade account receivables and other receivables, which are not attributable to investing or financing activities		– 46,002	– 48,689
Change in trade and other payables, which are not attributable to investing or financing activities		2,627	– 9,451
Change in reverse factoring liabilities		2,961	5,306
Payments for share-based payments		– 1,045	– 3,513
Interest expenses in the period		7,448	6,465
Income (–) / expenses (+) due to measurement of derivatives		18	194
Other non-cash expenses (+) / income (–)		– 598	– 340
Cash flows from operating activities	(17)	**36,743**	**27,237**
thereof interest received		470	161
thereof income taxes		– 13,788	– 13,961
Investing activities			
Payments for acquisitions of subsidiaries, net		– 546	– 2,989
Investments in property, plant and equipment and intangible assets		– 28,472	– 27,910
Proceeds from the sale of property, plant and equipment		803	852
Cash flows from investing activities	(17)	**– 28,215**	**– 30,047**
Financing activities			
Interest paid		– 4,312	– 3,031
Dividends paid to shareholders	(13)	– 35,049	– 33,456
Dividends paid to non-controlling interests	(13)	– 42	– 99
Proceeds from borrowings		0	102,004
Repayment of borrowings	(12)	– 10,221	– 2,385
Proceeds from / repayment of derivatives		– 97	– 171
Repayment of lease liabilities		– 4,950	– 88
Cash flows from financing activities	(17)	**– 54,671**	**62,774**
Net change in cash and cash equivalents		**– 46,143**	**59,964**
Cash and cash equivalents at the beginning of the year		190,392	155,323
Effect of foreign exchange rates on cash and cash equivalents		1,229	– 102
Cash and cash equivalents at the end of the period	(17)	**145,478**	**215,185**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the period from January 1 to June 30, 2019

		Attributable to equity holders of the parent						
IN TEUR	Note	Subscribed capital	Capital reserves	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance as of December 31, 2017 (as reported)		**31,862**	**210,323**	**– 8,364**	**298,077**	**531,898**	**2,423**	**534,321**
Effects of IFRS 9					**– 634**	**– 634**	**– 17**	**– 651**
Balance as of Jan 1, 2018		**31,862**	**210,323**	**– 8,364**	**297,443**	**531,264**	**2,406**	**533,670**
Changes in equity for the period								
Result for the period					47,755	47,755	138	47,893
Exchange differences on translation of foreign operations				6,056		6,056	17	6,073
Cash flow hedges, net of tax	(12)			1,028		1,028		1,028
Total comprehensive income for the period		**0**	**0**	**7,084**	**47,755**	**54,839**	**155**	**54,994**
Dividends paid					– 33,456	– 33,456		– 33,456
Dividends paid to non-controlling interests						0	– 99	– 99
Total transactions with owners for the period		**0**	**0**	**0**	**– 33,456**	**– 33,456**	**– 99**	**– 33,555**
Balance as of June 30, 2018	(13)	**31,862**	**210,323**	**– 1,280**	**311,742**	**552,647**	**2,462**	**555,109**
Balance as of Dec 31, 2018 (as reported)		**31,862**	**210,323**	**2,517**	**356,022**	**600,724**	**1,717**	**602,441**
Effects of IFRS 16	(2)				**– 2,030**	**– 2,030**	**– 2**	**– 2,032**
Balance as of Jan 1, 2019		**31,862**	**210,323**	**2,517**	**353,992**	**598,694**	**1,715**	**600,409**
Changes in equity for the period								
Result for the period					34,802	34,802	– 27	34,775
Exchange differences on translation of foreign operations				3,871		3,871	62	3,933
Cash flow hedges, net of tax	(12)			– 1,577		– 1,577		– 1,577
Remeasurements of post-employment benefit obligations, net of tax					22	22		22
Total comprehensive income for the period		**0**	**0**	**2,294**	**34,824**	**37,118**	**35**	**37,153**
Dividends paid	(13)				– 35,049	– 35,049		– 35,049
Dividends paid to non-controlling interests	(13)					0	– 42	– 42
Total transactions with owners for the period		**0**	**0**	**0**	**– 35,049**	**– 35,049**	**– 42**	**– 35,091**
Balance as of Jun 30, 2019	(13)	**31,862**	**210,323**	**4,811**	**353,767**	**600,763**	**1,708**	**602,471**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONDENSED)

1. GENERAL INFORMATION

The condensed Consolidated Financial Statements of NORMA Group as of June 30, 2019, have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU.

The condensed Consolidated Financial Statements are to be read in connection with the Consolidated Annual Financial Statements for 2018, which are available on the website INVESTORS.NORMAGROUP.COM All IFRS to be applied for fiscal years beginning on January 1, 2019, as adopted by the EU, have been taken into account.

The condensed Financial Statements were approved by NORMA Group management on August 6, 2019, and released for publication.

2. BASIS OF PREPARATION

The condensed Financial Statements are prepared using the same accounting methods and consolidation principles as in the Notes to the Consolidated Annual Financial Statements for 2018. A detailed description of significant accounting principles is contained in the Consolidated Annual Financial Statements for 2018. ▶ NOTE 3 'SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES' An exception is the adoption of new and amended standards to be applied for the first time from January 1, 2019.

A few new or amended standards came into force in the current reporting period. The first-time application of the new IFRS 16 standard "Leases" resulted in retrospective changes to the Group's accounting policies. The effects of the first-time application of the new leasing standard and the new accounting methods are described below. Other changes to the standard had no effect on the Group's accounting policies.

(A) EFFECTS OF THE FIRST-TIME APPLICATION OF IFRS 16

Due to the first-time adoption of IFRS 16 since January 1, 2019, the Group's consolidated financial statements have been affected by changes in accounting policies in the following areas. NORMA Group applied the modified retrospective method for the first time as of January 1, 2019, for accounting purposes as lessee, i.e. the cumulative adjustment effects at the time of first-time application have been recognized as a charge to equity against retained earnings and the comparative figures for the previous year's periods have not been adjusted. For previous operating leases that do not end in 2019, the Group recognizes a lease liability at the present value of the future lease payments (taking into account any extension options) as of January 1, 2019. The weighted avarage interest rate applied in the NORMA Group was 3.24%.

The corresponding rights of use assets are calculated as if IFRS 16 had been applied since the inception of the lease. Both the rights of use and future lease payments are mainly discounted using the lessee's marginal interest rate on borrowings at the date of initial application.

The effects of the first-time application of IFRS 16 on retained earnings are presented below:

RETAINED EARNINGS RECONCILIATION: IFRS 16

IN EUR THOUSANDS	Retained earnings
Retained earnings as of December 31, 2018	**356,022**
Effects of IFRS 16	**– 2,030**
of which deferred taxes	650
Retained earnings as of January 1, 2019	**353,992**

For the majority of leases, the Group as lessee recognizes a right of use asset under IFRS 16 and a corresponding lease liability. The lease liability must be compounded in the subsequent valuation and the right of use must be depreciated. Besides the resulting balance sheet extension, under IFRS 16, there is a reclassification within the Statement of Comprehensive Income of the leasing installments previously recognized as operating expenses to depreciation and interest expense and thus an increase in EBITDA (by the full reclassification effect) as well as EBITA and EBIT (by the reclassification effect attributable to interest). In the Statement of Cash Flows, the cash flows from operating activities attributable to the payments for capitalized leases have been reclassified from cash flow from operating activities to cash flow from financing activities.

The effects of the first-time application of IFRS 16 on the Consolidated Balance Sheet as of January 1, 2019, and the effects on the Consolidated Statement of Comprehensive Income and the Consolidated Statement of Cash Flows for the period from January 1 to June 30, 2019 are presented in the following:

RECONCILIATION CONSOLIDATED STATEMENT OF FINANCIAL POSITION IFRS 16

IN EUR THOUSANDS	Dec 31, 2018 as originally presented	IFRS 16	Jan 1, 2019 restated
Non-current assets			
Property, plant and equipment	243,326	30,532	273,858
Deferred income tax assets	6,571	659	7,230
Other non-current assets	678,361		678,361
	928,258	**31,191**	**959,449**
Current assets			
Other current assets	543,428		543,428
	543,428	**0**	**543,428**
Total assets	**1,471,686**	**31,191**	**1,502,877**
Equity			
Retained earnings	356,022	– 2,030	353,992
Other equity	246,419	– 2	246,417
	602,441	**– 2,032**	**600,409**
Liabilities			
Non-current liabilities			
Lease liabilities	0	24,808	24,808
Other financial liabilities	1,992	– 16	1,976
Deferred income tax liabilities	73,099	9	73,108
Other non-current liabilities	477,008		477,008
	552,099	**24,801**	**576,900**
Current liabilities			
Lease liabilities	0	8,438	8,438
Other financial liabilities	18,866	– 16	18,850
Other current liabilities	298,280		298,280
	317,146	**8,422**	**325,568**
Total liabilities	**869,245**	**33,223**	**902,468**
Total equity and liabilities	**1,471,686**	**31,191**	**1,502,877**

The difference between the nominal values of the payments expected as of December 31, 2018, for operating leases in the amount of EUR 21,905 thousand and the lease liabilities of EUR 30,934 thousand recorded in the opening balance sheet is mainly due to the reassessment of the lease terms in accordance with the requirements of IFRS 16. Sufficiently secure extension or termination options were taken into account when determining the lease payments to be recognized as liabilities and resulted in net in a highervalue to be recognized. The non-inclusion of lease payments for certain low-value and short-term leases and the discounting of the lease liability in accordance with IFRS 16 had the opposite effect.

Utilization rights applied relate to the following types of assets:

CARRYING AMOUNTS RIGHTS OF USE

	Carrying amounts	
IN TEUR	**Jun 30, 2019**	**Jan 1, 2019**
RoU assets – land and buildings	37,311	26,634
RoU assets – machinery and tools	183	182
RoU assets – forklifts and warehouse	1,434	1,474
RoU assets – office and IT equipment	313	304
RoU assets – company cars	1,959	1,938
Total	**41,201**	**30,532**

RECONCILIATION CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME IFRS16

IN EUR THOUSANDS	H1 2019	Effects of IFRS 16	H1 2019 without IFRS 16
Revenue	564,670		564,670
Changes in inventories of finished goods and work in progress	–1,708		–1,708
Other own work capitalized	2,553		2,553
Raw materials and consumables used	–237,145		–237,145
Gross profit	**328,370**	**0**	**328,370**
Other operating income	6,300		6,300
Other operating expenses	–77,808	5,622	–83,430
Employee benefits expense	–164,810		–164,810
Depreciation and amortization	–37,774	–4,985	–32,789
Operating profit	**54,278**	**637**	**53,641**
Financial income	489		489
Financial costs	–7,773	–609	–7,164
Financial costs – net	**–7,284**	**–609**	**–6,675**
Profit before income tax	**46,994**	**28**	**46,966**
Income taxes	–12,219		–12,219
Profit for the period	**34,775**	**28**	**34,747**
Total comprehensive income for the period	**37,153**	**28**	**37,103**
Profit attributable to			
Shareholders of the parent	34,802	28	34,774
Non-controlling interests	–27	0	–27
	34,775		**34,747**
Total comprehensive income attributable to			
Shareholders of the parent	37,118	28	37,090
Non-controlling interests	35	0	35
	37,153	**28**	**37,125**
(Un)diluted earnings per share (in EUR)	**1.09**	**0.0**	**1.09**

In contrast to the previous approach, according to which expenses for operating leases were shown in full in operating profit, under IFRS 16, only the amortization of rights of use is allocated to operating profit. Interest expenses from the compounding of lease liabilities are shown in the financial result. Compared to the previous method, this relieves the operating profit by EUR 637 thousand in the first six months of 2019.

RECONCILIATION CONSOLIDATED STATEMENT OF CASH FLOWS IFRS 16

IN EUR THOUSANDS	H1 2019	Effects of IFRS 16	H1 2019 without IFRS 16
Operating activities			
Profit for the period	**34,775**	**28**	**34,747**
Depreciation and amortization	37,774	4,985	32,789
Gain (–) / loss (+) on disposal of property, plant and equipment	–34		–34
Change in provisions	1,291		1,291
Change in deferred taxes	–2,472		–2,472
Change in inventories, trade account receivables and other receivables, which are not attributable to investing or financing activities	–46,002		–46,002
Change in trade and other payables, which are not attributable to investing or financing activities	2,627		2,627
Change in reverse factoring liabilities	2,961		2,961
Payments for share-based payments	–1,045		–1,045
Interest expenses in the period	7,448	656	6,792
Income (–) / expenses (+) due to measurement of derivatives	18		18
Other non-cash expenses (+) / income (–)	–598	–47	–551
Cash flows from operating activities	**36,743**	**5,622**	**31,121**
thereof interest received	470		470
thereof income taxes	–13,788		–13,788
Investing activities			
Payments for acquisitions of subsidiaries, net	–546		–546
Investments in property, plant and equipment and intangible assets	–28,472		–28,472
Proceeds from the sale of property, plant and equipment	803		803
Cash flows from investing activities	**–28,215**	**0**	**–28,215**
Financing activities			
Interest paid	–4,312	–680	–3,632
Dividends paid to shareholders	–35,049		–35,049
Dividends paid to non-controlling interests	–42		–42
Proceeds from borrowings	0		0
Repayment of borrowings	–10,221		–10,221
Proceeds from / repayment of derivatives	–97		–97
Repayment of lease liabilities	–4,950	–4,942	–8
Cash flows from financing activities	**–54,671**	**–5,622**	**–49,049**
Net change in cash and cash equivalents	**–46,143**	**0**	**–46,143**
Cash and cash equivalents at the beginning of the year	190,392		190,392
Effect of foreign exchange rates on cash and cash equivalents	1,229		1,229
Cash and cash equivalents at the end of the period	**145,478**	**0**	**145,478**

Due to the changed recognition of lease expenses from operating leases in the Statement of Cash Flows, the cash inflow from operating activities improved by EUR 5,622 thousand in the first six months of 2019. The cash outflow from financing activities decreased accordingly.

The effects on the key performance indicators of NORMA Group can be seen in the ▶ MANAGEMENT GROUP REPORT, P. 15

APPLIED SIMPLIFICATIONS

The Group made use of the following simplifications when IFRS 16 was applied for the first time:

- Assumption of the previous assessment of whether a lease is encumbered.
- The recognition of leases with a remaining term of less than 12 months as of January 1, 2019 as current leases.
- The non-inclusion of initial direct costs in the measurement of rights of use on the date of initial application.
- Subsequent consideration of the current state of knowledge when determining the term of leases for contracts with renewal or termination options.

The Group has elected not to change the original carrying amounts of assets and liabilities under finance leases existing on the date of first-time adoption of IFRS 16.

GROUP LEASING ACTIVITIES AND THEIR ACCOUNTING TREATMENT

NORMA Group has significant leases for the lease of land and buildings. The Group also maintains leases for various vehicles and technical equipment within the framework of non-cancellable leases.

Besides the usual extension options, the leasing contracts also include purchase and termination options to a minor extent that were not taken into account.

The terms of the leases range from one year to 15 years.

The Group's leases do not generally contain credit terms; however leased assets may not be used as collateral for borrowings.

In the fiscal years up to and including 2018, leases were classified as either finance or operating leases. Payments for operating leases were recognized in the income statement on a straight-line basis over the term of the lease.

Since January 1, 2019, leases have been accounted for as rights of use and corresponding lease liabilities at the time when the leased asset is available for use by the Group. Each lease installment is divided into repayment and financing expenses. Financing expenses are recognized over the term of the lease. The right of use is depreciated on a straight-line basis over the shorter of the useful life and the term of the lease.

Rights of use and lease liabilities are initially recognized at present value. Lease liabilities generally include the present value of the following lease payments:

- fixed payments (including de facto fixed payments, less any leasing incentives to be received)
- variable lease payments linked to an index or interest rate
- expected residual value payments from residual value guarantees of the lessee
- the exercise price of a call option if exercise by the lessee is reasonably certain
- penalties for termination of the lease if the term takes into account that the lessee will exercise a termination option.

The lease payments are discounted at the interest rate underlying the lease, if determinable. Otherwise, they are discounted using the lessee's marginal borrowing rate. Rights of use are measured at cost, as shown below:

- the amount of the initial measurement of the lease liability
- all lease payments made by or before the date of provision, less any lease incentives received
- all initial direct costs incurred by the lessee, and
- estimated costs incurred by the lessee for dismantling or removing the underlying asset, restoring the site on which it is located, or returning the underlying asset to the condition required by the lease.

Exceptions in the form of accounting options exist for current leases (minimum term of a maximum of twelve months if no purchase option has been agreed) and for low-value assets. The lease payments resulting from these leases will therefore remain part of operating expenses in the future. NORMA Group has made use of these application simplifications as lessee, with the exception of leased assets which are allocated to the asset class “Rights of use – land and buildings.” In addition, lessees are given the option of not having to separate leasing and non-leasing components, which NORMA Group has exercised except for the asset classes “Rights of Use – Land and Buildings” and “Rights of Use – Vehicles (Passenger Cars).”

i. Extension and termination options

A number of the Group's real estate and equipment lease agreements contain renewal and termination options. Such contractual terms are used to provide the Group with operational flexibility with respect to the portfolio of contracts. The majority of the existing renewal and termination options can only be exercised by the Group and not by the respective lessor.

In determining the lease term, all facts and circumstances that provide an economic incentive to exercise renewal options or to not exercise termination options are considered. Changes in the term resulting from the exercise of extension and termination options are only included in the contract term if an extension or non-exercise of a termination option is sufficiently certain. The assessment is reviewed when a significant event or change in circumstances occurs that could affect the lessee's previous assessment, if that is within the lessee's control.

VALUATION METHODS

Position	Valuation method
Assets	
Goodwill	Acquisition costs less potential impairment
Other intangible assets (except goodwill) – finite useful lives	Amortized cost
Other intangible assets (except goodwill) – indefinite useful lives	Acquisition costs less potential impairment
Property, plant and equipment	Amortized cost
Right of use assets	Amortized cost
Derivative financial assets:	
Classified as cash flow hedge	At fair value in other comprehensive income
Classified as fair value hedge	At fair value through profit or loss
Inventories	Lower of cost or net realizable value
Other non-financial assets	Amortized cost
Other financial assets	Amortized cost
Trade and other receivables	Amortized cost
Trade receivables, available for sale	At fair value through profit or loss
Cash and cash equivalents	Nominal amount
Liabilities	
Pensions	Projected unit credit method
Other provisions	Present value of future settlement amount
Borrowings	Amortized cost
Other non-financial liabilities	Amortized cost
Lease liabilities	IFRS 16.36
Other financial liabilities:	
Financial liabilities at cost (FLAC)	Amortized 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 and other payables	Amortized cost

The Consolidated Statement of Comprehensive Income has been prepared in accordance with the nature of expenses method.

The condensed Financial Statements are presented in euro (EUR).

Income tax expenses are calculated with an expected tax rate for the full fiscal year which is based on the best estimate of the weighted average annual income tax rate.

3. BASIS OF CONSOLIDATION

The basis of consolidation for the Consolidated Financial Statements as of June 30, 2019 includes an unchanged eight domestic and 44 foreign (Dec 31, 2018: 41) companies.

4. ADJUSTMENTS

Certain expenses are adjusted for operational management purposes. Hence, the following results, which are adjusted by these expenses, reflect the management perspective.

In the first six months of 2019, net expenses totaling EUR 9,221 thousand were adjusted within EBITDA (H1 2018: EUR 609 thousand). These mainly relate to other operating expenses (EUR 1,144 thousand) and expenses for employee benefits (EUR 7,746 thousand) in connection with the rightsizing project initiated in the fourth quarter of 2018 to optimize Group structures. In addition, expenses for integration costs of the companies Kimplas and Statek acquired in fiscal year 2018 (EUR 331 thousand) were adjusted within other operating expenses (EUR 293 thousand) and expenses for employee benefits (EUR 38 thousand).

Furthermore, as in the previous year, depreciation of property, plant and equipment from purchase price allocations of EUR 1,694 thousand (H1 2018: EUR 1,802 thousand) was adjusted within EBITA (earnings before interest, taxes and amortization) and amortization of intangible assets from purchase price allocations of EUR 11,201 thousand (H1 2018: EUR 9,794 thousand) was adjusted within EBIT.

In the first six months of 2018, expenses totaling EUR 609 thousand were adjusted within EBITDA (earnings before interest, taxes, depreciation and amortization). These relate to adjustments within other operating expenses in the amount of EUR 601 thousand and to expenses for employee benefits in the amount of EUR 8 thousand in connection with the acquisition and due diligence in connection with the preparations for the acquisition of the Indian water specialist Kimplas.

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.

The following table shows profit or loss net of these expenses:

PROFIT AND LOSS NET OF ADJUSTMENTS

IN EUR THOUSANDS	Note	H1 2019 unadjusted	Integration costs	Step-up effects from purchase price allocations	Rightsizing / footprint	Total adjustments	H1 2019 adjusted
Revenue	(5)	564,670				0	564,670
Changes in inventories of finished goods and work in progress		– 1,708				0	– 1,708
Other own work capitalized		2,553				0	2,553
Raw materials and consumables used		– 237,145				0	– 237,145
Gross profit		**328,370**	**0**	**0**	**0**	**0**	**328,370**
Other operating income and expenses	(6)	– 71,508	293		1,144	1,437	– 70,071
Employee benefits expense	(7)	– 164,810	38		7,746	7,784	– 157,026
EBITDA		**92,052**	**331**	**0**	**8,890**	**9,221**	**101,273**
Depreciation		– 22,392		1,694		1,694	– 20,698
EBITA		**69,660**	**331**	**1,694**	**8,890**	**10,915**	**80,575**
Amortization		– 15,382		11,201		11,201	– 4,181
Operating profit (EBIT)		**54,278**	**331**	**12,895**	**8,890**	**22,116**	**76,394**
Financial costs - net	(8)	– 7,284				0	– 7,284
Profit before income tax		**46,994**	**331**	**12,895**	**8,890**	**22,116**	**69,110**
Income taxes		– 12,219	– 100	– 3,507	– 2,401	– 6,008	– 18,227
Profit for the period		**34,775**	**231**	**9,388**	**6,489**	**16,108**	**50,883**
Non-controlling interests		– 27				0	– 27
Profit attributable to shareholders of the parent		**34,802**	**231**	**9,388**	**6,489**	**16,108**	**50,910**
Earnings per share (in EUR)		**1.09**					**1.60**

IN EUR THOUSANDS	Note	H1 2018 unadjusted		M&A-related costs	Step-up effects from purchase price allocations	Total adjustments	H1 2018 adjusted
Revenue	(5)	548,984				0	548,984
Changes in inventories of finished goods and work in progress		443				0	443
Other own work capitalized		1,747				0	1,747
Raw materials and consumables used		–229,931				0	–229,931
Gross profit		**321,243**		**0**	**0**	**0**	**321,243**
Other operating income and expenses	(6)	–72,341		601		601	–71,740
Employee benefits expense	(7)	–148,627		8		8	–148,619
EBITDA		**100,275**		**609**	**0**	**609**	**100,884**
Depreciation		–14,948			1,802	1,802	–13,146
EBITA		**85,327**		**609**	**1,802**	**2,411**	**87,738**
Amortization		–13,592			9,794	9,794	–3,798
Operating profit (EBIT)		**71,735**		**609**	**11,596**	**12,205**	**83,940**
Financial costs – net	(8)	–6,122				0	–6,122
Profit before income tax		**65,613**		**609**	**11,596**	**12,205**	**77,818**
Income taxes		–17,720		–181	–3,049	–3,230	–20,950
Profit for the period		**47,893**		**428**	**8,547**	**8,975**	**56,868**
Non-controlling interests		138				0	138
Profit attributable to shareholders of the parent		**47,755**		**428**	**8,547**	**8,975**	**56,730**
Earnings per share (in EUR)		**1.50**					**1.78**

NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND OTHER NOTES

5. REVENUE AND RAW MATERIALS AND CONSUMABLES USED

Revenue recognized during the period related to the following:

REVENUE BY SALES CHANNEL

IN EUR THOUSANDS	H1 2019	H1 2018
Engineered Joining Technology (EJT)	338,700	353,439
Distribution Services (DS)	223,450	192,302
Other revenue	2,520	3,243
	564,670	**548,984**

Revenue for the first half of 2019 (EUR 564,670 thousand) was 2.9% higher than revenue for the first half of 2018 (EUR 548,984 thousand). In organic terms, NORMA Group shrank by 2.3% or EUR 12,554 thousand in the first six months of fiscal year 2019 compared to the same period of the previous year.

REVENUE BY CATEGORY

IN EUR THOUSANDS	H1 2019	H1 2018
Revenues from the sale of goods	561,759	545,249
Revenues from engineering services	0	360
Revenues from other services	402	138
Other reengineevenue	2,509	3,237
	564,670	**548,984**

Other revenues mainly include proceeds from the sale of production residues from metal production that are no longer used.

Revenues for the first six months of 2019 include “income” of EUR 576 thousand (H1 2018: EUR 461 thousand) from the reversal of refund liabilities recognized in the previous period. The reversals represent the difference between the recognized expected volume discounts and annual bonuses for customers in the previous period and the actual payment in the fiscal year.

With a ratio of 42.0% (H1 2018: 41.9%), the cost of materials in relation to sales is almost at the same level of the previous year’s period. The ratio of cost of materials to total operating performance was 41.9% (H1 2018: 41.7%), slightly higher than in the same period of the previous year.

6. OTHER OPERATING INCOME AND OTHER OPERATING EXPENSES

Other operating income in the first half of 2019 totaled EUR 6,300 thousand, which was EUR 1,753 thousand lower than in the first six months of fiscal year 2018 (EUR 8,053 thousand). Other operating income included, in particular, operational currency gains, government grants and reversals from provisions and accruals.

At EUR 77,808 thousand, other operating expenses were 3.2% lower than in the first six months of 2018 (EUR 80,394 thousand). The decline compared to the same period of the previous year is mainly due to the decrease in expenses for rent and other building costs due to the effects of the first-time application of IFRS 16 in the amount of EUR 4,658 thousand. Excluding the overall effects of IFRS 16 amounting to EUR 5,622 thousand, other operating expenses would have amounted to EUR 83,430 thousand in the first six months of 2019, an increase of 3.8%.

With the exception of the effects from the first-time application of IFRS 16, the composition of other operating expenses has not changed significantly compared to fiscal year 2019.

Other operating income and other operating expenses included net foreign exchange losses in the amount of EUR 35 thousand (H1 2018: EUR 200 thousand).

In relation to total output, other operating expenses fell significantly year-on-year to 13.8% (H1 2018: 14.6%). Excluding the effects from the first-time application of IFRS 16, the ratio of 14.8% would have been slightly higher than in the same period of the previous year.

7. EMPLOYEE BENEFITS EXPENSE

In the first half of 2019, employee benefits expense amounted to EUR 164,810 thousand compared to EUR 148,627 thousand in the first half of 2018. The increase of 10.9% is mainly due to a partly acquisition-related increase in the average headcount in the first half of 2019 compared to the first half of 2018. On the other hand, expenses from the rightsizing project initiated in the fourth quarter of 2018 to optimize Group structures were recorded. In total, the additional personnel costs recorded in the first six months of 2019 amounted to EUR 7,746 thousand (H1 2018: EUR 0 thousand).

In relation to total output, expenses for employee benefits developed disproportionately at a rate of 29.1% (H1 2018: 27.0%). This increase is mainly due to the effects of the rightsizing project described above.

Average headcount was 6,964 in the first half of 2019 (H1 2018: 6,346).

8. FINANCIAL RESULT

The financial result for the first half of 2019 (EUR – 7,284 thousand) changed by EUR 1,162 thousand compared to the first half of 2018 (EUR – 6,122 thousand). In the first half of 2019, net foreign exchange gains / losses (including income / expense from the valuation of foreign exchange derivatives) amounted to EUR 406 thousand (H1 2018: EUR 522 thousand).

Net interest expenses of EUR 7,123 thousand increased by EUR 664 thousand in the first half of 2019 compared to the first half of 2018 (EUR 6,459 thousand).

This increase is mainly attributable to the effects of the first-time application of IFRS 16. Interest expenses of EUR 656 thousand from leases (H1 2018: interest expenses from finance leases of EUR 3 thousand) recognized in the balance sheet were recognized in the financial result in the first six months of 2019. In addition, interest expenses from liabilities to banks increased by EUR 320 thousand. The increase in interest income from short-term deposits with banks of EUR 309 thousand had the opposite effect.

9. 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. NORMA Group has only issued common shares. In the first half of fiscal year 2019, the average weighted number of shares was 31,862,400 (H1 2018: 31,862,400).

Earnings per share for the first half of 2019 are as follows:

EARNINGS PER SHARE

	H1 2019	H1 2018
Profit attributable to shareholders of the parent (in EUR thousands)	34,802	47,755
Number of weighted shares	31,862,400	31,862,400
Earnings per share (un)diluted (in EUR)	1.09	1.50

In the first half of 2019 and 2018, the negative one-time issues described ▶ NOTE 4 'ADJUSTMENTS' influenced earnings per share.

10. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Intangible assets are as follows:

GOODWILL AND OTHER INTANGIBLE ASSETS – CARRYING AMOUNTS

IN EUR THOUSANDS	Jun 30, 2019	Dec 31, 2018
Goodwill	390,427	389,505
Customer lists	177,889	184,864
Licenses, rights	156	149
Software acquired externally	5,970	7,742
Trademarks	42,478	42,970
Patents & technology	32,618	34,496
Internally generated intangible assets	8,396	11,585
Intangible assets, other	2,172	1,588
Total	**664,115**	**672,899**

The change in goodwill from EUR 389,505 thousand as of December 31, 2018, to EUR 390,427 thousand as of June 30, 2019, resulted from positive foreign exchange differences, mainly from the US dollar area.

The change in goodwill is summarized as follows:

CHANGE IN GOODWILL

IN EUR THOUSANDS	
Balance as of Dec 31, 2018	**389,505**
Currency effect	922
Balance as of Jun 30, 2019	**390,427**

For details regarding the historical development of the cumulative amortization and impairments, please refer to ▶ ANNUAL REPORT 2018, P. 151.

Tangible assets are as follows:

PROPERTY, PLANT AND EQUIPMENT – CARRYING AMOUNTS

IN EUR THOUSANDS	Jun 30, 2019	Dec 31, 2018
Land and buildings	61,969	66,568
Machinery & tools	124,146	123,825
Other equipment	16,023	16,250
Assets under construction	40,912	36,683
RoU assets – land and buildings	37,311	0
RoU assets – machinery & tools	183	0
RoU assets – forklifts and warehouse	1,434	0
RoU assets – office and IT equipment	313	0
RoU assets – company cars	1,959	0
Total	**284,251**	**243,326**

In the first half of 2019, EUR 24,087 thousand were invested in property, plant and equipment and intangible assets, including own work capitalized in the amount of EUR 2,553 thousand. The main focus of investments was on expansion in Germany, Serbia, the United Kingdom, China, the US and Mexico. There were no major disinvestments.

The first-time application of IFRS 16 resulted in the recognition of rights of use from operating leases in the amount of EUR 30,532 thousand as of January 1, 2019. In the first six months of the year, additions to these rights of use from lease agreements concluded during the period under review mainly relate to land and buildings in the amount of EUR 11,763 thousand.

11. CURRENT ASSETS

Current assets as of June 30, 2019, hardly changed compared to December 31, 2018. Although trade receivables increased significantly by EUR 47,163 thousand in the second quarter of 2019 compared to the fourth quarter of 2018, mainly due to the increased sales volume, cash and cash equivalents decreased by EUR 44,914 thousand due to the dividend payment of EUR 35,049 thousand in May 2019.

12. FINANCIAL INSTRUMENTS

The following disclosures provide an overview of the financial instruments held by the Group.

The financial instruments according to classes and categories are as follows:

FINANCIAL INSTRUMENTS – CLASSES AND CATEGORIES

			Measurement basis IFRS 9				
IN EUR THOUSANDS	Category IFRS 7.8 according to IFRS 9	Carrying amount Jun 30, 2019	Amortized cost	Fair value through profit or los	Derivatives used for hedging	Measure-ment basis IFRS 16	Fair value Jun 30, 2019
Financial assets							
Derivative financial instruments – hedge accounting							
Interest rate swaps – cash flow hedges	n / a	709			709		709
Foreign exchange derivatives – cash flow hedges	n / a	192			192		192
Foreign exchange derivatives – fair value hedges	n / a	84			84		84
Trade and other receivables	Amortized cost	163,694	163,694				163,694
Trade receivables – ABS / factoring program	FVTPL	26,607		26,607			26,607
Other financial assets	Amortized cost	2,528	2,528				2,528
Cash and cash equivalents	Amortized vost	145,478	145,478				145,478
Financial liabilities							
Borrowings	FLAC	570,845	570,845				592,541
Derivative financial instruments – hedge accounting							
Interest rate swaps – cash flow hedges	n / a	1,093			1,093		1,093
Foreign exchange derivatives – cash flow hedges	n / a	6			6		6
Trade and other payables	FLAC	133,639	133,639				133,639
Other financial liabilities							
Other liabilities	FLAC	12,547	12,547				12,547
Lease liabilities	n / a	40,019				40,019	n / a
Totals per category							
Financial assets at amortized cost		311,700	311,700				311,700
Financial assets at fair value through profit or loss (FVTPL)		26,607		26,607			26,607
Financial liabilities at amortized cost (FLAC)		717,031	717,031				738,727

			Measurement basis IFRS 9				
IN EUR THOUSANDS	Category IFRS 7.8 according to IFRS 9	Carrying amount Dec 31, 2018	Amortized cost	Fair value through profit or loss	Derivatives used for hedging	Measure-ment basis IAS 17	Fair value Dec 31, 2018
Financial assets							
Derivative financial instruments – hedge accounting							
Interest rate swaps – cash flow hedges	n/a	2,571			2,571		2,571
Foreign exchange derivatives – cash flow hedges	n/a	151			151		151
Foreign exchange derivatives – fair value hedges	n/a	42			42		42
Trade and other receivables	Amortized cost	128,485	128,485				128,485
Tarde receivable – ABS/factoring program	FVTPL	14,653		14,653			14,653
Other financial assets	Amortized cost	5,231	5,231				5,231
Cash and cash equivalents	Amortized cost	190,392	190,392				190,392
Financial liabilities							
Borrowings	FLAC	569,091	569,091				582,624
Derivative financial instruments – hedge accounting							
Interest rate swaps – cash flow hedges	n/a	675			675		675
Foreign exchange derivatives – cash flow hedges	n/a	45			45		45
Foreign exchange derivatives – fair value hedges	n/a	38			38		38
Trade and other payables	n/a	142,028	142,028				142,028
Other financial liabilities							
Other liabilities	FLAC	20,826	20,826				20,826
Finance lease liabilities	n/a	32				32	57
Totals per category							
Financial assets at amortized cost		324,108	324,108				324,108
Financial assets at fair value through profit or loss (FVTPL)		14,653		14,653			14,653
Financial liabilities at amortized cost (FLAC)		731,945	731,945				745,478

12. (A) TRADE RECEIVABLES TRANSFERRED AND TO BE TRANSFERRED

i. Transferred trade receivables

Subsidiaries of NORMA Group in the segments EMEA and the Americas transfer trade receivables to external purchasers as part of factoring and ABS transactions. The details and effects of the respective programs are presented below.

a) Factoring transactions

Under the factoring agreement concluded in 2017 that has a maximum volume of receivables of EUR 18 million, NORMA Group subsidiaries in Germany, Poland and France sell trade receivables directly to external purchasers. As part of this factoring program, receivables amounting to EUR 8.8 million were sold as of June 30, 2019 (Dec 31, 2018: EUR 8.6 million).

The continuing involvement in the amount of EUR 80 thousand (Dec 31, 2019: EUR 79 thousand) was recognized as other financial liability and comprises the maximum loss for NORMA Group resulting from the risk of late payment on the receivables sold as of the balance sheet date. The fair value of the guaranty or the interest payments to be assumed was set at EUR 7 thousand (Dec 31,2018: EUR 7 thousand).

NORMA established yet another factoring program in 2018. Under the factoring agreement concluded in December 2018 with a maximum receivables volume of USD 16 million, a subsidiary of NORMA Group in the US sells trade receivables directly to external purchasers. As part of this factoring program, receivables amounting to EUR 1.1 million were sold as of June 30, 2019 (Dec 31, 2018: EUR 15.4 million), of which EUR 0.4 million (Dec 31, 2018: EUR 3.2 million) were withheld as purchase price reserves, which are held as security reserves, were not paid out and were recognized as other financial assets.

b) ABS program

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 sells trade receivables in the context of an ABS transaction which was successfully initiated in December 2014. Receivables are sold by NORMA Group to the special purpose entity.

As of June 30, 2019, domestic NORMA Group entities had sold receivables in the amount of EUR 14.3 million (Dec 31, 2018: EUR 15.2 million) under this asset-backed securities (ABS) program with a maximum volume of EUR 25 million. From the receivables sold, EUR 0.6 million (Dec 31, 2018: EUR 0.6 million) were held as purchase price retentions as security reserves that were not paid out and recognized as other financial assets.

A continuing involvement in the amount of EUR 257 thousand (Dec 31, 2018: EUR 272 thousand) was recognized as other financial liability and comprises the maximum amount that NORMA Group might have to repay under the assumed default guarantee on the one hand and the expected interest payments until receipt of payment in respect of the carrying amount of the transferred receivables on the other. The fair value of the guaranty or of the interest payments to be assumed was recognized in the amount of EUR 205 thousand (Dec 31, 2018: EUR 215 thousand) under other liabilities.

In fiscal year 2018, NORMA Group entered into another revolving asset purchase agreement (Receivables Purchase Agreement) with Weinberg Capital Ltd. (special purpose entity). The agreed structure provides for the sale of trade receivables of NORMA Group as part of an ABS transaction and was successfully initiated in December 2018. The receivables are sold by NORMA Group to a special purpose entity.

As part of this ABS program with a volume of up to USD 30 million, US Group companies of NORMA Group sold receivables in the amount of EUR 19.3 million as of June 30, 2019 (Dec 31, 2018: EUR 22.0 million), EUR 0.9 million of which (Dec 31, 2018: EUR 0.9 million) were held as purchase price retentions as security reserves that were not paid out and recognized as other financial assets.

A continuing involvement in the amount of EUR 709 thousand (Dec 31, 2018: EUR 813 thousand) was recognized as other financial liability and comprises the maximum amount that NORMA Group might have to repay under the assumed default guaranty on the one hand and the expected interest payments until receipt of payment in respect of the carrying amount of the transferred receivables on the other. The fair value of the guaranty or of the interest payments to be assumed was recognized as other liability in the amount of EUR 228 thousand (Dec 31, 2018: EUR 287 thousand).

ii. Trade receivables to be transferred

In the opinion of the Group, trade receivables included in these programs but not yet disposed of at the end of the reporting period cannot be allocated to either the “hold” or the “hold and sell” business models. They are therefore included in the fair value through profit and loss (FVTPL) category.

12. (B) FINANCIAL LIABILITIES AND NET DEBT

i. Borrowings

The maturities of the syndicated loans and the promissory note loans as of June 30, 2019, are as follows:

MATURITY BANK BORROWINGS JUN 30, 2019

IN EUR THOUSANDS	Up to 1 year	> 1 year up to 2 years	> 2 years up to 5 years	> 5 years
Syndicated bank facilities, net	4,863	4,863	172,512	0
Promissory note, net	106,586	29,000	162,011	86,500
Total	**111,449**	**33,863**	**334,523**	**86,500**

The maturities of the syndicated loans and the promissory note loans as of December 31, 2018, are as follows:

MATURITY BANK BORROWINGS DEC 31, 2018

IN EUR THOUSANDS	Up to 1 year	> 1 year up to 2 years	> 2 years up to 5 years	> 5 years
Syndicated bank facilities, net	4,839	4,839	174,590	0
Promissory note, net	106,103	29,000	161,635	86,500
Total	**110,942**	**33,839**	**336,225**	**86,500**

Parts of the syndicated loans and the variable-interest tranches of the promissory note loan were hedged against interest rate changes by using derivatives.

ii. Leases

The maturities of the nominal value and the carrying amount of lease liabilities as ofJune 30, 2019, are as follows:

MATURITY LEASE LIABILITIES JUN 30, 2019

IN EUR THOUSANDS	up to 1 year	> 1 year up to 5 years	> 5 years
Lease liabilities – Nominal value	9,557	21,248	14,596
Lease liabilities – Carrying amount	8,408	18,423	13,188

iii. Other financial liabilities

Other financial liabilities are as follows:

OTHER FINANCIAL LIABILITIES

IN EUR THOUSANDS	Jun 30, 2019	Dec 31, 2018
Non-current		
Other liabilities	2,002	1,976
	2,002	**1,976**
Current		
Purchase price liabilities	0	546
Liabilities from ABS and factoring	9,545	17,141
Other liabilities	1,000	1,163
	10,545	**18,850**
Total other financial liabilities	**12,547**	**20,826**

a) Liabilities from ABS and factoring

Liabilities from ABS and factoring include liabilities from the continuing involvement recorded under the ABS and factoring programs in the amount of EUR 1,046 thousand (Dec 31, 2018: EUR 1,164 thousand), liabilities from recognized fair values of default and interest guarantees in the amount of EUR 461 thousand (Dec 31, 2018: EUR 509 thousand), and liabilities from customer payments for receivables already sold under the ABS and factoring programs as part of NORMA Group’s debtor / receivables management in the amount of EUR 8,034 thousand (Dec 31, 2018: EUR 15,468 thousand).

b) Other liabilities

As of June 30, 2019, other non-current liabilities include liabilities for the option to acquire the remaining minority interests in the amount of EUR 2,002 thousand (Dec 31, 2018: EUR 1,976 thousand) in connection with the acquisition of Fengfan Fastener (Shaoxing) Co., Ltd. (Fengfan) in the second quarter of 2017. This option gives NORMA Group the right to acquire the remaining 20% of the shares in Fengfan. The risks and rewards of the remaining shares are not transferred to NORMA Group due to the contractual structure. Consequently, the present value of the estimated future payment of EUR 3,946 thousand at the time of acquisition is reported under other financial liabilities. Changes in the estimate of the amount to be paid are recognized in the income statement in the financial result in the Consolidated Statement of Comprehensive Income. Current liabilities include liabilities from bills of exchange amounting to EUR 44 thousand and other liabilities.

iii. Net debt

NORMA Group's net debt is as follows:

NET DEBT

IN EUR THOUSANDS	Jun 30, 2019	Dec 31, 2018
Bank borrowings, net	570,845	569,091
Derivative financial liabilities – hedge accounting	1,099	758
Lease liabilities (2018: Finance lease liabilities)	40,019	32
Other financial liabilities	12,547	20,826
Financial debt	**624,510**	**590,707**
Cash and cash equivalents	145,478	190,392
Net debt	**479,032**	**400,315**

At EUR 624,510 thousand, NORMA Group's financial liabilities were 5.7% higher than on December 31, 2018 (EUR 590,707 thousand). This increase is mainly attributable to the increase in leasing liabilities resulting from the first-time application of IFRS 16 in 2019, which resulted in liabilities from capitalized leases (EUR 40,019 thousand) being recognized for the first time.

Furthermore, the effects of exchange rate changes on the US dollar tranches of the syndicated loans and the promissory note loan increased the loans item. Countervailing effects resulted from the scheduled repayment of the syndicated loans in the amount of EUR 2,432 thousand.

The decrease in other financial liabilities is mainly due to the repayment of ABS and factoring liabilities.

Net debt increased by EUR 78,717 thousand or 19.7% to EUR 479,032 thousand compared to December 31, 2018 (EUR 400,315 thousand). This was mainly due to a decline in cash and cash equivalents due to net cash outflows from total cash inflows from operating activities of EUR 36,743 thousand, net cash outflows from the procurement and sale of non-current assets of EUR 28,215 thousand, dividend payments of EUR 35,049 thousand and the aforementioned first-time application effects of IFRS 16. In addition, the non-cash currency effects on foreign currency loans and current interest expenses increased net debt in the first six months of 2019. ▶ NOTE 17 "NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS"

12. (C) DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments used for hedging are carried at their respective fair values. They have been categorized entirely within Level 2 in the fair value hierarchy.

The derivative financial instruments were as follows:

DERIVATIVE FINANCIAL INSTRUMENTS

	Jun 30, 2019		Dec 31, 2018	
IN EUR THOUSANDS	Assets	Liabilities	Assets	Liabilities
Interest rate swaps – cash flow hedges	709	1,093	2,571	675
Foreign exchange derivatives – cash flow hedges	192	6	151	45
Foreign exchange derivatives – fair value hedges	84	0	42	38
Total	**985**	**1,099**	**2,764**	**758**
Less non-current portion				
Interest rate swaps – cash flow hedges	625	1,093	2,180	605
Non-current portion	**625**	**1,093**	**2,180**	**605**
Current portion	**360**	**6**	**584**	**153**

FOREIGN EXCHANGE DERIVATIVES

On June 30, 2019, foreign exchange derivatives with a positive fair value of EUR 192 thousand and foreign exchange derivatives with a negative fair value of EUR 6 thousand were classified as cash flow hedges. Furthermore, foreign exchange derivatives with a positive market value of EUR 84 thousand were held.

The foreign currency derivatives used to hedge cash flows are used against fluctuations in the exchange rate from operating activities. Foreign currency derivatives used to hedge changes in fair value are used to hedge external financial liabilities and intragroup monetary items against exchange rate fluctuations.

As part of its financial risk management, NORMA Group not only employs traditional approaches, such as using so-called natural hedges to reduce USD exposure and rolling hedging with foreign currency derivatives, but has also delegated certain parts of its exposure to banking partners. The goal is to protect NORMA Group against any unfavorable exchange rate developments while at the same time letting the company take advantage of positive developments in foreign exchange markets. A dynamic protection concept with variable rate hedging is used here that analyzes market trends on the basis of quantitative models and implements these findings in a technical security model. All activities must always follow the strict requirements of internal risk management. Foreign exchange derivatives resulting from the described dynamic protection concept are classified as held for trading. No such foreign exchange derivatives were held on June 30, 2019.

INTEREST RATE HEDGING INSTRUMENTS

NORMA Group has hedged parts of its loans against changes in interest rates. On June 30, 2019, interest rate swaps with a positive market value of EUR 709 thousand and a negative market value of EUR 1,093 thousand were recognized. The interest rate hedges amounted to a nominal amount of EUR 92,874 thousand (Dec 31, 2018: EUR 126,403 thousand) and EUR 99,283 thousand (Dec 31, 2018: EUR 66,639 thousand) respectively. On June 30, 2019, the fixed interest obligation resulting from the hedges amounted to 1.42% - 2.01%, the variable interest rate was the 3-month LIBOR and the 6-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.

No ineffective portion of cash flow hedges was recognized in profit or loss in the first half of 2019 and 2018.

The effective portion of cash flow hedges recognized in other comprehensive income and the reserve for hedging costs developed as follows, excluding deferred taxes:

CHANGE IN HEDGING RESERVE BEFORE TAX

IN EUR THOUSANDS	Reserve for costs of hedging	Spot component of foreign exchange derivatives	Interest rate swaps	Cross-currency swaps	Total
Balance as of December 31, 2018	**–67**	**57**	**1,897**	**0**	**1,887**
Foreign currency translation effects		–2			–2
Reclassification to profit or loss		10	–553		–543
Net fair value changes		–41	–1,728		–1,769
Accrued and recognized costs of hedging	86				86
Balance as of June 30, 2019	**19**	**24**	**–384**	**0**	**–341**

Gains and losses from interest rate swaps recognized in equity in the hedging reserve as of the balance sheet date are continuously recognized in profit or loss until the repayment of the loans. Gains and losses on foreign currency derivatives recognized in equity in the hedge reserve are current and recognized in profit or loss within one year.

An overview of the gains and losses arising from the hedging of fair value changes that were recognized in the financial result is shown below:

GAINS AND LOSSES FAIR VALUE HEDGES

IN EUR THOUSANDS	H1 2019	H1 2018
Loss (–) / gains (+) on hedged items	–85	414
Gains (+) / loss (–) on hedging instruments	–13	–643
	–98	**–229**

12. (C) FAIR VALUES OF FINANCIAL INSTRUMENTS

The following tables show the measurement hierarchy in accordance with IFRS 13 for the assets and liabilities of NORMA Group measured at fair value as of June 30, 2019 and December 31, 2018:

FINANCIAL INSTRUMENTS – FAIR VALUE HIERARCHY

IN EUR THOUSANDS	Level 1 [1]	Level 2 [2]	Level 3 [3]	Total as of June 30, 2019
Recurring fair value measurements				
Assets				
Interest rate swaps – cash flow hedges		709		709
Foreign exchange derivatives – cash flow hedges		192		192
Foreign exchange derivatives – fair value hedges		84		84
Receivable from ABS- / factoring-Program		26,607		26,607
Total	**0**	**27,592**	**0**	**27,592**
Liabilities				
Interest rate swaps – cash flow hedges		1,093		1,093
Foreign exchange derivatives – cash flow hedges		6		6
Foreign exchange derivatives – fair value hedges				0
Total	**0**	**1,099**	**0**	**1,099**

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 Dec 31, 2018
Recurring fair value measurements				
Assets				
Interest rate swaps – cash flow hedges		2,571		2,571
Foreign exchange derivatives – cash flow hedges		151		151
Foreign exchange derivatives – fair value hedges		42		42
Trade receivable - ABS / factoring program		14,653		14,653
Total	**0**	**17,417**	**0**	**17,417**
Liabilities				
Interest rate swaps – cash flow hedges		675		675
Foreign exchange derivatives – cash flow hedges		45		45
Foreign exchange derivatives – fair value hedges		38		38
Total	**0**	**758**	**0**	**758**

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.

As in the previous year, there were no transfers between the individual levels of the valuation hierarchies in the current period.

No conditions of a financial asset that would otherwise be overdue or impaired were renegotiated in the fiscal year under review.

Financial instruments held for hedging purposes are carried at fair value. They are fully classified in Level 2 of the fair value hierarchy.

The fair value of interest rate swaps is calculated as the present value of expected future cash flows. The fair value of forward currency forwards is calculated using the forward exchange rate on the balance sheet date and the result is then presented at the discounted present value.

As of June 30, 2019 and December 31, 2018, no financial liabilities were allocated to Level 3 of the measurement hierarchies.

Financial instruments carried in the balance sheet at amortized cost but for which fair value is stated in the notes are also classified in a three-level fair value hierarchy.

The fair values of the fixed-interest tranches of the promissory note loans, which are carried at amortized cost but for which the fair value is stated in the notes, are determined on the basis of the market yield curve using the zero coupon method, taking credit spreads (Level 2) into account. The interest accrued as of the balance sheet date is included in the figures.

Trade receivables and other receivables, as well as cash and cash equivalents, have short-term maturities. Their carrying amounts correspond to the respective fair values as of the balance sheet date, as the effects of discounting are not material.

Since trade payables and other financial liabilities have short maturities, their carrying amounts approximate their fair values.

13. EQUITY

Equity changed in the first six months of 2019 as a result of the result for the period (EUR 34,775 thousand), currency translation differences (EUR 3,933 thousand) and cash flow hedges (EUR – 1,577 thousand). In addition, the first-time application of IFRS 16 resulted in an adjustment to retained earnings of EUR – 2,032 thousand as of January 1, 2019. ▸ NOTE 2 "PRINCIPLES OF ACCOUNTING AND VALUATION METHODS"

Following the Annual General Meeting in May 2019, a dividend of EUR 35,049 thousand (EUR 1.10 per share) was distributed to the shareholders of NORMA Group SE, with the result that retained earnings were reduced accordingly.

Furthermore, in the first six months of 2019, dividends amounting to EUR 42 thousand were distributed to minority shareholders.

AUTHORIZED AND CONDITIONAL CAPITAL

The Management Board is entitled to increase the share capital by up to EUR 12,744,960.00 until May 19, 2020, by issuing up to 12,744,960 new no-par value registered shares in exchange for cash and / or contributions in kind either once or several times by resolution of the Annual General Meeting held on May 20, 2015, with the approval of the Supervisory Board, whereby the subscription rights of shareholders may be restricted (authorized capital 2015).

The share capital is being increased by up to EUR 3,186,240.00 by resolution of the Annual General Meeting on May 20, 2015, by issuing up to 3,186,240 new no-par value registered shares to grant convertible bonds and / or bonds with warrants (conditional capital 2015).

14. PROVISIONS

Provisions decreased slightly from EUR 16,010 thousand as of December 31, 2018, to EUR 15,868 thousand as of June 30, 2019.

15. OTHER NON-FINANCIAL LIABILITIES

Other non-financial liabilities are as follows:

OTHER FINANCIAL LIABILITIES

IN EUR THOUSANDS	June 30, 2019	Dec 31, 2018
Non-current		
Government grants	276	391
Other liabilities	97	40
	373	**431**
Current		
Government grants	1,359	1,068
Non-income tax liabilities	3,226	2,398
Social liabilities	4,973	4,521
Personnel-related liabilities (e.g. vacation, bonus, premiums)	28,844	18,671
Other liabilities	395	326
	38,797	**26,984**
Total other non-financial liabilities	**39,170**	**27,415**

The increase in personnel-related liabilities is partly due to the increase in liabilities for severance payments in connection with the rightsizing project initiated in the fourth quarter of 2018 to optimize Group structures. In addition, the liabilities from outstanding vacation entitlements and vacation allowances increased as of June 30, 2019, compared to December 31, 2018, for seasonal reasons.

16. 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 such as depreciation and amortization as well as expenses and payments 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 36,743 thousand (H1 2018: EUR 27,237 thousand) represents changes in current assets, provisions and liabilities (excluding liabilities in connection with financing activities).

The Group participates in a reverse factoring program, in a factoring program and in an ABS program. The liabilities included in the reverse factoring program are included in trade and other payables. As of June 30, 2019, liabilities amounting to EUR 22,161 thousand (Dec 31, 2018: EUR 19,200 thousand) from the reverse factoring program were recorded. The payments to and from the factor and from the ABS program are included in cash flows from operating activities, as this represents the economic substance of the transactions.

Net cash provided by operating activities includes in the first half of 2019 cash outflows from payments of the cash-settled share-based payments in the amount of EUR 1,045 thousand (H1 2018: EUR 3,513 thousand) for share-based payments resulting from the Long Term Incentive Plan (LTI) for employees of NORMA Group (H1 2018: 2014 tranche of the MSP and the Long Term Incentive Plan (LTI) for employees of NORMA Group).

The correction of expenses of EUR 18 thousand (H1 2018: expenses of EUR 194 thousand) included in the cash inflow from operating activities relate to changes in the fair values of foreign currency derivatives and interest rate swaps allocated to financing activities and recognized in profit or loss.

The adjusted other non-cash income (–) / expenses (+) include expenses from the currency translation of external financial liabilities and intragroup monetary items amounting to EUR –742 thousand (H1 2018: EUR –495 thousand).

In addition, non-cash income (–) / expenses (+) in the first half of 2018 include non-cash interest expenses of EUR 146 thousand (H1 2018: EUR 155 thousand) from the application of the effective interest method.

Cash flows resulting from interest paid are disclosed as cash flows from financing activities.

Cash flows from investing activities include net cash outflows from the acquisition and disposal of property, plant and equipment and intangible assets amounting to EUR 27,669 thousand (H1 2018: EUR 27,058 thousand) including the change of liabilities from investments in property, plant and equipment and intangible assets amounting to EUR –4,386 thousand (H1 2018: EUR –1,296 thousand).

Furthermore, there were net payments for acquisitions in the amount of EUR 546 thousand (H1 2018: EUR 2,989 thousand).

The net payments for acquisitions of subsidiaries in the prior year period relate to the payments in connection with the acquisition of Fengfan Fastener (Shaoxing) Co., Ltd ('Fengfan') in the second quarter of 2017.

Cash flows from financing activities in the first half of 2019 include dividend payments to shareholders of NORMA Group SE of EUR 35,049 thousand (H1 2018: EUR 33,456 thousand) and interest payments (H1 2019: EUR 4,312 thousand, including interest payments from leasing liabilities of EUR 656 thousand; H1 2018: EUR 3,031 thousand), payments for the scheduled repayment of loans (H1 2019: EUR 2,432 thousand; H1 2018: EUR 2,385 thousand), repayment of liabilities from ABS and factoring amounting to EUR 7,432 thousand (H1 2018: EUR 0 thousand) and payments from derivatives amounting to EUR 97 thousand (H1 2018: EUR 171 thousand).

In addition, payments for leases of EUR 4,950 thousand (H1 2018: payments for finance leases of EUR 88 thousand) and dividends paid to minority interests of EUR 42 thousand (H1 2018: EUR 99 thousand) are reported under cash flow 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.

On June 30, 2019, “Cash and cash equivalents” consisted of cash on hand and demand deposits of EUR 215,061 thousand (December 31, 2018: EUR 185,870 thousand) as well as cash equivalents of EUR 4,620 thousand (December 31, 2018: EUR 4,522 thousand).

17. SEGMENT REPORTING

	EMEA		Americas		Asia-Pacific		Total segments		Central functions		Consolidation		Consolidated Group	
IN EUR THOUSANDS	H1 2019	H1 2018	H1 2019	H1 2018	H1 2019	H1 2018	H1 2019	H1 2018	H1 2019	H1 2018	H1 2019	H1 2018	H1 2019	H1 2018
Total revenue	273,089	284,982	242,373	227,618	74,624	69,782	590,086	582,382	14,177	13,322	–39,593	–46,720	564,670	548,984
thereof inter-segment revenue	18,497	26,882	5,078	4,946	1,841	1,570	25,416	33,398	14,177	13,322	–39,593	–46,720	0	0
Revenue from external customers	**254,592**	**258,100**	**237,295**	**222,672**	**72,783**	**68,212**	**564,670**	**548,984**	**0**	**0**	**0**	**0**	**564,670**	**548,984**
Contribution to consolidated Group sales	45%	47%	42%	41%	13%	12%	100%	100%						
Adjusted gross profit [1]	158,022	163,182	136,696	128,177	33,805	30,720	328,523	322,079	n/a	n/a	–153	–836	328,370	321,243
Adjusted EBITDA [1]	**50,108**	**51,398**	**47,065**	**44,178**	**10,044**	**9,664**	**107,217**	**105,240**	**–5,616**	**–4,156**	**–328**	**–200**	**101,273**	**100,884**
Adjusted EBITDA margin [1,2]	18.3%	18.0%	19.4%	19.4%	13.5%	13.8%							17.9%	18.4%
Depreciation without PPA depreciation [3]	–8,614	–6,031	–7,651	–4,294	–3,671	–2,115	–19,936	–12,440	–762	–706	0	0	–20,698	–13,146
Adjusted EBITA [1]	**41,494**	**45,367**	**39,414**	**39,884**	**6,373**	**7,549**	**87,281**	**92,800**	**–6,378**	**–4,862**	**–328**	**–200**	**80,575**	**87,738**
Adjusted EBITA margin [1,2]	15.2%	15.9%	16.3%	17.5%	8.5%	10.8%							14.3%	16.0%
Assets (prior year as of Dec 31, 2018) [4]	625,418	624,446	679,185	649,757	245,984	250,416	1,550,587	1,524,619	316,953	361,153	–361,701	–414,086	1,505,839	1,471,686
Liabilities (prior year as of Dec 31, 2018) [5]	198,486	198,342	301,845	291,204	48,949	54,814	549,280	544,360	650,555	671,394	–296,467	–346,509	903,368	869,245
Capex	11,489	12,150	6,855	9,974	5,997	3,228	24,341	25,352	712	1,263	n/a	n/a	25,053	26,615
Number of employees [6]	3,728	3,577	1,801	1,661	1,325	994	6,854	6,232	110	114	n/a	n/a	6,964	6,346

1_For details regarding the adjustments, refer to ▸ NOTE 4.
2_Based on segment sales.
3_Depreciation from purchase price allocations.
4_Including allocated goodwill, taxes are shown in the column 'consolidation.'
5_Taxes are shown in the column 'consolidation.'
6_Number of employees (average headcount).

NORMA Group identifies its segments on a regional level. The reportable segments of the NORMA Group are Europe, Middle East and Africa (EMEA), North, Central and South America (the Americas) and Asia-Pacific (APAC). NORMA Group's strategy includes regional growth targets. Regional and local focal points are set in the sales channels. All three regions EMEA, the Americas and Asia-Pacific have networked regional and cross-company organizations with different functions. For this reason, the Group's internal management reporting and control system has a regional focus. The product portfolio does not vary between segments.

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 capitalized, 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 EBITDA, the depreciation adjusted for depreciation from purchase price allocations.

Adjustments made within EBITDA and EBITA are described in NOTE 4 '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 within the consolidation. 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 within the consolidation. Liabilities of the 'Central Functions' include mainly borrowings.

Capex equals additions to non-current assets (property, plant and equipment and other intangible assets).

Segment assets and liabilities are measured in a manner consistent with that used in the Statement of Financial Position.

18. CONTINGENCIES AND COMMITMENTS

NORMA Group has the following capital expenditure contracted for as of the balance sheet date, but not yet incurred:

COMMITMENTS

IN EUR THOUSANDS	Jun 30, 2019	Dec 31, 2018
Property, plant and equipment	7,406	8,774
Inventory	903	1,030
	8,309	**9,804**

The Group has contingent liabilities with respect to legal claims arising as part of 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 that any material liabilities will arise from contingent liabilities.

19. RELATED PARTY TRANSACTIONS

In the first half of 2019, NORMA Group had no reportable transactions with related parties.

20. EVENTS AFTER THE BALANCE SHEET DATE

As of August 6, 2019, there were no events or developments that would have led to a material change in the recognition or measurement of the individual assets and liabilities as of June 30, 2019.

REVIEW

This interim report was neither audited according to Section 317 HGB nor reviewed by auditors.

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the Interim Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group for the remaining months of the fiscal year.

Maintal, August 6, 2019

NORMA Group SE

Management Board

Dr. Michael Schneider
Member of the Management Board
Chief Financial Officer (CFO)

Dr. Friedrich Klein
Chief Operating Officer (COO)

FINANCIAL CALENDAR, CONTACT AND IMPRINT

FINANCIAL CALENDER 2019

Date	Event
Nov 6, 2019	Publication of Interim Statement Q3 2019

The financial calendar is constantly updated. Please visit the Investor Relations section on the Company website INVESTORS.NORMAGROUP.COM.

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NORMA Group

DESIGN AND REALIZATION

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Note on the Interim Statement
This Interim Statement 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 Interim Statement 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 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, including its financial position and profitability and the economic and regulatory fundamentals, are in accordance with such future-oriented statements in this Interim Statement, no guarantee can be given that this will continue to be the case in the future.

DATE OF PUBLICATION

August 6, 2019

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