

[12 The Management Board](#)[13 Letter from the
Management Board](#)[15 NORMA Group on
the Capital Market](#)[20 Supervisory
Board Report](#)[25 Corporate
Governance
Report](#)

LETTER FROM THE MANAGEMENT BOARD

Dear shareholders, customers and business partners,

'Quality, reliability and performance' – these are the maxims that we use to align our business activities, with success. 2018 was another good year for NORMA Group. Despite a challenging environment characterized by the intensifying Brexit negotiations, protectionist measures by the US government and turbulence on the international commodity markets, we were able to increase our Group sales by 6.6% to EUR 1,084.1 million. At 7.7%, organic growth was at a very high level for the second year in succession and once again shows that demand for our joining solutions remains high.

In addition to this organic growth, Kimplas and Statek, the companies acquired last year, also contributed to the increase in sales. By acquiring the Indian water company Kimplas, we expressed our strategic focus on water management and at the same time increased our presence in one of the world's most important emerging markets. Through the acquisition of Statek, a long-standing supplier to NORMA Group, we have been able to expand our value chain and also increase our flexibility in key product areas.

The high volatility on the commodity markets presented us with a number of challenges in fiscal year 2018. Price premiums of up to 60% in the area of alloy surcharges, production stoppages by suppliers and the resulting shortage of important plastic components, as well as US punitive tariffs on steel – this combination and accumulation of incidents led to an increase in costs on the materials side and to special costs in the areas of purchasing, production and logistics. We were only able to partially offset these costs with the help of our Group-wide Global Excellence Program, which is why operating earnings (adjusted EBITA) declined by 0.8% to EUR 173.2 million and the adjusted EBITA margin of 16 percent was below the usual high level of over 17%. Nevertheless, we increased our adjusted result for the period by 9.3% to EUR 114.8 million, which corresponds to adjusted earnings per share of EUR 3.61.

NORMA Group can now look back on a decade of strong growth, with an average increase in sales of around 10% (CAGR) and an increase in the number of employees from just under 3,000 in 2009 to almost 9,000 in fiscal year 2018. Since our IPO in 2011 alone, we have made 14 acquisitions and opened numerous new plants. We have entered new markets, expanded our customer base and our international presence. Against this backdrop and in order to pave the way

for the realization of our Vision 2025, we initiated a comprehensive rightsizing program in the fourth quarter of 2018. This is intended to optimize the rapidly growing production landscape and organizational structures as well as further harmonize our processes and systems worldwide. The program is also intended to help our business model prepare even better for the requirements of our strategic growth areas, electromobility and water management.

With the personnel changes in the Management Board since the beginning of 2018 and the appointment of Dr. Friedrich Klein as Chief Operating Officer (COO) in October, the NORMA Group Management Board is now complete.

Our strategy and Vision 2025 continue to focus on profitable growth and the expansion of our market and technology leadership in joining and fluid handling technology. A particular focus is on the development of product and system solutions for electromobility, especially in the area of thermal management. The main focus here is on the temperature regulation of batteries in hybrid and electric vehicles so that they maintain their optimal performance. We already have numerous solutions available for this purpose, most of which we manufacture with the current technical equipment and machines.

Besides electromobility, the focus is also on activities in the area of water management. Here, too, the goal is to meet the demand for reliable joining products and thus enable our customers to make sustainable use of this valuable resource.

With our product portfolio and our strategic orientation, we address global challenges such as climate change and scarcity of resources and focus on the sustainability of our products. We report in detail on our sustainability strategy, which we set out in our CR Roadmap 2020, in our Sustainability Report, which was published at the same time as this Annual Report.

Dear shareholders, 2018 was a turbulent year for the stock markets, and the NORMA Group share also experienced its highs and lows. After initially reaching an all-time high of more than EUR 70 in the middle of the year, the share price had to contend with some significant setbacks over the course of the second half of the year in the generally gloomy mood prevailing on the capital markets.



INTRODUCTION

OUR VISION

TO OUR SHAREHOLDERS

CONSOLIDATED

MANAGEMENT REPORT

CONSOLIDATED

FINANCIAL STATEMENTS

FURTHER INFORMATION

12 The Management Board

13 Letter from the Management Board

15 NORMA Group on the Capital Market

20 Supervisory Board Report

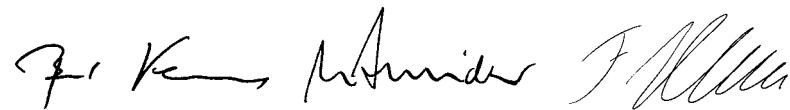
25 Corporate Governance Report

At the end of the year, it was quoted at EUR 43.18. Therefore, the stock market year was not the best for NORMA Group. However, we are confident that the measures we have initiated and the consistent pursuit of our strategic goals will enable us to increase the value of your Company again in the current year. We are working very hard to achieve this.

We will propose a dividend of EUR 1.10 per share at this year's Annual General Meeting in Frankfurt on May 21, 2019. This means we are increasing the dividend for the seventh year in a row and distributing 30.5% of our adjusted net profit for the period to our shareholders.

Finally, we would like to express our sincere thanks to our nearly 9,000 employees worldwide for their tireless commitment and their contribution to the success of our Company. Our thanks also go to our loyal customers and business partners. We look forward to continuing our good cooperation and to a successful year 2019.

Sincerely yours,



Bernd Kleinhens
Chief Executive Officer
(CEO)

Dr. Michael Schneider
Chief Financial Officer
(CFO)

Dr. Friedrich Klein
Chief Operating Officer
(COO)

