

2019

Report on the first three quarters



Key performance figures

in EUR million	Q1-3 2019	Change	Q1-3 2018	Q3 2019	Change	Q3 2018	2018
Revenue	652.2	-2.7%	670.3	214.9	-3.1%	221.7	878.5
EBITDA	60.4	+44.1%	41.9	21.3	+62.6%	13.1	46.4
EBITDA margin	9.3%	+3.0 PP	6.3%	9.9%	+4.0 PP	5.9%	5.3%
EBIT	-13.7	-69.8%	-45.5	-34.6	-	4.3	-47.7
EBIT margin	-2.1%	+4.7 PP	-6.8%	-6.8%	-8.7 PP	1.9%	-5.4%
Earnings after tax	-34.1	-69.8%	-72.9	-39.9	>100%	-5.5	-80.4
Earnings per share (EPS) ¹⁾ , in EUR	-1.66	-69.8%	-3.68	-1.94	>100%	-0.35	-4.13
Gross cashflow	47.5	+57.0%	30.3	16.0	+66.7%	9.6	37.4
Return on equity ²⁾	-15.8%	+12.7 PP	-28.5%	-18.5%	-11.9 PP	-6.6%	-24.2%

Balance sheet key figures

in EUR million	30.09.2019	Change	30.09.2018	30.6.2019	Change	30.06.2018	31.12.2018
Balance sheet total	750.3	-11.9%	851.9	815.1	-6.6%	872.3	768.8
Equity	284.4	-15.9%	338.2	337.7	-1.7%	343.7	329.5
Equity ratio	37.9%	-1.8 PP	39.7%	41.4%	+2.0 PP	39.4%	42.9%
Additions to tangible and intangible assets	21.4	-63.3%	58.3	15.8	-62.5%	42.1	81.1
Employees (at balance sheet date)	7,101	+5.3%	6,746	7,147	+4.0%	6,874	6,773

Sector and segment key figures

in EUR million	Q1-3 2019	Change	Q1-3 2018 ¹⁾	Q3 2019	Change	Q3 2018	2018
Industrial Sector = Semperflex + Sempertrans + Semperform							
Revenue	426.2	-1.5%	432.7	136.7	-3.2%	141.3	567.0
EBITDA	74.7	+34.0%	55.8	22.0	+23.1%	17.9	71.3
EBIT	55.0	+55.7%	35.3	15.5	+22.1%	12.7	44.6
Semperflex							
Revenue	174.7	-0.2%	175.0	53.8	+0.7%	53.4	230.0
EBITDA	39.3	+3.4%	38.0	10.8	+16.3%	9.3	48.9
EBIT	30.3	-0.1%	30.3	7.7	+11.5%	6.9	38.4
Sempertrans							
Revenue	103.3	-5.4%	109.3	35.1	-6.6%	37.6	144.8
EBITDA	12.7	-	-0.2	4.6	+91.7%	2.4	0.5
EBIT	9.2	-	-6.7	3.6	>100%	1.6	-7.1
Semperform							
Revenue	148.2	-0.2%	148.5	47.8	-4.9%	50.3	192.2
EBITDA	22.7	+26.3%	18.0	6.6	+6.6%	6.2	21.9
EBIT	15.5	+31.9%	11.7	4.2	-0.6%	4.2	13.2
Medical Sector = Sempermed							
Revenue	226.0	-4.9%	237.5	78.2	-2.8%	80.4	311.5
EBITDA	5.6	-	-0.8	5.8	-	-0.9	-3.9
EBIT	-47.2	-28.8%	-66.4	43.0	>100%	-3.9	-69.6

Note: Rounding differences in the totalling of rounded amounts and percentages may arise from the use of automatic data processing.

¹⁾ Earnings per share are only attributable to the core shareholders of Semperit AG Holding (excl. remuneration from hybrid capital).

²⁾ Based on a full-year projection.

Management Report

Economic environment

The International Monetary Fund (IMF) has made another downward adjustment for its growth forecast for 2019 published in October 2019 in comparison with the version of July 2019. Global economic growth in 2019 is expected to be 3.0% (2018: 3.6%) instead of the 3.2% forecast in July 2019. For 2019, the forecast for emerging and developing countries is now 3.9% (previously: 4.1%), followed by the USA with 2.4% (previously: 2.6%) and the euro zone with 1.2% (previously: 1.3%).

Growth expectations for the euro zone are therefore unchanged compared with the World Economic Outlook published by the IMF in July 2019. The growth forecasts for the three large economies in the euro zone, that is Germany, France and Italy, were lowered by 0.1 to 0.2 percentage points.

The Institute for Economic Research (ifo) has reduced its growth forecast for Germany for 2019 and 2020 to 0.5% and 1.2%, respectively, compared with its estimates in the summer of 2019 (a difference of -0.1 and -0.5 percentage points compared with the forecast in the summer of 2019) and, in its economic forecast published in September 2019, speaks of an impending recession for the German economy.

The current economic development has been triggered by decades of numerous geopolitical conflicts. Among the biggest pressures on global economic development are the ongoing trade disputes between the USA and China, the risk of a disorderly Brexit and the slowdown in growth in Germany due to a declining international demand. The full extent of these political tensions on the global economy is not foreseeable but indicates a fear for a recessionary trend.

Developments in the raw material markets

The markets for butadiene, carbon black, wires as well as a variety of chemicals with various markets (that is why these are not discussed here in more detail) are very important for the rubber industry. The development of these markets in the natural rubber field is influenced, among other things, by weather conditions, while the fields of synthetic rubber and carbon black are characterised by supplier behaviour and costs for basic raw materials, which are affected by the price of crude oil. Demand is partially influenced by the main buyers of rubber products, the tyre and automotive industry.

The price indices for natural rubber and natural latex have shown an increase since the end of 2018, which continued until the beginning of the third quarter of 2019 and then fell back to the level of the fourth quarter of 2018. By comparison, the average values for the first three quarters of 2019 were higher than for the same period of the previous year.

In 2018, the price indices for butadiene, along with other important basic raw materials for the production of synthetic rubber and synthetic latex, showed a relatively strong upward trend. At the beginning of the fourth quarter of 2018, there was a decline, followed by a sideways movement. Since the middle of the second quarter of 2019, the European market has been showing a downward trend again, while the indices from Asia reflect an increase in prices. The average prices for butadiene, which is of particular relevance as a basic raw material in the Semperflex, Sempertrans and Sempermed segments, were significantly lower in the first three quarters of 2019 than in the previous year.

Development of raw materials used primarily in the Industrial Sector was somewhat differentiated. The filling material carbon black is important for all three segments of the Industrial Sector. The basic raw material "heavy fuel oil" for this raw material showed a continuous rise from the third quarter of 2017 until the end of the third quarter of 2018, then corrected briefly down in the fourth quarter of 2018 and then started to increase again. At the beginning of the second quarter of 2019, there were signs of another downward trend, which tended to rise again at the end of the second quarter of 2019. The average price indices of the first three quarters of 2019 were significantly above the average values of the first three quarters of 2018.

In the first three quarters of 2019, the average prices for wire, which is primarily used in the Semperflex and Sempertrans segments, were slightly below the average values of the first three quarters of 2018.

Revenue and earnings development

First to third quarter of 2019

In the first three quarters of 2019, the Semperit Group recorded a decrease in revenue by 2.7% to EUR 652.2 million compared with the same period of the previous year. Both the Industrial and the Medical Sectors recorded a negative divergence, although at varying degrees: The decrease amounted to -1.5% in the Industrial Sector and -4.9% in the Medical Sector (for details on the development of Sectors and segments, see page 9). The decrease in the Industrial Sector was mainly caused by a decline in volumes sold. The decline in revenue in the Medical Sector is primarily due to a decline in trade items.

The distribution of revenue continues to exist in favour of the Industrial Sector. In the first three quarters of 2019, the Industrial Sector accounted for 65% and the Medical Sector for 35% of the Semperit Group's revenue and therefore remained unchanged compared with the previous year.

In the first three quarters of 2019, inventories decreased by EUR 6.8 million compared with an increase by EUR 1.0 million in the first three quarters of 2018.

Other operating income amounted to EUR 7.3 million in the first three quarters of 2019 (EUR 3.2 million in the first three quarters of 2018). It should be noted that in the first quarter of 2019, this included earnings of EUR 1.3 million from the sale of tangible assets from the production site in China, which was closed in 2018. In addition, income of around EUR 1.7 million was realised in Q3 2019 from the insured event following the fire at the Sempertrans plant in India at the beginning of the year.

In the first three quarters of 2019, cost materials decreased by EUR 37.2 million or 9.3% to EUR 363.4 million. The change is primarily impacted by a decline in volumes sold and therefore lower costs of material and purchased services, but also to partially lower raw material prices.

In the first three quarters of 2019, personnel expenses rose to EUR 150.6 million (+5.1%) compared to the previous year (first three quarters of 2018: EUR 143.3 million – see presentation changes in the consolidated financial statements page 15), which is, among other things, due to wage and salary increases and an increased headcount in Odry due to the expansion of the Semperflex site as well as due to tightened immigration policies and raising the minimum wage level in Malaysia.

At EUR 80.2 million, other operating expenses were below the last year's period at EUR 90.8 million. Compared with 2019, the first three quarters of 2018 on the one hand also included higher consulting expenses relating to Semperit's restructuring and transformation. On the other hand, other operating expenses included the positive effect of the reversal of a provision for tax proceedings relating to levies in Brazil as a result of a final court decision of 12 November 2019. The corresponding provision reversal of EUR 4.0 million was booked correspondingly as of 30 September 2019 as a subsequent event of retrospective relevance, thus other operating expenses were reduced (see note 2.4).

EBITDA (earnings before interest, tax, depreciation and amortisation) rose from EUR 41.9 million in the first three quarters of 2018 to EUR 60.4 million in the first three quarters of 2019. Adjusted for the one-off effects, EBITDA increased from EUR 45.8 million last year (excluding the negative one-off effects of EUR 3.9 million from the shutdown of the Sempertrans site in China for the first three quarters of 2018) to EUR 56.4 million (excluding positive one-off effects of EUR 4.0 million from the reversal of provisions in Brazil). The EBITDA margin increased from 6.3% to 9.3% in the first three quarters of 2019 and reflects the profitability improved by the restructuring and transformation pro-

cess (adjusted: 8.6% compared with 6.8% in the previous year). This means that the aggregate value for 2018 had already been exceeded at the end of the third quarter.

In the Sempermed segment, an impairment loss amounting to EUR 46.8 million was recognised due to current information on the competitive situation of the medical business (see note 2.5). In addition, current depreciation decreased to EUR 26.5 million (–5.4%), which was primarily due to the reduced depreciation basis as a result of last year’s impairment in the Sempermed segment, which was recorded in the second quarter of 2018.

EBIT (earnings before interest and tax) improved to EUR –13.7 million after EUR –45.5 million in the previous year. The EBIT margin was –2.1% in the first three quarters of 2019 after –6.8%. Adjusted for the one-off effects (Q1-3 2019: reversal of provisions amounting to EUR 4.0 million and Sempermed impairment amounting to EUR 46.8 million; Q1-3 2018: EUR 3.9 million from the closure of the Sempertrans site in China and Sempermed impairment amounting to EUR 55.2 million), EBIT amounted to EUR 29.0 million, compared with EUR 17.5 million in the previous year, while the adjusted margin improved from 2.6% to 4.4%.

Key figures Semperit Group

in EUR million	Q1-3 2019 ¹⁾	Q1-3 2018 ²⁾	Change	Change in EUR million
Revenue	652.2	670.3	–2.7%	–18.1
EBITDA	60.4	41.9	+44.1%	+18.5
EBITDA margin	9.3%	6.3%	+3.0 PP	–
EBIT	–13.7	–45.5	–69.8%	+31.8
EBIT margin	–2.1%	–6.8%	+4.7 PP	–
Earnings after tax	–34.1	–72.9	–53.2%	+38.8
Additions to tangible and intangible assets	21.4	58.3	–63.3%	–36.9
Employees (at balance sheet date)	7,101	6,746	+5.3%	+355

¹⁾ EBITDA for the first three quarters of 2019, adjusted for the one-off effect from the reversal of a provision for the tax proceedings on levies in Brazil, amounted to EUR 56.4 million, while EBIT, adjusted additionally for the impairment losses (EUR 46.8 million for the Sempermed segment) amounted to EUR 29.0 million and adjusted earnings after tax were EUR 8.6 million.

²⁾ EBITDA for the first three quarters of 2018, adjusted for the one-off effects from closure of the Sempertrans site in China amounted to EUR 45.8 million, while EBIT adjusted for the impairments (EUR 55.2 million for the Sempermed segment, among others) amounted to EUR 17.5 million and adjusted earnings after tax were EUR –9.9 million.

The financial result totalled EUR 8.9 million in the first three quarters of 2019 after EUR 11.4 million in the first three quarters of 2018. At EUR 0.6 million, financial income, which includes primarily income from bank balances, was slightly below the previous year’s value. Financial expenses (primarily interest expenses for loans and credits) amounted to EUR 6.5 million in the first three quarters of 2019 and were therefore below the previous year’s value of EUR 7.0 million. The decrease is attributable to the repayment of the Schuldschein loan in the third quarter of 2018.

In the first three quarters of 2019, the item “Profit/loss attributable to redeemable non-controlling interests” at EUR 3.3 million was above the previous year’s level.

Income tax expenses decreased by EUR 4.5 million to EUR 11.4 million in the first three quarters of 2019. The previous year included impairments of deferred tax assets.

Earnings after tax totalled EUR –34.1 million for the first three quarters of 2019 compared with EUR –72.9 million for the same period of 2018. Earnings per share amounted to EUR –1.66 in the first three quarters of 2019 after EUR –3.68 in the same period of 2018. Adjusted for the one-off effects, earnings after tax amounted to EUR 8.6 million compared with EUR –9.9 million in the same period of the previous

year. At the end of September 2019, interest on hybrid capital (for the period March 2018 – September 2019) was paid in the amount of EUR 10.5 million.

Third quarter of 2019

In a comparison of the third quarters of 2019 and 2018, the Semperit Group recorded a decrease in revenue of –3.1% to EUR 214.9 million. Similarly, decreases in revenue were recorded in the Industrial Sector (–3.2%) and in the Medical Sector (–2.8%). In the Industrial Sector, the Sempertrans and Semperform segments showed declines in revenue in a quarter-on-quarter comparison, while Sempertrans recorded a slight increase in revenue.

Other operating income rose due to income from the insured event following the fire in the Indian Sempertrans plant at the beginning of the year. Personnel expenses increased compared with the third quarter of 2018, while cost of material and purchased services decreased. Other operating expenses improved as a result of the reversal of a provision relating to the tax proceedings on levies in Brazil.

EBITDA (earnings before interest, tax, depreciation and amortisation) rose from EUR 13.1 million to EUR 21.3 million in the third quarter of 2019; the EBITDA margin increased from 5.9% to 9.9% in the third quarter of 2019.

As a result of the impairment recognised for Sempermed, EBIT (earnings before interest and tax) amounted to EUR –34.6 million in the third quarter of 2019 after EUR 4.3 million in the previous year. The EBIT margin fell from 1.9% to –16.1% in the third quarter of 2019.

Earnings after tax totalled EUR –39.9 million in the third quarter of 2019 after EUR –5.5 million in the previous year's period. Earnings per share were EUR –1.94 in the third quarter of 2019 after EUR –0.35 in the third quarter of 2018.

Key figures Semperit Group / Third quarter

in EUR million	Q3 2019	Q3 2018	Change	Change in EUR million
Revenue	214.9	221.7	–3.1%	–6.8
EBITDA	21.3	13.1	+63.1%	+8.2
EBITDA margin	9.9%	5.9%	+4.0 PP	–
EBIT	–34.6	4.3	–	–39.0
EBIT margin	–16.1%	1.9%	–18.0 PP	–
Earnings after tax	–39.9	–5.5	>100%	–34.4
Additions to tangible and intangible assets	5.6	23.5	–76.1%	–17.9
Employees (at balance sheet date)	7,101	6,746	+5.3%	+355

¹⁾ EBITDA for the third quarter of 2019, adjusted for the one-off effect from the reversal of a provision for the tax proceedings on levies in Brazil, amounted to EUR 17.3 million, while EBIT, adjusted additionally for the impairment losses (including EUR 46.8 million for the Sempermed segment) amounted to EUR 8.1 million and adjusted earnings after tax were EUR 2.8 million.

Dividend and treasury shares

Semperit's dividend policy is, in principle: The pay-out ratio to shareholders is around 50% of earnings after tax – assuming continued successful performance and that no unusual circumstances occur. Due to negative earnings after tax in 2018 and the continued restructuring and transformation process, no dividend was proposed at the Annual General Meeting on 8 May 2019. Semperit AG Holding does not own treasury shares as of 30 September 2019.

Assets and financial position

Compared with the balance as of 31 December 2018, the balance sheet total as of 30 September 2019 changed by –2.4% to EUR 750.3 million.

On the assets side, there were shifts on the one hand due to the increase in receivables and cash and cash equivalents, and on the other hand, in particular the reduction of tangible assets by the impairment recognised for Sempermed.

On the liabilities side, basically three items increased: The other current and non-current financial liabilities increased due to the recognition of leasing liabilities as a result of the first-time application of IFRS 16. In addition, trade payables as well as other liabilities increased. This is offset by the reduction of equity due to the negative results after taxes and payments of the hybrid coupon amounting to EUR 10.5 million.

Trade working capital (inventories plus trade receivables minus trade payables) decreased from EUR 184.3 million to EUR 163.4 million since the end of 2018 and therefore calculated on a rolling basis constituted 19.0% of revenue (year-end 2018: 21.0%). The change is primarily attributable to higher trade payables (+21.8%) as well as declining inventories (–9.5%) despite higher trade receivables (+8.1%).

Cash and cash equivalents amounted to EUR 160.0 million at the end of September 2019 and were therefore above the level of the end of 2018 (EUR 121.5 million). The reason for this was, among other things, the positive operating results, lower investments in tangible and intangible assets as well as the change in trade working capital.

As of 30 September 2019, the Semperit Group's equity (without non-controlling interests) at EUR 284.4 million, was below the level of end of December 2018 at EUR 329.5 million.

As of 30 September 2019, the reported equity ratio was 37.9% after 42.9% at the end of 2018.

Return on equity was –15.8% (first three quarters of 2018: –28.5%) for the first three quarters of 2019, which is calculated based on earnings after tax (excl. attributable to non-controlling interests) of EUR –33.7 million (first three quarters of 2018: EUR –72.2 million) in relation to the equity of EUR 284.4 million attributable to the shareholders of Semperit AG Holding.

Debt increased to EUR 465.0 million compared with EUR 438.4 million at the end of 2018 – an increase of EUR 26.6 million, primarily from the recognition of leasing liabilities as a result of the first-time application of IFRS 16 and the increase in trade payables.

Financial liabilities (including primarily liabilities from the Schuldschein loan and to banks) stood at EUR 233.2 million at 30 September 2019 after EUR 234.2 million at the end of 2018. Taking into consideration cash and cash equivalents of EUR 160.0 million (year-end 2018: EUR 121.5 million), this resulted in an overall net debt of EUR 73.2 million as of 30 September 2019 (net debt at the end of 2018: EUR 112.7 million). The net debt/EBITDA ratio (net debt in relation to EBITDA) as of 30 September 2019 is therefore 1.13 (year-end 2018: 2.43).

The liabilities from redeemable non-controlling interests increased to EUR 17.8 million (2018: EUR 13.4 million). Provisions including social capital amounted to EUR 64.1 million and were there-

fore lower than EUR 69.3 million at the end of 2018. Short-term trades payable rose to EUR 82.5 million (year-end 2018: EUR 67.7 million) and were considered in trade working capital. Other liabilities (other liabilities, deferred taxes, current income taxes and other financial liabilities) increased to EUR 67.1 million after EUR 53.7 million.

Cash flow

The gross cash flow in the first three quarters of 2019 amounted to EUR 47.5 million after EUR 30.3 million in the first three quarters of 2018. In both years, earnings were burdened by impairments of roughly the same amount, which were added back to the cash flow from earnings as non-cash bookings.

Cash flow from operating activities increased to EUR 83.4 million in the first three quarters of 2019 (first three quarters of 2018: EUR 15.0 million), which was due to the changes in trade receivables, trade payables, other liabilities, current provisions as well as inventories, among other things.

In the first three quarters of 2019, cash flow from investing activities amounted to EUR –23.2 million and was therefore significantly below the previous year's value of EUR –56.7 million, which was due to reduced investment activities. Therefore, free cash flow was positive at EUR 60.2 million (2018: –41.7 EUR).

In the first three quarters of 2019, at EUR –22.6 million, cash flow from financing activities was below the value of the first three quarters of 2018 at EUR 61.1 million. The value in the first three quarters of 2018 was overall positively influenced by the incoming payment from the hybrid capital, which was offset by the repayment of liabilities to banks.

Investments

At EUR 25.1 million, cash-relevant investments in tangible and intangible assets in the first three quarters of 2019 were lower than in the previous year (EUR 57.7 million). The main focus was on capacity maintenance investments as well as improvement and expansion investments at the sites in Malaysia (EUR 8.4 million), the Czech Republic (EUR 3.9 million) and Poland (EUR 5.8 million).

Performance of sectors and segments

Industrial Sector

The reduced market demand was reflected in the Industrial Sector (Semperflex, Sempertrans and Semperform segments): while Semperflex and Semperform recorded only a slight decrease in revenue, the decline in revenue turned out to be higher for Sempertrans, which was primarily due to strategic changes (focus on order book quality). Overall, revenue in the Sector fell by 1.5% from EUR 432.7 million to EUR 426.2 million in the first three quarters of 2019.

Profitability was increased due to the positive impact of the initiatives of the restructuring and transformation programme in the segments of the Industrial Sector. EBITDA increased by 34.0% to EUR 74.7 million and therefore exceeded the aggregate value of 2018 after only nine months, while EBIT rose by 55.7% to EUR 55.0 million. The EBITDA margin improved from 12.9% to 17.5% and the EBIT margin from 8.2% to 12.9%.

In terms of the absolute EBITDA contribution, the Semperflex segment contributed by far the largest share, followed by Semperform and Sempertrans.

Key figures Industrial Sector

in EUR million	Q1-3 2019	Change	Q1-3 2018 ¹⁾	Q3 2019	Change	Q3 2018	2018
Revenue	426.2	-1.5%	432.7	136.7	-3.2%	141.3	567.0
EBITDA	74.7	+34.0%	55.8	22.0	+23.3%	17.9	71.3
EBITDA margin	17.5%	+4.6 PP	12.9%	16.1%	+3.5 PP	12.6%	12.6%
EBIT	55.0	+55.7%	35.3	15.5	+22.0%	12.7	44.6
EBIT margin	12.9%	+4.7 PP	8.2%	11.3%	+2.3 PP	9.0%	7.9%
Additions to tangible and intangible assets	16.5	-67.3%	50.5	4.1	-80.1%	20.5	67.6
Employees (at balance sheet date)	3,705	+0.9%	3,672	3,705	+0.9%	3,672	3,654

¹⁾ EBITDA for the first three quarters of 2018 adjusted for the one-off effect from the closure of the Sempertrans site in China amounted to EUR 59.6 million, while the adjusted EBIT was EUR 43.2 million.

Semperflex segment

Currently, the Semperflex segment is facing a declining market demand. This is due to mostly well-filled customer warehouses, industry-specific declines in original equipment and growing uncertainty about the future economic development. This decrease in market demand is also reflected by declining incoming orders in recent months, both for hydraulic hoses and industrial hoses.

Due to the well-filled order books at the beginning of the year, the sales level in the first three quarters of 2019 was maintained at a more or less constant level at only -0.2% compared with the same period of last year. Above all the measures to increase productivity had a positive effect, causing a 3.4% increase in EBITDA. The EBITDA margin in the first three quarters of 2019 was 22.5% (first three quarters of 2018: 21.7%), while the EBIT margin was 17.3% (first three quarters of 2018: 17.3%).

Despite the increasingly negative market trends, the third quarter showed a similar picture due to the processing of the order book, with sales roughly at the same level as in the previous year (+0.7%) and improved profitability resulting in an EBITDA margin of 20.1% (third quarter of 2018: 17.4%) and an EBIT margin of 14.3% (third quarter of 2018: 12.9%).

In view of the difficult market situation and as a result of the declining incoming orders, the outlook for the coming months and quarters is more pessimistic. Corresponding adjustments have been made to production volumes.

Key figures Semperflex

in EUR million	Q1-3 2019	Change	Q1-3 2018	Q3 2019	Change	Q3 2018	2018
Revenue	174.7	-0.2%	175.0	53.8	+0.7%	53.4	230.0
EBITDA	39.3	+3.4%	38.0	10.8	+16.1%	9.3	48.9
EBITDA margin	22.5%	-1.1 PP	21.7%	20.1%	+2.7 PP	17.4%	21.3%
EBIT	30.3	-0.1%	30.3	7.7	+12.0%	6.9	38.4
EBIT margin	17.3%	-2.0 PP	17.3%	14.3%	+1.4 PP	12.9%	16.7%
Additions to tangible and intangible assets	7.7	-66.9%	23.3	1.1	-83.5%	6.9	30.1
Employees (at balance sheet date)	1,745	-3.6%	1,811	1,745	-3.6%	1,811	1,776

Sempertrans segment

The Sempertrans segment recorded a year-on-year decline in revenue in the first three quarters of 2019, which was primarily due to the increased focus on profitability as well as the closure of the Sempertrans site in China.

Revenue therefore decreased by 5.4% due to the lower volume with higher order quality. As a result of the successful restructuring and transformation programme, profitability was further increased: in the first three quarters, the EBITDA margin was 12.3% (3.3% adjusted value in the first three quarters of 2018), while the EBIT margin in the first three quarters was 8.9% (1.0% adjusted value in the first three quarters of 2018). The reported figures in the first three quarters of 2019 included a profit of EUR 1.3 million from the sale of tangible assets from the production site in China, which was closed in 2018, as well as insurance income of EUR 1.7 million following the fire at the Indian plant at the beginning of the year.

The third quarter of 2019 recorded a revenue level below the comparable value of Q3 2018 (-6.6%), due in particular to the focus on higher order quality, which resulted in a major improvement of profitability with an EBITDA margin of 13.1% (Q3 2018: 6.4%) and an EBIT margin of 10.4% (Q3 2018: 4.3%).

Key figures Sempertrans

in EUR million	Q1-3 2019	Change	Q1-3 2018 ¹⁾	Q3 2019	Change	Q3 2018	2018
Revenue	103.3	-5.4%	109.3	35.1	-6.6%	37.6	144.8
EBITDA	12.7	-	-0.2	4.6	+92.5%	2.4	0.5
EBITDA margin	12.3%	+12.5 PP	-0.2%	13.1%	+6.7 PP	6.4%	0.4%
EBIT	9.2	-	-6.7	3.6	>100%	1.6	-7.1
EBIT margin	8.9%	+15.0 PP	-6.1%	10.4%	+6.1 PP	4.3%	-4.9%
Additions to tangible and intangible assets	3.6	-85.1%	23.9	2.0	-85.1%	13.2	26.9
Employees (at balance sheet date)	949	+10.0%	863	949	+10.0%	863	878

¹⁾ EBITDA for the first three quarters of 2018 adjusted for the negative effects of the closure expenses for China amounted to EUR 14.4 million, while the adjusted EBIT was EUR 9.2 million.

Semperform segment

Demand in the Semperform segment was good in the industrial field, but continued to slow down in infrastructure and construction, with varying effects on sales of the individual business units. As a result, the fight for market shares intensified and orders were placed at even shorter notice.

In a comparison of the first three quarters of 2019 with the previous year, revenue remained almost unchanged (–0.2%), while increases in EBITDA (+26.3%) and EBIT (+31.9%) were recorded. Profitability also rose: the EBITDA margin was 15.3% (first three quarters of 2018: 12.1%), while the EBIT margin was 10.4% (first three quarters of 2018: 7.9%). Thus, a good operational implementation of the restructuring and transformation process delivered encouraging profitability results.

Due to the economic downturn, the third quarter of 2019 showed a decrease in revenue of 5.0% or EUR –2.5 million compared with the previous year, which could not be fully compensated by the productivity increase and resulted in a decline in EBITDA by EUR 1.8 million and in EBIT by EUR 2.0 million compared with the third quarter of 2018.

Key figures Semperform

in EUR million	Q1-3 2019	Change	Q1-3 2018	Q3 2019	Change	Q3 2018	2018
Revenue	148.2	–0.2%	148.5	47.8	–4.9%	50.3	192.2
EBITDA	22.7	+26.3%	18.0	6.6	+7.4%	6.2	21.9
EBITDA margin	15.3%	+3.2 PP	12.1%	13.8%	+1.6 PP	12.2%	11.4%
EBIT	15.5	+31.9%	11.7	4.2	–1.0%	4.2	13.2
EBIT margin	10.4%	+2.5 PP	7.9%	8.7%	+0.3 PP	0.1	6.9%
Additions to tangible and intangible assets	5.3	+57.2%	3.4	1.0	>100%	0.4	10.7
Employees (at balance sheet date)	1,011	+1.3%	998	1,011	+1.3%	998	1,000

Medical Sector: Sempermed segment

In the Sempermed segment, revenue in the first three quarters of 2019 fell by 4.9% to EUR 226.0 million compared to the previous year. Business with surgical gloves, which are produced at the main plant in Wimpassing, Austria, recorded a slight increase in revenue compared to the previous year. Sales of examination and protective gloves, on the other hand, were below the values of the same period of the previous year, while the further decline in revenue is attributable to slightly lower raw material prices.

The business development was characterised by the strategic shift in sales volumes from merchandise to in-house production in Malaysia and a continued trend towards nitrile gloves. The order situation is under increasing pressure as some major customers are optimising their inventories or expanding their supplier base due to the difficult market and price situation. Based on current information on the competitive situation of the medical business a requirement for impairment was identified.

The successful operational restructuring measures made it possible to increase productivity; consequently, the operating result turned positive again after a negative first half-year. Semperit also received a positive decision on the tax proceedings relating to levies in Brazil. As a result, a provision reversal of EUR 4.0 million was recognised. Therefore, EBITDA in the first three quarters of 2019 was EUR 5.6 million after EUR –0.8 million in the first three quarters of 2018.

As a result of the impairment amounting to EUR 46.8 million, EBIT was EUR –47.2 million compared to EUR –66.4 million in the previous year.

After a slightly positive Q2 2019, overcoming the operational problems at the production plants led to improvements of the operating earnings for the second time in succession from the perspective of the isolated third quarter of 2019. Although revenue declined compared to 2018 (–2.8%), the EBITDA margin was positive and was again above the previous year's levels. Due to the impairment, the EBIT margin was significantly below the previous year's level.

Key figures Sempermed

in EUR million	Q1-3		Q1-3		Change	Q3 2018	2018
	2019 ¹⁾	Change	2018 ²⁾	Q3 2019			
Revenue	226.0	–4.9%	237.5	78.2	–2.8%	80.4	311.5
EBITDA	5.6	–	–0.8	5.8	–	–0.9	–3.9
EBITDA margin	2.5%	+2.8 PP	–0.3%	7.5%	+8.6 PP	–1.1%	–1.3%
EBIT	–47.2	–28.8%	–66.4	–43.0	>100%	–3.9	–69.6
EBIT margin	20.9%	+7.0 PP	–27.9%	–55.0%	–50.2 PP	–4.8%	–22.3%
Additions to tangible and intangible assets	4.6	–35.1%	7.1	1.5	–49.3%	2.9	12.4
Employees (at balance sheet date)	3.263	+10.7%	2.948	3.263	+10.7%	2.948	2.979

¹⁾ EBITDA for the first three quarters of 2019, adjusted for the positive one-off effect from the reversal of provision relating to the levies in Brazil, amounted to EUR 1.5 million, while EBIT, additionally adjusted for the impairment losses (EUR 46.7 million for the Sempermed segment among other things) was EUR –4.5 million.

²⁾ EBIT for the first three quarters of 2018, adjusted for the negative effects of the impairment of EUR 55.2 million, amounted to EUR –11.2 million.

Employees

As of 30 September 2019, the number of employees was 7,101, which is 5.3% above the level of 30 September 2018. The employee headcount rose in all segments except Semperflex. The analysis by segments shows that around 46% of all employees work in the Sempermed segment, while around 25% work in the Semperflex segment, around 14% in the Sempertrans and around 15% in the Semperform segment.

Supervisory and Management Board matters

The Supervisory Board mandates of Christoph Kollatz and Felix Fremerey expired on 8 May 2019 (date of Annual General Meeting), while Christoph Trentini resigned his mandate on the same day at his own request. At the Annual General Meeting on 8 May 2019, Peter Edlmann, Birgit Noggler and Patrick Prügger were newly elected to the Supervisory Board. At the constituent meeting of the Supervisory Board, which took place following the Annual General Meeting, Peter Edlmann was elected as the successor of Christoph Kollatz as Chairman of the Supervisory Board. Stefan Fida remained Deputy Chairman of the Supervisory Board. Birgit Noggler took over the chairmanship of the Audit Committee of Semperit AG Holding.

The Supervisory Board of Semperit AG Holding has extended the Management Board mandate of CEO Martin Füllenbach until 31 December 2023, the mandate of the CFO Frank Gumbinger until 30 June 2022 and the Management Board mandate of Felix Fremerey until 30 November 2020.

Outlook

The Management Board of Semperit will continue the transformation process that has been started with all its consequences. Continuous and potentially new measures to increase profitability remain at the top of the Management Board's agenda.

At the same time, the effects of the global economic slowdown are clearly noticeable. This is reflected to varying degrees in the declining order books of the segments and is expected to have a negative impact on earnings, particularly in the first half of 2020. The competitive environment of the Medical Sector has recently intensified significantly, which – as already announced on 13 November 2019 – may result in a significant need for impairment loss in the Medical Sector. Against this background, the Management Board is also examining alternative strategic options for the medical business.

Note

This outlook is based on the assessments of the Management Board as of 19 December 2019 and does not take into account the effects of possible acquisitions, divestments or other unforeseeable structural or economic changes during the further course of 2019. These assessments are subject to both known and unknown risks and uncertainties, which may result in actual events and outcomes differing from the statements made here.

Consolidated income statement

in EUR thousand	Note	Q1-3 2019	Q1-3 2018 ¹⁾	Q3 2019	Q3 2018 ¹⁾
Revenue	2.2	652,222	670,283	214,917	221,741
Changes in inventories		-6,753	954	-8,154	-3,292
Own work capitalised		1,590	1,861	499	134
Operating revenue		647,059	673,097	207,262	218,584
Other operating income	2.3	7,285	3,207	2,849	1,200
Cost of material and purchased services		-363,450	-400,601	-113,465	-131,938
Personnel expenses		-150,552	-143,308	-49,767	-44,947
Other operating expenses	2.4	-80,228	-90,825	-25,733	-29,940
Share of profits from associated companies		335	375	156	99
Earnings before interest, tax, depreciation and amortisation (EBITDA)		60,448	41,944	21,303	13,059
Depreciation and amortisation of tangible and intangible assets		-26,548	-28,062	-9,192	-8,693
Impairment of tangible and intangible assets	2.5	-47,642	-59,383	-46,758	-44
Earnings before interest and tax (EBIT)		-13,742	-45,500	-34,647	4,321
Finance income		619	751	192	425
Finance expenses		-6,484	-6,996	-2,151	-2,442
Profit / loss attributable to redeemable non-controlling interests		-3,255	-2,924	-886	-1,406
Other financial result		206	-2,255	499	-1,378
Financial result	2.6	-8,913	-11,425	-2,347	-4,801
Earnings before tax		-22,656	-56,925	-36,994	-480
Income taxes		-11,417	-15,937	-2,893	-4,984
Earnings after tax		-34,072	-72,863	-39,887	-5,463
thereof attributable to the shareholders of Semperit AG Holding – from ordinary shares		-38,881	-75,763	-41,175	-7,303
thereof attributable to the shareholders of Semperit AG Holding – from hybrid capital		5,217	3,583	1,767	1,744
thereof attributable to non-controlling interests		-408	-683	-479	96
Earnings per share in EUR (diluted and undiluted) ²⁾		-1.66	-3.68	-1.94	-0.35

¹⁾ The comparative figures were adjusted (see chapter 1.3).

²⁾ The earnings per share is solely attributable to the ordinary shareholders of Semperit AG Holding (excl. interest from hybrid capital).

Consolidated statement of comprehensive income

in EUR thousand	Note	Q1-3 2019	Q1-3 2018	Q3 2019	Q3 2018
Earnings after tax		-34,072	-72,863	-39,887	-5,463
Other comprehensive income that will not be recognised through profit and loss in future periods		124	-4	28	40
Remeasurements of defined benefit plans		0	-4	0	1
thereof Revaluation gains / losses for the period		0	-4	0	1
thereof related to income tax		124	0	28	39
Other comprehensive income that will potentially be recognised through profit and loss in future periods		-383	1,540	-3,312	92
Cashflow hedges		274	980	-171	-1,013
thereof Revaluation gains / losses for the period		-128	1,090	-713	-926
thereof Reclassification to profit / loss for the period		402	-110	542	-87
Currency translation differences		-658	764	-3,203	782
thereof currency translation differences for the period		-658	764	-3,203	782
thereof related to income tax		2	-204	63	324
Other comprehensive income		-259	1,536	-3,283	133
Comprehensive income		-34,331	-71,327	-43,170	-5,330
thereof on earnings attributable to the shareholders of Semperit AG Holding – from ordinary shares		-39,256	-74,275	-44,937	-7,181
thereof attributable to the shareholders of Semperit AG Holding – from hybrid capital		5,217	3,583	1,767	1,744
thereof on earnings attributable to non-controlling interests		-292	-635	0	106

Consolidated cash flow statement

in EUR thousand	Note	Q1-3 2019	Q1-3 2018 ¹⁾
Earnings before tax		-22,656	-56,925
Depreciation, amortisation, impairment and write-ups of tangible and intangible assets		74,191	87,445
Profit / loss from disposal of assets (including current and non-current financial assets)		-1,125	-12
Change in non-current provisions		-3,510	-2,115
Share of profits from associated companies		-335	-375
Profit / loss attributable to redeemable non-controlling interests		3,255	2,924
Net interest income (including income from securities)		5,866	4,975
Taxes paid on income		-4,654	-5,782
Other non-cash expense/income		-3,539	120
Gross cashflow		47,493	30,255
Change in inventories		19,627	-3,085
Change in trade receivables		-4,789	-19,520
Change in other receivables and assets		1,895	1,751
Change in trade payables		20,020	-1,641
Change in other liabilities and current provisions		-843	3,035
Changes in working capital resulting from currency translation adjustments		0	4,216
Cashflow from operating activities		83,403	15,010
Proceeds from sale of tangible and intangible assets		1,358	222
Investments in tangible and intangible assets		-25,141	-57,651
Interest received		618	682
Cashflow from investing activities		-23,165	-56,747
Cash receipts from current and non-current financial liabilities		0	825
Repayment of current and non-current financial liabilities		-3,334	-63,559
Payments arising from leasing liabilities		-2,067	0
Dividends to non-controlling shareholders of subsidiaries		-669	0
Acquisition of non-controlling interests		-7	-33
Cash receipts from hybrid capital		0	130,000
Coupon payments on hybrid capital		-10,545	0
Interest paid		-5,986	-6,090
Cashflow from financing activities		-22,607	61,143
Net increase / decrease in cash and cash equivalents		37,631	19,406
Currency translation differences		816	359
Cash and cash equivalents at the beginning of the period		121,549	165,530
Cash and cash equivalents at the end of the period		159,996	185,296

¹⁾ The comparative figures were adjusted (see chapter 1.3).

Consolidated balance sheet

in EUR thousand	Note	30.09.2019	31.12.2018
ASSETS			
Non-current assets			
Intangible assets		8,053	11,935
Tangible assets		292,260	335,363
Investments in joint ventures and associated companies		2,998	2,653
Other financial assets		8,116	7,653
Other assets		4,487	6,946
Deferred taxes		3,538	4,364
		319,451	368,914
Current assets			
Inventories		136,064	150,425
Trade receivables		109,840	101,645
Other financial assets		6,347	7,702
Other assets		12,825	14,017
Current tax receivables		819	4,555
Cash and cash equivalents		159,996	121,549
		425,891	399,893
Non-current assets held for sale	3	4,961	0
		430,852	399,893
ASSETS		750,303	768,807
EQUITY AND LIABILITIES			
Equity			
Share capital		21,359	21,359
Capital reserves		21,503	21,503
Hybrid capital		130,000	130,000
Revenue reserves		120,319	164,630
Currency translation reserve		-8,774	-7,999
Equity attributable to the shareholders of Semperit AG Holding		284,408	329,494
Non-controlling interests		847	904
		285,255	330,398
Non-current provisions and liabilities			
Provisions		44,592	48,173
Liabilities from redeemable non-controlling interests		17,797	13,376
Financial liabilities		212,440	213,301
Trade payables		348	0
Other financial liabilities		8,203	2,017
Other liabilities		279	561
Deferred taxes		8,446	7,120
		292,105	284,548
Current provisions and liabilities			
Provisions		19,539	21,151
Financial liabilities		20,715	20,933
Trade payables		82,498	67,746
Other financial liabilities		18,974	19,935
Other liabilities		27,707	21,478
Current tax liabilities		3,510	2,619
		172,944	153,861
EQUITY AND LIABILITIES		750,303	768,807

Consolidated statement of the changes in equity

in EUR thousand	Share capital	Capital reserves	Hybrid capital	Revenue reserves	Currency translation reserve	Total	Non-controlling interests	Total equity
As at 01.01.2018	21,359	21,503	0	244,464	-8,820	278,506	1,784	280,291
Initial adjustment under IFRS 9	0	0	0	422	0	422	0	422
Adjusted as at 01.01.2018	21,359	21,503	0	244,886	-8,820	278,928	1,784	280,712
Earnings after tax	0	0	0	-72,179	0	-72,179	-683	-72,863
Other comprehensive income	0	0	0	771	716	1,487	49	1,536
Comprehensive income	0	0	0	-71,408	716	-70,692	-635	-71,327
Acquisition of non-controlling interests	0	0	0	0	0	0	-34	-33
Raise of hybrid capital	0	0	130,000	0	0	130,000	0	130,000
As at 30.09.2018	21,359	21,503	130,000	173,478	-8,104	338,236	1,116	339,352
As at 01.01.2019	21,359	21,503	130,000	164,630	-7,999	329,493	904	330,398
Earnings after tax	0	0	0	-33,664	0	-33,664	-408	-34,072
Other comprehensive income	0	0	0	399	-774	-375	116	-259
Comprehensive income	0	0	0	-33,265	-774	-34,039	-292	-34,331
Dividende	0	0	0	0	0	0	-259	-259
Coupon payments on hybrid capital	0	0	0	-10,545	0	-10,545	0	-10,545
Acquisition of non-controlling interests	0	0	0	-501	-1	-502	494	-8
As at 30.09.2019	21,359	21,503	130,000	120,319	-8,774	284,408	847	285,255

Notes to the interim group financial statements (condensed)

1. General

1.1. Preparation and presentation of the interim group financial report

The interim group financial report has been prepared in accordance with International Financial Reporting Standards (IFRSs) and is based on the regulations for interim financial statements (IAS 34).

For more information on accounting and valuation methods of the Semperit Group, please see the consolidated financial statements at 31 December 2018, which in this regards from the basis for this interim group financial report.

The reporting currency is the euro, with figures rounded to the nearest thousand, unless expressly stated otherwise. Rounding differences in the totaling of rounded amounts and percentages may arise from the automatic processing of data.

This interim group financial report of the Semperit Group at 30 September 2019 has not been fully audited or reviewed by the group's auditor.

1.2. Standards and interpretations to be adopted for the first time

The following amended standards and interpretations were applicable for the first time in the first quarter of 2019.

First-time adoption of standards and interpretations		Endorsement	Obligation to apply for the Semperit Group	Significant effects on the Semperit Group
New standards and interpretations				
IFRS 16	Leases	31 October 2017	01 January 2019	yes
IFRIC 23	Uncertainty regarding income tax treatment	23 October 2018	01 January 2019	no
Amended standards				
IFRS 9	Amendments to financial instruments	22 March 2018	01 January 2019	no
IAS 19	Amendments to employee benefits	13 March 2019	01 January 2019	no
IAS 28	Amendments to investments in associates and joint ventures	8 February 2019	01 January 2019	no
Miscellaneous	Annual improvements to IFRS, cycle 2015-2017	14 March 2019	01 January 2019	no

IFRS 16 Leasing

The new leasing standard IFRS 16 replaces the contents of IAS 17 and its related interpretations and regulates the principles for the recognition, measurement and disclosure as well as tax liabilities relating leasing contracts. The new standard no longer distinguishes on the lessee side between operating and finance leases. With a few exceptions, all leases and the rights and obligations associated with them will have to be recognised in the lessee's balance sheet. From the lessor's perspective, the accounting standards in IFRS 16 remain widely unchanged when comparing them to IAS 17.

At the time of the deployment of the leasing object the Semperit Group shows a leasing liability as in its function as lessee and an asset arising from the right of use. The leasing liability is interest-bearing and is repaid on an annuity basis by reoccurring payments; the right of use asset is depreciated over the shorter time of useful live and contract term. This leads to an increase in assets and liabilities, which also results in higher depreciations (Q3 2019: EUR 1,882 thousand) and interest expenses (Q3 2019: EUR 192 thousand); against it the rental and leasing expenses are reduced (Q3 2019: EUR 1,994 thousand). Following EBITDA and EBIT are increased from the first-time application of IFRS 16. The operating cashflow is also improving, as rental and leasing payments are transformed to interest and settlement payments and these are allocated to the cashflow from financing activities.

For the recognizable leasing contracts, the Semperit Group capitalizes the right of use as part of the tangible assets and discloses the leasing liabilities as other financial liabilities. The Semperit Group is acting primarily as lessee of right of use assets on land and buildings, office equipment and vehicles.

The Semperit Group chose the modified retrospective approach for the first-time application as of 01 January 2019; which led to not amending the prior year figures. Furthermore, the Semperit Group applied IFRS 16 only for those contracts, that were previously classified under IAS 17 or classified under IFRIC 4. Contracts, that were not identified as leasing contracts before, where therefore not remeasured during the first-time application of IFRS 16 as the option that is foreseen in IFRS 16 was made use of.

The Semperit Group exercises the right foreseen in IFRS 16 to not apply the lease-accounting rules on contracts with a short leasing period (less than 12 months), on leasing objects with a low value (below the value of approximately EUR 5 thousand) and on intangible assets. The Semperit Group therefore does not disclose right of use assets and leasing liabilities for those type of contracts; leasing payments arising from these contracts are distributed linearly over the duration of the contract as rental expenses.

The right to account leasing contracts, that have a duration of less than 12 months from the first-time application, as short-term contracts, is also exercised. For all other operating leasing contracts, where the Semperit Group acts as the lessee the present value of the future leasing payments is accounted as a leasing liability. Right of use assets are shown as part of the fixed assets with the amount of the leasing liability and are adjusted by prepaid or deferred leasing payments. Initial direct costs were not included in the measurement of the right of use asset at the time of the first-time application.

For leasing contracts that were recognised for the first time as of 1 January 2019, country-specific interest on borrowed capital from 0.75% to 8.50% were used.

The effects on the consolidated balance sheet as of 01 January 2019 arising from the first-time application of IFRS 16 are the following:

in EUR thousand	31.12.2018	IFRS 16 Adjustment	01.01.2019
Non-current assets			
Tangible assets	335,363	9,337	344,700
hereof tangible assets from finance lease contracts	44	-44	0
hereof Right of use assets - land and buildings	0	7,358	7,358
hereof Right of use assets - other assets, vehicles, office equipment	0	2,023	2,023
Current assets			
Other assets	14,017	-33	13,984
Right of use asset from the first-time adoption of IFRS 16		9,303	
Non-current provisions and liabilities			
Other financial liabilities	2,017	7,555	9,572
Current provisions and liabilities			
Other financial liabilities	19,935	1,748	21,683
Liabilities from the first-time adoption of IFRS 16		9,303	

As of 30 September 2019, right of use assets are disclosed in the fixed assets with EUR 8,155 thousand as well as leasing liabilities in the short- and long-term financial liabilities amounting to EUR 8,673 thousand.

1.3. Amendments to comparative information

Amendments to the presentation of the consolidated income statement

During the revision of the group chart of accounts, the disclosure of some expense types were harmonised from the first quarter 2019 onwards.

Since the financial year 2019 expenses arising from the use of external personnel, which from an economic standpoint are seen as employees of the entity, are shown in the personnel expenses. Further, expenses arising from the use of production-related spare parts are to be found in the material expenses and expenses relating to maintenance services which are conducted externally are disclosed in the expenses for purchased services.

The comparative figures for the first three quarters of 2018 were therefore adjusted and are shown in the following table:

in EUR thousand	Q1-3 2018 as reported	Personnel expenses for external workers	Expenses for spare parts	Production- related maintenance costs	Q1-3 2018 adjusted
Operating revenue	673,097	0	0	0	673,097
Other operating income	3,207	0	0	0	3,207
Cost of material and purchased services	-391,411	1,895	-2,381	-8,704	-400,601
Personnel expenses	-133,816	-9,493	0	0	-143,308
Other operating expenses	-109,507	7,597	2,381	8,704	-90,825
Share of profits from associated companies	375	0	0	0	375
Earnings before interest, tax, depreciation and amortisation (EBITDA)	41,944	0	0	0	41,944

Amendments to comparative information in the financial result

Following the Semperit Group's modification of its consolidated financial statements in 2018, a more suitable type of disclosure was chosen for the financial result. Therefore, the comparative information for the first three quarters of 2018 was amended.

The effects resulting from the change of disclosure are summarized in the following table:

in EUR thousand	Q1-3 2018 as reported	Net foreign exchange result	Other adjustments	Q1-3 2018 adjusted
Finance income (formerly: financial income)	24,087	-23,337	-	751
Finance expenses (formerly: financial expenses)	-32,588	24,584	1,008	-6,996
Profit / loss attributable to redeemable non-controlling interests	-2,924	-	-	-2,924
Other financial result	-	-1,247	-1,008	-2,255
thereof net foreign exchange result	-	-1,713	-	-1,713
thereof net result from the valuation categories FVPL and FV - Hedging Instrument	-	466	11	477
thereof other	-	-	-1,019	-1,019
Financial result	-11,425	0	0	-11,425

Amendment to comparative information in the consolidated cashflow statement

Following the Semperit Group's modification of its consolidated financial statements in 2018 a method was chosen for presenting the consolidated cashflow statement which enables a more consistent deduction of the free cashflow; therefore, the comparative figures were adjusted.

Further the changes in working capital arising from currency translation adjustments were allocated to the individual items. This was possible due to system improvements. For the comparative period, this allocation was not possible due to data unavailability.

2. Performance

2.1. Segmentreporting

in EUR thousand	Sempermed	Semperflex	Sempertrans	Semperform	Corporate Center	Intercompany transactions	Group
Q1-3 2019							
Revenue	226,012	174,651	103,347	148,211	-	-	652,222
EBITDA	5,558	39,257	12,734	22,720	-19,976	155	60,448
EBIT	-47,250	30,279	9,240	15,477	-21,644	155	-13,742
Cash and cash equivalents	18,251	22,855	20,647	12,992	85,252	-	159,996
Trade Working Capital	58,405	51,763	27,681	30,743	-5,174	-11	163,406
Additions to tangible and intangible assets ¹⁾	4,626	7,699	3,561	5,276	212	-	21,374
Q1-3 2018							
Revenue	237,537	174,962	109,303	148,481	-	-	670,283
EBITDA	-807	37,978	-218	17,994	-12,143	-860	41,944
EBIT	-66,357	30,298	-6,714	11,735	-13,602	-860	-45,500
Cash and cash equivalents	32,805	23,674	18,779	12,141	97,897	-	185,296
Trade Working Capital	60,647	58,150	31,001	36,841	-5,465	-	181,174
Additions to tangible and intangible assets ¹⁾	7,130	23,262	23,883	3,356	631	-	58,261

¹⁾ Excluding right of use assets according to IFRS 16.

2.2. Revenue

Revenue from contracts with customers is broken down by segment and geographical region as follows:

in EUR thousand	Sempermed	Semperflex	Sempertrans	Semperform	Group
Q1-3 2019					
Western Europe	122,028	98,865	28,249	106,434	355,576
Eastern Europe	27,052	36,435	20,262	17,806	101,555
North America	43,614	21,031	11,499	7,310	83,454
Central and South America	6,195	1,988	2,917	861	11,960
Africa	1,914	702	5,269	344	8,229
Asia	22,707	15,396	33,930	15,375	87,408
Australia	2,502	234	1,221	82	4,039
Revenue	226,012	174,651	103,347	148,211	652,222
Q1-3 2018					
Western Europe	124,454	103,040	36,328	105,775	369,597
Eastern Europe	28,444	35,454	21,363	19,411	104,673
North America	50,032	17,481	8,588	7,063	83,164
Central and South America	7,254	1,375	5,889	947	15,466
Africa	1,389	2,012	7,012	162	10,574
Asia	23,913	14,450	20,066	15,083	73,511
Australia	2,050	1,150	10,058	40	13,299
Revenue	237,537	174,962	109,303	148,481	670,283

2.3. Other operating income

In the other operating income, an income in the amount of EUR 1,288 thousand is included arising from the sale of tangible assets from the production site Sempertrans Best (ShanDong) Belting Co. Ltd., that was closed last year.

As of 12 February 2019 a fire at the mixing department of Sempertrans India Pte. Ltd. destroyed production facilities of the mixing departments and stored inventories. In the first three quarters of 2019 the income of the reimbursement from the insurance company amounted to EUR 1,688 thousand.

2.4. Other operating expenses

The release of a provision for transaction taxes in Brazil in respect of the assessment years 2008-2010 is included in the other operating expenses. The duty (PIS/COFINS) is levied on the import and resale of goods in Brazil. Concerning the import PIS/COFINS the Conselho de Administração de Recursos Fiscais (CARF) rendered the final decision on 12 November 2019 in favour of the Semperit Group. As a consequence, the related provision had to be released in the amount of EUR 4,048 as a subsequent event after the reporting date.

For the resale PIS/COFINS, a deposit was made in the financial year 2017 after unsuccessful appeals in the administrative proceedings for the further handling of the case. The provision in the amount of

EUR 3,336 thousand is still accompanied by a corresponding receivable against the civil court for the reimbursement of the deposit.

2.5. Impairment on assets and intangible assets

Impairment need in Sempermed segment

In the recent past, we observed evidence that the relative competitive position of the Sempermed segment deteriorates respectively has deteriorated: Our main competitors have invested significantly more in capacity expansion and automation than it was expected; the market environment has developed very dynamically. Even though the Sempermed segment achieved clear progress by improving the operating key performance figures, it is expected that the pressure on prices due to overcapacities on the market will have a considerably negative impact of the profitability compared to the previous planning. Against this background, the Semperit management determined the recoverable amount for the cash-generating unit of the Sempermed segment at 30 September 2019. The recoverable amount was calculated as a value in use and was lower than the trade working capital, which would result in an impairment of the non-current assets to the full extent. In allocating the impairment loss, the carrying amounts of the assets making up the cash-generating unit may not be reduced below separately determined fair values (less costs of sale) or values in use.

The calculation for the separate values was done on the following assumptions and methods:

- For intangible assets separate, recoverable amounts were not allocable; its recoverable amount was supposed to be zero.
- For properties and building including buildings on land owned by third parties the valuation was predominantly done by experts based on comparable figures respectively replacement costs. Individual characteristics of industrial properties like expectable contaminations have been considered by corresponding deductions.
- For technical equipment and machinery, experts did the valuation. The valuation was done based on replacement costs of similar assets, whereat functional and economical obsolescence has been considered by corresponding deductions.
- For other equipment, factory and office equipment it was considered partially that the fair value corresponds approximately to the book value. As the realisation can be done only pit by pit, appropriate costs of sale have been considered.
- For rights of use the valuation was done considering the future use or the alternative use.
- For the assets of FormTech Engineering (M) Sdn Bhd in Nilai (MY) and the associated company Synergy Health Allershausen GmbH in Allershausen (DE) the recoverable amounts were calculated separately.
- Costs of sale have been calculated by using experience from the past.

At 30 September 2019, the recoverable amount for the cash-generating unit of the Sempermed segment was EUR 77,348 thousand and was thus below the carrying amount of EUR 124,985 thousand at the reporting date (thereof trade working capital excluding trade payables from CAPEX: EUR 59,004 thousand). The resulting impairment loss of EUR 47,637 thousand at 30 September 2019 was allocated to non-current segment assets as follows, recognised in the functional currencies of the subsidiaries belonging to the Sempermed segment and translated into euros at the respective average exchange rates for the first three quarters:

in EUR thousand	1.1.- 30.09.2019	1.1.- 30.09.2018
Other intangible assets	-298	-1,490
Tangible assets	-46,465	-53,738
Investments in associated companies	0	0
Impairment expense	-46,763	-55,228
Currency translation differences in OCI	-874	-552
Impairment of tangible and intangible assets as of 30.09.2019 resp. as of 30.09.2018	-47,637	-55,780

2.6. Financial result

in EUR thousand	Q1-3 2019	Q1-3 2018
Finance income		
Income from securities	1	5
Interest and related income	618	746
	619	751
Finance expenses		
Interest expense	-6,484	-6,996
	-6,484	-6,996
Other financial result		
Net foreign exchange result	1,949	-1,713
Net result from the valuation categories FVPL and FV - Hedging Instrument	-386	477
Other	-1,358	-1,019
	206	-2,255
Profit / loss attributable to redeemable non-controlling interests	-3,255	-2,924
Financial result	-8,913	-11,425

¹⁾ The comparative figures were adjusted (see chapter 1.3).

3. Asset held for sale

3.1. Sempertrans Best (ShanDong) Belting Co. Ltd.

In 2018 a production facility for conveyor belts of the Semperit Group was closed in Taierzhuang (China). The liquidation of the company, Sempertrans Best (ShanDong) Belting Co. Ltd., will be executed by a liquidation committee built up of representatives of Semperit and of the 16.1% minority shareholder, Shandong Wang Chao Coal & Electricity Group. Ltd; the government of the district will take care of the lawful proceedings. In the first quarter of 2019 machines and technical equipment could be sold successfully (see 2.3). After the sale, the properties and buildings of the former production facility were in an usual ready to sale condition. As a consequence, as of 30 June 2019 these assets were classified as assets available for sale. The impairment test related to the reclassification resulted in an impairment in the amount of EUR 855 thousand which was reported in the EBIT of the segment Sempertrans. As of 30 September 2019 the carrying value according to IFRS 5 amounted to EUR 4,614 thousand. After the reporting date of 30 September 2019 the properties and the buildings have been sold in the course of an auction. This did not result in an adjustment of the impairment.

3.2. Semperit Profiles Leeser GmbH

Due to the planned integration of the facility at Dalheim to the facility at Hückelhofen/Baal of the German Semperit Profiles Leeser Produktion it was decided in July 2019 to sell the corresponding properties. Because of this, two buildings with a book value of EUR 347 thousand have been classified as assets held for sale as of 30 September 2019 for the first time. The impairment test related to the reclassification resulted in no impairment. The management of the Semperit Group is optimistic to realize the sale within the next 12 months.

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Financial Calendar 2020

20.03.2020	Publication of 2019 annual financial statements
11.04.2020	Record Date Annual General Meeting
21.04.2020	Annual General Meeting, Vienna
23.04.2020	Ex-dividend day
24.04.2020	Record Date Dividend (= day, on which settled positions are struck at CSD Austria at close of business to determine the entitlement)
27.04.2020	Dividend payment day
20.05.2020	Report on Q1 2020
14.08.2020	Half-year financial report 2020
19.11.2020	Report on Q1-3 2020

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Disclaimer

The terms "Semperit" or "Semperit Group" in this report refer to the group; "Semperit AG Holding" or "Semperit Aktiengesellschaft Holding" is used to refer to the parent company (individual company).

We have prepared this report and verified the information it contains with the greatest possible care. Nevertheless, rounding, typesetting and printing errors cannot be ruled out. Rounding of differences in the summation rounded amounts and percentages may arise from the automatic processing of data.

The forecasts, plans and forward-looking statements contained in this report are based on the knowledge and information available and the assessments made at the time that this report was prepared (editorial deadline: 19. December 2019). As is true of all forward-looking statements, these statements are subject to risk and uncertainties. As a result, actual events may deviate significantly from these expectations. No liability whatsoever is assumed for the accuracy of projections or for the achievement of planned targets or for any other forward-looking statements. Words such as "expect," "want", "believe," "anticipate," "includes," "plan," "assumes," "estimate," "projects," "intends," "should," "will," "shall," or variations of such words are generally part of forward-looking statements.

Furthermore, there is no guarantee that the contents are complete.

Statements referring to people are valid for both men and women.

This report has been written in German and English. In case of doubt, the German version shall take precedence.

