



Normet Group Financial Statements 2020

EXECUTIVE SUMMARY

Normet's ambition is to achieve "zero harm" with a Vision to "Building the safest places underground". Normet continued to improve its safety performance through H1 2020 and concluded the period with a Lost Time Injury Frequency Rate (LTIFR) of 4,4. This is a 60% improvement from the 6,7 frequency rate in the beginning of the year. During the H1 period the company prioritized its efforts in dealing with the safety and wellbeing of its employees as the COVID-19 virus emerged and spread. Notwithstanding this prioritization, Normet progressed with improving the awareness of critical risks across its operations, improved the quality and process of incident investigations and increased the management focus on supporting all critical safety initiatives.

Normet posted a strong fiscal result in H1 2020 compared to H1 2019 despite impact from the COVID-19 pandemic.

Equipment orders declined 31%

Total sales grew 4%

EBITDA improved 21%

EBIT improved 16%

The market situation in Q2 was more subdued than in Q1 this year because of COVID-19. In Q2, new capital orders slowed as customers deferred investment decisions due to the uncertainty created by the pandemic and having to attend to immediate health and safety risks. Despite this uncertainty and pandemic impact, Normet's broad portfolio and geographical spread of business provided a reasonable level of base load volumes.

The outlook for H2 2020 is expected to continue at a cautious yet stable level in line with what we saw in Q2. The Company continues to focus on safety, operational & capital efficiency and investing in future growth opportunities.

Edoardo Santamaria
President & CEO
Normet Group

NORMET GROUP OY COMPREHENSIVE INCOME 1.1.2020- 30.06.2020

Consolidated Statement of Comprehensive Income

EUR	1.1.-30.6.2020	1.1.-30.6.2019
REVENUE	158 357 489,16	155 575 495,67
Cost of goods sold	-82 387 567,38	-78 703 165,64
GROSS PROFIT	75 969 921,79	76 872 330,03
General cost in sales and administration	-44 485 662,31	-41 267 115,51
Other operating income and expenses, net	-19 614 775,34	-25 772 935,93
OPERATING PROFIT	11 869 484,13	9 832 278,59
Financing income	9 319 475,97	5 149 936,35
Financing expenses	-13 983 990,79	-6 447 009,31
Share of profit/loss accounted for using the equity method	-316 450,69	-1 145 632,67
PROFIT/LOSS BEFORE TAX	6 888 518,62	7 389 572,97
Tax on income from operations	-1 799 550,74	-387 381,56
PROFIT/LOSS FROM CONTINUING OPERATIONS	5 088 967,88	7 002 191,41
Items that will not be reclassified to profit or loss		
Remeasurement of defined benefit plan	0,00	0,00
	0,00	0,00
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	-1 400 878,42	793 136,99
	-1 400 878,42	793 136,99
COMPREHENSIVE INCOME	3 688 089,46	7 795 328,40
Owners of the parent company	3 688 089,46	7 795 328,40
Non-controlling interests	0,00	0,00
	3 688 089,46	7 795 328,40

NORMET GROUP OY STATEMENT OF FINANCIAL POSITION 30.06.2020

Consolidated Statement of Financial Position

EUR	30.6.2020	30.6.2019
ASSETS		
NON-CURRENT ASSETS		
Intangible assets	36 889 317,30	35 366 702,21
Tangible assets	41 790 583,51	40 439 229,38
Investments accounted for using the equity method	4 842 730,67	3 938 405,91
Other non-current financial assets	6 711,91	7 907,76
Non-current trade and other receivables	2 115 670,02	288 519,59
Deferred tax asset	10 395 550,47	10 711 327,53
NON-CURRENT ASSETS	96 040 563,88	90 752 092,38
CURRENT ASSETS		
Inventories	99 937 530,00	105 632 947,30
Current receivables	72 688 277,34	68 033 555,26
Cash and cash equivalents	26 217 377,19	16 184 183,59
CURRENT ASSETS	198 843 184,53	189 850 686,15
ASSETS	294 883 748,41	280 602 778,65
EQUITY AND LIABILITIES		
Owners of the parent company		
Share capital	3 423 000,00	3 423 000,00
Share premium	3 350 000,00	3 350 000,00
Treasury shares	-69 918,07	0,00
Reserves	225 154,02	225 486,34
Other reserves	33 449 053,13	32 391 828,12
Retained earnings	62 814 207,53	48 472 100,08
Owners of the parent company	103 191 496,59	87 862 414,54
Minority	1 732 068,42	671 137,85
EQUITY	104 923 565,01	88 533 552,39
NON-CURRENT LIABILITIES	88 662 082,82	95 210 917,22
CURRENT LIABILITIES	101 298 100,58	96 858 309,04
LIABILITIES	189 960 183,39	192 069 226,26
EQUITY AND LIABILITIES	294 883 748,41	280 602 778,65

NORMET GROUP OY CASH FLOW STATEMENT 1.1.-30.06.2020

Consolidated Statement of Cash Flows, indirect

	EUR	1.1.-30.6.2020	1.1.-30.6.2019
Cash flows from operating activities			
PROFIT/LOSS FOR THE PERIOD		5 088 967,88	7 002 191,41
Depreciation, amortisation and impairment		6 820 235,11	6 114 870,78
Gains and losses of disposals of fixed assets and other non-current assets		-319 653,20	-40 016,26
Share of profit/loss accounted for using the equity method		316 450,69	1 145 632,67
Unrealised foreign exchange gains and losses		5 932 767,08	-712 670,66
Other non-cash items		1 152 367,98	294 525,25
Financial income and expenses		1 276 718,93	1 668 930,70
Tax on income from operations		1 799 550,74	387 381,56
Working capital changes			
Increase / decrease in inventories		3 755 134,65	-16 968 296,62
Increase / decrease in trade and other receivables		-1 316 617,58	-1 268 301,25
Increase / decrease in trade payables		-5 428 699,50	15 629 124,70
Change in provisions		72 697,10	103 574,03
Interest paid		-3 490 059,65	-3 407 531,69
Interest received		144 488,03	64 996,36
Other financing items		-121 513,21	-330 067,59
Income taxes paid		-4 366 085,62	-2 589 118,55
Net cash from operating activities		11 316 749,43	7 095 224,84
Cash flows from investing activities			
Purchase of tangible and intangible assets		-7 663 725,39	-10 259 989,07
Proceeds from sale of tangible and intangible assets		802 838,97	699 488,20
Loans granted		4 656,01	-624 350,23
Proceeds from repayments of loans		0,00	300 781,78
Net cash used in investing activities		-6 856 230,42	-9 884 069,31
Cash flows from financing activities			
Proceeds from issue of share capital		0,00	270 494,14
Proceeds from current borrowings		0,00	643,59
Repayment of current borrowings		-4 047 143,75	2 276 739,93
Addition / deduction of current borrowings		5 000 000,00	0,00
Proceeds from non-current borrowings		0,00	85 415,52
Repayment of non-current borrowings		-15 702,69	-32 771,21
Payment of leasing liabilities		-2 277 636,37	-1 904 176,65
Dividends paid		-787 320,00	0,00
Net cash used in financing activities		-2 127 802,81	696 345,32
Net change in cash and cash equivalents		2 332 716,20	-2 092 499,15
Cash and cash equivalents, opening amount		26 855 942,41	18 268 162,81
Net increase/decrease in cash and cash equivalents		2 332 716,20	-2 092 499,15
Effects of exchange rate fluctuations on cash held		-2 971 281,42	8 519,94
Cash and cash equivalents		26 217 377,19	16 184 183,59

Normet Group Oy Leadership Team from 1.1.2020:

Edoardo Santamaria, CEO

Ville Pasanen, CFO

Kari Hämäläinen, Senior Vice President - Equipment Business Line

Alan Pengelly, interim Senior Vice President– Ground Control and Construction Technologies

Neil Fitzmaurice, Senior Vice President – APAC

Jukka Kurhinen, Senior Vice President – EMEA

Greg Hallett, Senior Vice president – North America from 1.3.2019

Marcelo Anabalón, Senior Vice President – Latin America

Daniel Yang, Vice President China (as of 20th January)

Kimmo Karihtala, General Counsel

Niina Pesonen, Vice President, Human Resources

Riku Helander, Vice President Marketing and Corporate Development, interim Senior Vice President Services Business Line

Normet Group Oy Shareholders:

Shareholder	% of shares
Cantell Oy	77,37 %
Normet Management Oy	22,63 %

Material Debt Instruments:

- 1) Hybrid Equity Bond, EUR 30m€
- 2) Loan Facility, EUR 67 m€ (value of June 30th, 2020)

Material Risk factors:

General outlook for year 2020 has greater uncertainty due to the COVID-19 pandemic. This uncertainty and customer's operating restrictions can cause delays in projects and delays in Capital investments.

CoVi19 pandemic impact on business in 2020:

The Company has evaluated various scenarios and concluded that the operational viability and financial covenants are maintained regardless of the scenario. The Group's cash flow is under constant close monitoring and mitigating actions are in place to maintain a sufficient cash position.