

DEAR SHAREHOLDERS,

The third quarter of 2003 brought only a partial improvement in global economic conditions. While Europe showed no signs of an upturn, the US economy grew by 7.2% against the quarter before, signalling the first definite effects of the government's expansive money-supply and tax policies and its sharp increase in spending. The world-wide frontrunner in growth is Asia, with expected annual growth of 5% to 6%. Japan also appears to be emerging gradually from its economic depression.

Further Increases in Sales and Earnings

In this environment, the industrial group of Semperit AG Holding managed to hold steady to its course of growth once again in the third quarter of 2003. Consolidated sales increased over the same period the year before by some 5 %, rising to EUR 350.7 million while profit before tax (PBT) rose to EUR 33.5 million.

SEMPERIT AT A GLANCE (in EUR mill.)

	1-9/1999	1-9/2000	1-9/2001	1-9/2002	1-9/2003	Diff.03 to 02
Sales	235.8	273.5	301.0	335.1	350.7	+4.7 %
Profit before tax (PBT)	25.5	28.2	30.2	31.9	33.5	+4.9 %
Numbers of employees at 30 Sept.	4,848	5,351	5,044	5,821	5,997	+3.0 %

With fierce predatory competition still prevailing, tight margins remained the order of the day in calculations. Two additional external factors affected earnings adversely. First, rubber and other raw material prices stayed at record high levels. Second, the steadily weakening US dollar put an ever tighter squeeze on earnings due to the extensive business Semperit transacts in dollars.

Against this backdrop, group companies continued to be adapted to changing conditions in line with a strict corporate policy focusing on optimizing the production processes to top quality standards while minimizing the costs. Semperit began globalising production locations in much rosier economic times, and this policy has proved especially effective in the difficult phase the markets are going through right now. Marginal income from production operations in countries with much lower manufacturing costs than Austria made quite a positive contribution to the Group as a whole. Our new trading company in Singapore continued its successful efforts to gain a foothold in the market.

The management was especially pleased to see the fresh impetus the parent operations in Wimpassing, Austria, obtained from its ties to the rest of the production companies scattered over three continents. With the new Group Centre for Research and Development, our Austrian business location has gained new stature as a central hub for know-how transfer and innovation within the Semperit Group.

Sempermed Adversely Affected by the Weak Dollar

Sempermed operated at full capacity in the period under review. This is only partially reflected in the key figures however, because the division was unable to raise prices and lower costs sufficiently to offset the higher rubber price and in particular the weakening of the US dollar, a trend that is unfavourable for the division.

In European production at the parent plant in Wimpassing, the level of orders for surgical gloves was down somewhat as major tender transactions drew to a close. In terms of sales revenues, this drop was compensated for by increased sales of examination gloves. Business in industrial gloves was brisk, particularly in profitable niche products.

The trading company Sempermed USA continued to expand its market share in the world's largest glove market.

The Thai factory Siam Sempermed made full use of capacity thanks to strong volume sales in Europe and the USA and recorded a satisfactory increase in sales revenues in Thai-Baht. Nonetheless, profits were curtailed by the still high raw material prices and the devaluation of the US dollar in relation to the baht. The Chinese production factory Shanghai Foremost was hampered by a fire in the production and delays in expanding production capacity. For these reasons, it fell short of expectations in terms of both output and sales revenues.

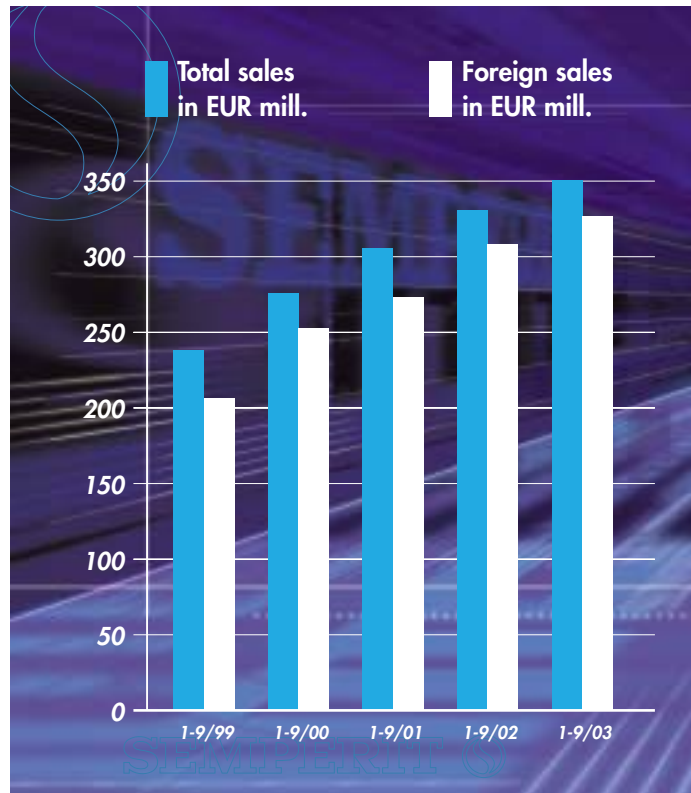
Revival of Business for Semperflex

Semperflex benefited from strong demand on European markets and in the US to record a substantial increase in sales of hydraulic hose. Business in industrial hose also grew despite the ongoing slump in the construction industry. Earnings were in line with expectations.

The upward trend for hose production operations at Wimpassing continued in the period under review. Growth in elastomer sheeting, however, was slight due to the still fierce competition.

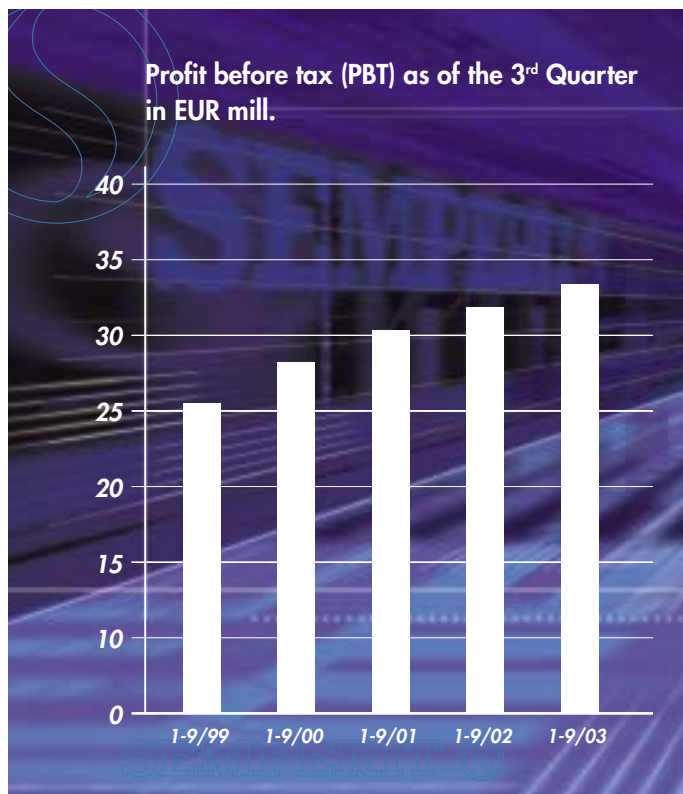
Semperflex Optimitt, the division's Czech hose factory, was right on target, especially with regard to business in hydraulic hose. Growth in that segment far exceeded expectations. Increases in raw material prices were offset by reductions of other costs. Roiter, the Italian production location, faced a shrinking domestic market and was unable to match last year's business performance.

The Thai hose factory Semperflex Asia reported an upsurge in demand from the US and Europe. With capacity fully utilised, it was able to record higher than expected sales growth only in the national currency. The first major contracts were wound up for the new trading company in Singapore.



Business Improves at Semperform

Semperform recorded encouraging increases in sales and earnings in the period under review.



Production at Wimpassing benefited from full order books, especially for the priority segment railway superstructure, for moulded articles and for aerial ropeway rings as well as for sponge rubber. In profile business, demand continued to improve at a welcome pace. The rather moderate trend for ski membranes reflects the current situation in the ski industry.

Much the same can be said about technical products for handrail production, where marketing efforts in the spare parts market bore fruit. The level of orders has risen since the second quarter, assuring a commensurate utilization of production capacity. The Chinese handrail factory in Shanghai developed positively as expected, as did production operations in the US with minor exceptions.

Semperform Hungary benefited in all segments from the much stronger demand on the western European markets and the slight devaluation of the Hungarian forint in relation to the euro.

Semperit Gummiwerk Deggendorf achieved considerable gains in market share on full utilization of capacity despite the recession still plaguing the construction industry. The increases in sales and earnings both exceeded expectations.

The moulded articles subsidiary in Thailand was the only unit to record stagnating business in the period under review.

Sustained Growth at Sempertrans

Sempertrans handed in a solid performance with satisfactory sales and profit figures for the period under review. The French production company Sempertrans France Belting Technology (SFBT) reported business results that were higher than the year before. A main factor in this showing was business in metal belts. Textile belts fared less well due to excess capacity world-wide and low market prices.

The Polish conveyor belt manufacturer Sempertrans Belchatow benefited from stronger demand in domestic business and in exports. Production output and sales far exceeded those of the year before.

The company succeeded in largely offsetting the rise in raw material prices.

At the Group's Indian company Sempertrans Nirlon, growth in sales and profits was curbed by price and competitive pressures on the domestic market as well as raw material prices that were above world market level due to customs duties. Measures to improve productivity and reduce costs proceeded apace.

Sights Set on Record Profits in 2003

Although the global economic situation remains unsatisfactory, the management expects group sales and profits to improve again in 2003 and to reach new record levels for the thirteenth consecutive year.

Unlike previous years, the main contributors to growth will be Semperflex, Sempertrans and Semperform while business results at Sempermed are expected to remain at the previous year's level due to the weakness of the US dollar in relation to the euro.

The American trading subsidiary Sempermed USA will continue to increase its market share but the current foreign exchange situation will cut into earnings. The same holds true for the examination glove production plant in Thailand, which is operating at full capacity.

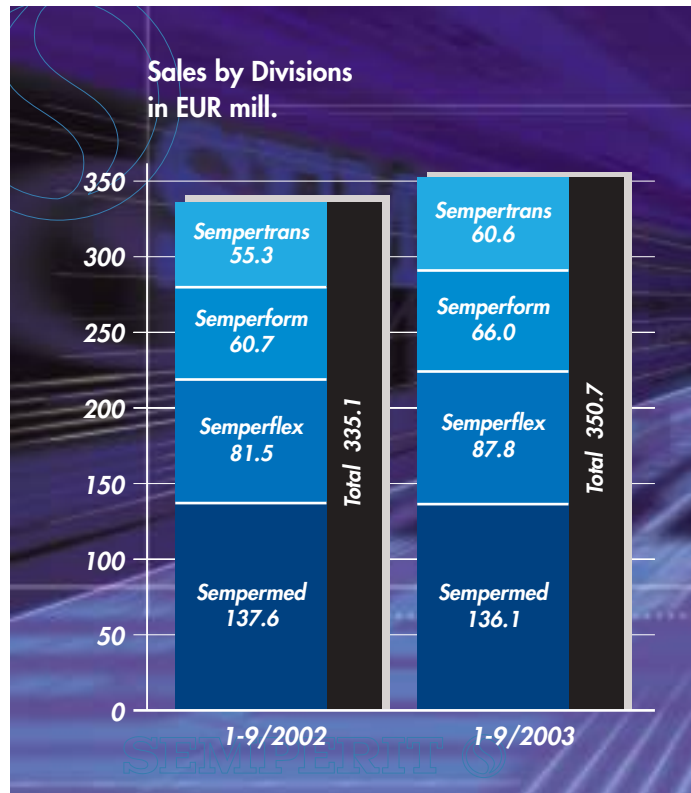
The encouraging order situation at Semperflex bodes well for a lasting revival of business benefiting both hydraulic and industrial hose in equal measure.

Semperform is also expected to enjoy more dynamic business growth than in 2002.

Optimism about Sempertrans also appears justified on the basis of this company's currently foreseeable development. Sempertrans Belchatow is a robust player on the markets not least thanks to the stabilisation of demand in Eastern Europe.

Increase in Semperit Stock Price

The comparably solid development of business at the Semperit-Group in this tough economic climate has been reflected in the stock price again this year. After a closing price of EUR 12.49 at the end of 2002, the stock was trading at EUR 13.53 by the end of September after having reached substantially higher levels in the interim. With this performance, Semperit stock has demonstrated its long-term stability yet again.



BALANCE SHEET

Assets

in TEUR	31.12.2002	30.9.2003
Intangible assets	-2,535.8	-3,633.1
Property, plant and equipment	129,601.1	117,731.7
Financial assets	19,861.3	32,252.6
FIXED AND FINANCIAL ASSETS	146,926.6	146,351.2
Inventories	58,448.6	57,556.2
Trade receivables	72,774.7	73,307.2
Other receivables	14,568.5	13,286.0
Marketable securities	64.4	0.0
Cash and cash equivalents	18,981.7	42,196.5
Prepaid expenses and deferred charges	989.6	1,311.4
CURRENT ASSETS	165,827.5	187,657.3
Deferred tax	12,729.4	12,639.2
ASSETS	325,483.5	346,647.7

Equity and liabilities

in TEUR	31.12.2002	30.9.2003
Issued capital	21,359.0	21,359.0
Share premium	21,503.2	21,503.2
Retained earnings	109,914.5	120,741.1
Treasury shares	-2,460.0	-2,460.0
Currency translation reserve	-1,770.6	-9,288.9
EQUITY	148,546.1	151,854.4
MINORITY INTEREST	40,897.5	37,615.7
Provisions for pensions and severance payments	52,753.7	53,105.9
Provisions for deferred taxes	600.7	1,499.7
Provisions for current taxes	2,361.6	5,580.5
Other provisions	26,126.6	29,195.1
PROVISIONS	81,842.6	89,381.2
Liabilities due to banks	13,159.6	18,606.0
Trade payables	24,654.2	29,783.5
Prepayments	316.1	354.3
Other liabilities	15,243.6	18,290.1
Prepaid expenses and deferred charges	823.8	762.5
LIABILITIES	54,197.3	67,796.4
EQUITY AND LIABILITIES	325,483.5	346,647.7

PROFIT AND LOSS ACCOUNT

in TEUR	1.7.-30.9.2003	1.1.-30.9.2003
SALES	115,981.1	350,688.1
Differences between opening and closing stocks	450.8	1,682.0
Own work capitalised	159.2	448.1
OPERATING REVENUES	116,591.1	352,818.2
Other operating income	1,514.3	6,755.6
Cost of materials	-59,163.0	-173,043.9
Staff costs	-21,849.7	-69,272.6
Depreciation	-5,155.4	-17,615.6
Other operating expenses	-21,705.3	-67,043.3
OPERATING PROFIT (EBIT)	10,232.0	32,598.4
Investment results	-38.6	-147.9
Other financial results	170.5	1,025.9
FINANCIAL RESULTS	131.9	878.0
PROFIT BEFORE TAX (PBT)	10,363.9	33,476.4
Taxes on income	-3,344.0	-9,691.0
PROFIT AFTER TAX	7,019.9	23,785.4
Minority interests	-1,309.1	-4,615.9
NET PROFIT FOR THE PERIOD	5,710.8	19,169.5
Earnings per share in EUR	0.28	0.94
Weighted average number of shares	20,348,434	20,348,434

CAPITAL AND RESERVES

in TEUR	Issued capital	Share premium	Retained earnings	Treasury shares	Currency transl. reserve	Total
Balance on 31.12.2002	21,359.0	21,503.2	109,914.5	-2,460.0	-1,770.6	148,546.1
Net profit			19,169.5			19,169.5
Dividend			-8,342.9			-8,342.9
Currency translation adjustments					-7,518.3	-7,518.3
Balance on 30.9.2003	21,359.0	21,503.2	120,741.1	-2,460.0	-9,288.9	151,854.4

STATEMENT OF CASH FLOWS

in TEUR	1.1. - 30.9.2003
Cash-flow from operating activities	55,276.7
Cash-flow from investing activities	-22,328.9
Cash-flow from financing activities	-9,733.0
CHANGES IN CASH AND CASH EQUIVALENTS	23,214.8
Cash and cash equivalents at the beginning of the 1 st quarter	18,981.7
Cash and cash equivalents at the end of the 3 rd quarter	42,196.5

FINANCIAL CALENDER 2004

Preliminary results 2003
10th week of 2004

We are happy to provide you with additional information on the Semperit Group,
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Letter to Shareholders 3rd Quarter 2003

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