



## Half-year report (January-June 2023) of Norrhydro Group Plc: Turnover growth and implementation of the strategy continued

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Norrhydro Group Plc – Company announcement 11<sup>TH</sup> August 2023, 8 AM

This announcement is a summary of Norrhydro Group Plc’s half-year (January-June 2023) report. Full half-year report is attached and available on Norrhydro’s website <https://www.norrhydro.com/en/investors-reports-and-presentations>

Norrhydro is a Finnish forerunner in motion control and one of the leading providers of energy-efficient hydraulic cylinders in the Nordic countries.

### January-June 2023 in brief

- Turnover increased 10.3 % to EUR 18,321 (16,617) thousand
- EBITDA was EUR 1,366 (1,662) thousand
- EBITDA margin was 7.5 % (10.0%)
- Operating profit was EUR 716 (1,281) thousand
- Earnings per share were EUR 0.013 (0.07)

Thousand euros	1 January-30 June 2023	1 January-30 June 2022	Change	1 January-31 December 2022
Turnover	18,321	16,617	10.3 %	29,705
EBITDA	1,366	1,662	-17.8 %	1,697
EBITDA, %	7.5 %	10.0 %		5.7 %
Operating profit	716	1,281	-44.2 %	825
Operating profit, %	3.9 %	7.7 %		2.8 %
Profit for the financial period	136	777	-82.5 %	43
Profit for the financial period, %	0.7 %	4.7 %		0.1 %
Cash flow from business operations	-92	112		-408
Return on investments, %	3.5 %	7.2 %		4.2 %
Return on equity, %	1.3 %	6.8 %		0.4 %
Equity ratio, %	39.6 %	50.1 %		38.3 %
Current ratio	1.36	1.81		1.53
Quick ratio	0.33	0.68		0.53
Earnings per share, undiluted, €	0.013	0.07		0.004
Earnings per share, diluted €	0.013	0.07		0.004
Personnel at the end of the period	187	159		175

## Guidance for 2023

Norrhydro Group's turnover for 2023 is forecasted to grow from 2022 turnover (29,7 M €) and EBITDA to be better than in 2022 (5,7 % of turnover).

The geopolitical situation and globally uncertain economic conditions make it difficult to predict the rest of 2023 and may bring unpredictable changes to the customer demand and thus affect the company's revenue and earnings in year 2023.

## CEO's review

Norrhydro's net sales continued to grow in the first half of 2023 as the growth overall market came to a halt and our growth was again higher than the market growth. Growth was strongest on the mining segment, while the demand increased moderately in material handling and marine segments. Demand in the forestry machinery industry, on the other hand, decreased somewhat compared to the demand in the corresponding period last year.

The implementation of the strategy and the measures required by it continued, and this is reflected in the company's profitability. The ramp-up of the new production plant, product development of digital business and investments in various customer projects in the conventional hydraulic business have caused significant expenditures during the first half of 2023. The implementation of strategic measures will continue to affect the company's profitability in near term, until the implemented actions become visible as improved profitability and growing net sales.

I'm particularly pleased that the new production facility has been ramped up into serial production and that the production operations have stabilised after a long and challenging ramp-up process. We are well positioned to grow our business.

Our sales operations are very active, especially in new customer acquisition. Therefore, it is great to note that, according to our strategy, we have succeeded in acquiring new customers, which is especially important for our long-term growth. The annually increasing cylinder manufacturing capacity of the new production facility is sufficient to support both the needs of current customers and completely new customers. Our goal is to continue to grow faster than the market as a whole.

The manufacture of hydraulic cylinders has been at the core of our operations, but the development of our new digital services continued intensively in the first half of the year. We have numerous active development projects in our portfolio for both the NorrDigi® motion control system and the Motiomax by Norrhydro electromechanical cylinder. We have succeeded in opening doors with potential customers interested in our digital solutions. In 2023, as part of ongoing projects, we will deliver prototypes to our customers for customer tests and manufacture prototypes for our own test purposes. Major product testing operations to ensure production readiness are ongoing. There is still a long way to go from the projects to the start of large-scale serial production, but as in the previous year, the development has been encouraging, and has strengthened our belief that there will be demand for our digital solutions from both existing and new customers in the future.

In addition to increasing cylinder capacity, we have further developed the operations and processes of our new production facility in Rovaniemi. Continuous development is part of our strategy and everyday operations, as Norrhydro's core values creativity and excellence state.

The biggest price increases in materials and components seem to have finally passed, and the availability situation also seems to have levelled off for the main materials. The starting point for the second half of the year from this point of view would therefore seem to be calmer than a year ago. On the other hand, the global situation under the threat of recession creates some uncertainty for our customers and thus for our own operations. However, I am confident that we have a good foundation to continue on Norrhydro's growth path in line with the strategy we have created.

Yrjö Trög

Chairman of the Board, CEO

## **Release Event**

Norrhydro Group Plc's half-year report 2023 will be released on webcast on Friday 11<sup>th</sup> August 2023 at 10 AM.

Yrjö Trög, CEO of Norrhydro Group Plc and CFO, Hanne Sarajärvi represent and comment on half-year's result and development. Webcast is in Finnish and can be viewed in <https://norrhydro.videosync.fi/h1-2023/register>

Presentation and webcast recording are available afterwards in Norrhydro's website:

<https://www.norrhydro.com/en/investors-reports-and-presentations>

## **Further information:**

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## **Distribution:**

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Key media

<https://www.norrhydro.com/fi>

## **Norrhydro Group Plc in brief**

*Norrhydro, founded in 1985, is a Finnish forerunner in motion control and a provider of energy-efficient hydraulic cylinders and system suppliers specialising in high-quality, customised and energy-efficient hydraulic cylinders and demanding linear*

*motion control systems and mobile equipment. The company has more than 35 years of experience in developing and manufacturing customised hydraulic cylinders and liners motion control systems for the most demanding conditions and environments. In 2022, the company generated revenues of EUR 29.7 million, EBITDA of EUR 1.7 million and operating profit of EUR 0,8 million.*

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## **Attachments**

- [Download announcement as PDF.pdf](#)
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