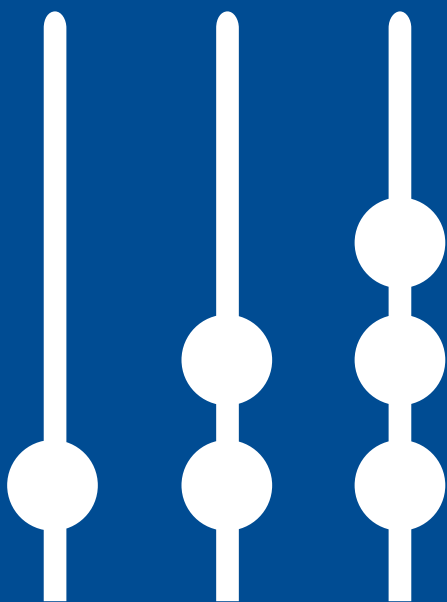
SEMPERIT

Report on the first three quarters of 2017

- Revenue in Q1–3 2017 increased by 3.5% year-on-year to EUR 670.0 million
- Results in Q1–3 2017 slightly below previous year: positive one-off effects from joint venture transaction were up against various negative one-off effects
- Measures taken in Q3 – highlights:
  – Expansion step at Semperflex in the Czech Republic
  – Social plan signed for Sempertrans production site in France
  – Start of analysis and strategy process
- Outlook remains suspended



Key performance figures

in EUR million	Q1–3 2017[1]	Change	Q1–3 2016	Q3 2017	Change	Q3 2016	2016[1]
Revenue	670.0	+3.5%	647.6	208.4	–0.3%	208.9	852.4
EBITDA	97.8	+35.4%	72.2	0.5	–97.5%	19.4	77.9
EBITDA margin	14.6%	+3.5 PP	11.1%	0.2%	–9.1 PP	9.3%	9.1%
EBIT	46.1	–1.1%	46.7	–8.2	–	10.4	27.3
EBIT margin	6.9%	–0.3 PP	7.2%	–3.9%	–8.9 PP	5.0%	3.2%
Earnings after tax	4.9	–79.1%	23.4	–16.4	–	5.5	–8.8
Earnings per share (EPS)[2], in EUR	0.24	–79.0%	1.14	–0.79	–	0.27	–0.43
Gross cash flow	32.7	–26.5%	44.4	–16.1	–	8.2	48.1
Return on equity[3]	2.2%	–6.5 PP	8.7%	–21.5%	–27.6 PP	6.1%	–2.7%

Balance sheet key figures

in EUR million	30.9.2017	Change	30.9.2016	30.6.2017	Change	30.6.2016	31.12.2016
Balance sheet total	870.0	–10.3%	969.4	886.0	–9.0%	973.1	1,034.5
Equity[2]	303.4	–15.5%	359.0	321.9	–9.8%	356.9	329.3
Equity ratio	34.9%	–2.1 PP	37.0%	36.3%	–0.4 PP	36.7%	31.8%
Investments in tangible and intangible assets	55.8	+25.9%	44.3	35.8	+43.2%	25.0	65.1
Employees (at balance sheet date)	6,542	–6.9%	7,028	6,532	–8.5%	7,136	6,974

Sector and segment key figures

in EUR million	Q1–3 2017	Change	Q1–3 2016	Q3 2017	Change	Q3 2016	2016
Industrial Sector = Semperflex + Sempertrans + Semperform							
Revenue	409.8	+5.3%	389.3	129.5	+7.6%	120.3	506.4
EBITDA	31.0	–56.8%	71.7	4.6	–76.2%	19.4	89.5
EBIT	16.5	–71.1%	57.1	–0.1	–	14.5	70.0
Semperflex[4]							
Revenue	153.5	+9.7%	140.0	46.8	+7.9%	43.4	184.9
EBITDA	30.1	–9.3%	33.1	7.8	–10.7%	8.8	43.4
EBIT	24.1	–10.6%	27.0	5.9	–12.2%	6.7	35.3
Sempertrans							
Revenue	113.9	–0.3%	114.3	35.7	+9.3%	32.7	148.4
EBITDA	–14.8	–	14.5	–6.2	–	3.0	15.9
EBIT	–17.4	–	11.6	–7.0	–	2.1	12.1
Semperform[4]							
Revenue	142.3	+5.4%	135.0	46.9	+6.1%	44.3	173.1
EBITDA	15.7	–34.9%	24.1	3.0	–60.9%	7.6	30.2
EBIT	9.8	–47.1%	18.6	1.0	–81.8%	5.7	22.5
Medical Sector = Sempermed							
Revenue	260.2	+0.7%	258.3	78.8	–11.0%	88.6	346.0
EBITDA	79.4	>+100.0%	9.8	–0.4	–	1.9	6.6
EBIT	44.7	–	–0.9	–3.4	+66.5%	–2.1	–23.9

Note: Rounding differences in the totalling of rounded amounts and percentages may arise from the use of automatic data processing.
[1] Values adjusted for one-off effects, see table on page 5 in this report.
[2] Attributable to the shareholders of Semperit AG Holding.
[3] Based on a full-year projection.
[4] 2016 values restated, there was a reclassification of the business unit Sheeting from the Semperflex segment to the Semperform segment.

Economic environment and developments in the raw material markets

The recovery of global economy continued in the course of 2017. Therefore, the International Monetary Fund (IMF) expects an increase in global economic performance of 3.6% in the current year. According to the current IMF forecast, in the USA a GDP growth of 2.2% is expected for 2017. In the euro zone, growth is expected to be 2.1%. Despite the slightly improved growth prospects, the IMF continues to forecast uncertainties for global economy due to the currently prevailing political framework conditions.

In the first two months of 2017, the price indices for natural rubber and natural latex as well as synthetic latex and synthetic rubber experienced another significant increase compared with the end of 2016. In the second quarter of 2017 a stabilisation and a decline of price indices were recorded, although to varying degrees depending on the raw material. The third quarter of 2017 saw a sideways movement. However, a partial increase was recorded for raw materials used primarily in the Industrial Sector in the third quarter of 2017. The average values of price indices of the first three quarters of 2017 were significantly – partially more than half – above the values of the first three quarter of 2016.

Revenue and earnings of Semperit Group

First to third quarter of 2017

Revenue rose from EUR 647.6 million in the first three quarters of 2016 to EUR 670.0 million in the first three quarters of 2017, an increase of 3.5%. In addition to partial price increases, the increase in revenue was based on a good sales performance and higher volumes sold in all segments except Sempertrans. Both the Industrial and the Medical Sectors recorded increases in revenue (for details on the development of sectors and segments see page 8ff). The distribution of revenues remained almost unchanged in comparison of the first three quarters of 2016 and 2017. The Industrial Sector accounted for 61% and the Medical Sector for 39% of revenue.

In the first three quarters of 2017, inventories increased by EUR 2.1 million compared with EUR 1.4 million in the first three quarters of 2016.

Other operating income increased from EUR 6.2 million to EUR 91.5 million in the first three quarters of 2017, basically due to positive one-off effects relating to the termination of almost all joint business activities with the Thai joint venture partner Sri Trang Agro-Industry Public Co Ltd. group ("joint venture transaction"). The one-off effects, recorded in the first quarter of 2017 as other operating income, totalled around EUR 88 million, including around EUR 78 million in the Sempermed segment and around EUR 10 million in the Corporate Center segment. These positive one-off effects were up against transaction-related legal and consulting expenses of around EUR 3 million, which were included in other operating expenses. The positive one-off effects from the joint venture transaction, which had an impact on EBIT in the first quarter of 2017, totalled EUR 84.8 million.

Cost of materials increased by EUR 30.7 million or 8.1% to EUR 408.5 million, supported by higher raw material prices and higher sales volumes.

Personnel expenses increased to EUR 142.5 million due to one-time expenses and increases in salaries and wages. The one-time expenses included special compensations for employees, provisions for resigned/retired board members, executives and employees as well as a part of the restructuring expenses for the Sempertrans production site in Argenteuil, France.

Other operating expenses rose by 39.2% compared with the first three quarters of 2016 to EUR 118.3 million, among other things due to higher legal and consulting expenses as well as derecognitions of intangible and tangible assets based on the lack of future economic value. This item also included legal and consulting expenses relating to the closing of the joint venture transaction amounting to approximately EUR 3 million as well as a negative effect of EUR 5.1 million due to the results of a tax audit for Austria. The denial of the refund for the energy tax represents the material position, resulting from the change in the interpretation by the tax authority for production companies, when the total revenues are above the revenues resulting from own production. Semperit now considers to appeal against specific findings fo this tax audit.

Since the beginning of January 2017, the item "Share of profits from joint ventures and associated companies" at EUR 0.3 million has not included the earnings contribution of the glove production joint venture in Thailand any more, but only the amount of the incomparably smaller company Synergy Health Allershausen GmbH, which is headquartered in Germany and sterilises surgical gloves.

Hence, EBITDA (earnings before interest, tax, depreciation and amortisation) totalled EUR 97.8 million. The calculated EBITDA margin stands at 14.6%.

Depreciation slightly increased and amounted to EUR 25.7 million. In the Sempermed segment, an impairment of EUR 26.0 million was recorded in the second quarter of 2017. This decision was the consequence of an in-depth assessment. The Management Board concluded that the production volume sustainably achievable at the location Kamunting, Malaysia, is below previous assumptions. As a result, a non-cash-effective impairment had to be recorded. At EUR 46.1 million, EBIT was slightly below the level of the first three quarters of 2016. The EBIT margin amounted to 6.9%.

In the assessment of EBIT, several one-off effects must be considered. On the one hand, there is the positive one-off effect from the joint venture transaction amounting to EUR 84.8 million in the first quarter of 2017; on the other hand, several negative one-off effects were recorded in the second and third quarters of 2017: as explained above, the impairment in the Sempermed segment amounting to EUR 26.0 million in the second quarter of 2017, expenses for restructuring the Sempertrans production site in Argenteuil, France, totalling EUR 11.6 million (EUR 6.8 million were recognised in the second quarter of 2017, EUR 4.8 million in the third quarter of 2017), the one-off effect of EUR 4.0 million in the Corporate Center segment in the second quarter of 2017 due to a value adjustment for already capitalised IT costs that cannot be utilised in the future as well as expenses of EUR 5.1 million recorded in the third quarter of 2017 relating to the tax audit for Austria (particularly the energy tax refund). This resulted in positive one-off effects for EBIT totalling EUR 38.1 million in the first three quarters of 2017, including positive effects of EUR 84.8 million in the first quarter of 2017 and negative effects of EUR 46.7 million in the second and third quarters of 2017. EBIT adjusted for the one-off effects amounted to EUR 7.9 million and the adjusted EBIT margin was 1.2%.

Key figures Semperit Group

in EUR million	Q1–3 2017	Q1–3 2016	Change	Change in EUR million	2016
Revenue	670.0	647.6	+3.5%	+22.4	852.4
EBITDA adjusted[1)]	32.9	67.6	–51.3%	–34.7	74.7
EBITDA margin adjusted	4.9%	10.4%	–5.5 PP	–	8.8%
EBITDA	97.8	72.2	+35.4%	+25.6	77.9
EBITDA margin	14.6%	11.1%	+3.5 PP	–	9.1%
EBIT adjusted[2)]	7.9	42.0	–81.2%	–34.1	41.1
EBIT margin adjusted	1.2%	6.5%	–5.3 PP	–	4.8%
EBIT	46.1	46.7	–1.1%	–0.5	27.3
EBIT margin	6.9%	7.2%	–0.3 PP	–	3.2%
Earnings after tax adjusted[3)]	–13.6	19.6	–	–33.2	15.2
Earnings after tax	4.9	23.4	–79.1%	–18.5	–8.8
Investments in tangible and intangible assets	55.8	44.3	+25.9%	+11.5	65.1
Employees (at balance sheet date)	6,542	7,028	–6.9%	–487	6,974

1) EBITDA adjusted for the effects of the joint venture transaction in Q1 2017, one-off effects in Q2 2017 and profit contribution from SSC in 2016
2) EBIT adjusted for the effects of the joint venture transaction in Q1 2017 as well as impairment and other one-off effects in Q2 2017 and earnings contribution from SSC in 2016
3) Earnings after tax adjusted for effects of the joint venture transaction in Q1 2017 as well as impairment and other one-off effects in Q2 2017 and earnings contribution from SSC in 2016

The negative financial result totalled EUR 20.6 million in the first three quarters of 2017 after EUR 12.7 million in the previous year. Financial income increased by EUR 15.2 million compared to the previous year and amounted to EUR 27.5 million which is primarily due to increased foreign currency gains. Financial expenses increased by EUR 24.1 million to EUR 44.3 million compared with the previous year. The reasons for this are increased foreign currency losses, repayment expenses for the acquisition of redeemable non-controlling interests, which were recognised in the item "Financial expenses" in the income statement, as well as higher interest expenses due to the changed maturity and currency structure of financial liabilities.

The item "Profit/loss attributable to redeemable non-controlling interests" improved compared with the previous year (minus EUR 3.8 million after minus EUR 4.7 million in the first three quarters of 2016). As of the end of the first quarter of 2017, it includes only Semperflex Asia Corp. Ltd., which produces hydraulic hoses in Thailand and whose shares continue to be held jointly with the joint venture partner Sri Trang, as well as a Chinese joint venture company in the Sempertrans segment, which is operated jointly with a different joint venture partner.

Income tax expense increased by EUR 10.1 million to EUR 20.6 million. The increase resulted primarily from one-off effects relating to the joint venture transaction.

Earnings after tax totalled EUR 4.9 million, resulting in earnings per share of EUR 0.24 in the first three quarters of 2017, following EUR 1.14 in the first three quarters of 2016. After deduction of the positive one-off effects from the joint venture transaction totalling around EUR 64.7 million in the first quarter of 2017 as well as the negative one-off effects of EUR 35.5 million in the second quarter of 2017 and EUR 10.7 million in the third quarter of 2017, adjusted earnings after tax amount to minus EUR 13.6 million for the first three quarters of 2017 while earnings per share are minus EUR 0.66.

Third quarter of 2017

The Semperit Group recorded revenue of EUR 208.4 million in the third quarter of 2017 – almost unchanged compared with the third quarter of 2016. All segments in the Industrial Sector increased their revenues (+7.6%) while there was a decrease (–11.0%) in the Medical Sector (Sempermed).

Expenses for material and purchased services decreased while personnel expenses increased. Other operating expenses increased significantly due to restructuring expenses for the Sempertrans production site in Argenteuil, France, and the expenses recorded relating to the tax audit for Austria (particularly energy tax refund) among other things.

Therefore, EBITDA decreased significantly to EUR 0.5 million. Depreciation remained on the same level. In the third quarter, a total of EUR 9.9 million of negative one-off effects, was recorded including EUR 5.1 million relating to the tax audit for Austria and EUR 4.8 million for restructuring expenses for the Sempertrans production site in Argenteuil, France. EBIT for the third quarter of 2017 amounted to minus EUR 8.2 million. Adjusted for the negative one-off effects, EBIT totalled EUR 1.7 million. Earnings after tax amounted to minus EUR 16.4 million, while the earnings per share were minus EUR 0.79. The adjusted earnings after tax were minus EUR 5.6 million, while the adjusted earnings per share were minus EUR 0.27.

Key figures Semperit Group / Third quarter

in EUR million	Q3 2017	Q3 2016	Change	Change in EUR million
Revenue	208.4	208.9	–0.3%	–0.6
EBITDA adjusted[1)]	10.4	17.4	–40.4%	–7.0
EBITDA margin adjusted	5.0%	8.3%	–3.4 PP	–
EBITDA	0.5	19.4	–97.5%	–19.0
EBITDA margin	0.2%	9.3%	–9.1 PP	–
EBIT adjusted[2)]	1.7	8.4	–79.6%	–6.7
EBIT margin adjusted	0.8%	4.0%	–3.2 PP	–
EBIT	–8.2	10.4	–	–18.6
EBIT margin	–3.9%	5.0%	–8.9 PP	–
Earnings after tax adjusted[3)]	–5.6	4.2	–	–9.8
Earnings after tax	–16.4	5.5	–	–21.9
Investments in tangible and intangible assets	19.9	19.3	+3.5%	+0.7
Employees (at balance sheet date)	6,542	7,028	–6.9%	–487

1) EBITDA adjusted for one-off effects in Q3 2017 and profit contribution from SSC in 2016
2) EBIT adjusted for one-off effects in Q3 2017 and earnings contribution from SSC in 2016
3) Earnings after tax adjusted for one-off effects in Q3 2017 and earnings contribution from SSC in 2016

Dividend

The dividend of EUR 0.70 per share for the overall year of 2016 was agreed at the Annual General Meeting on 23 May 2017. EUR 14.4 million were distributed in total. The dividend pay-out ratio for the financial year 2016 is therefore 62.3% (based on adjusted earnings after tax) after 53.2% in 2015. Given the share price of EUR 25.75 as at the end of 2016, this results in a dividend yield of 2.7%. Semperit's dividend policy is, in principle: The pay-out ratio is around 50% of earnings after tax – assuming continued successful performance and that no unusual circumstances occur. Due to one-off effects and the transition phase, Semperit's existing dividend policy will be subject to a review for 2017.

Assets and financial position

Compared with the balance as of 31 December 2016, the balance sheet total fell by 15.9% to EUR 870.0 million in the first three quarters of 2017. The main reasons for this decrease was derecognition of the item "Non-current assets held for sale" relating to the joint venture transaction as well as the decline in intangible assets. This was up against an increase in tangible assets relating to expansion investments as well as an increase in inventories.

On the liabilities side, current provisions increased, while primarily liabilities to banks as well as trade receivables decreased. The amount still included in the short-term item "Liabilities from redeemable non-controlling interests" at the end of 2016 was derecognised after the closing of the joint venture transaction.

Trade working capital (inventories plus trade receivables minus trade payables) increased from EUR 145.4 million at the end of 2016 to EUR 168.7 million, and therefore constituted 19.3% of the revenues of the last four quarters (year-end 2016: 17.1%). The change is attributable to an increase in inventories, while trade payables declined. Trade receivables remained almost unchanged.

Cash and cash equivalents were EUR 176.3 million at the end of September 2017 and were therefore below the level at the end of 2016 (EUR 190.2 million).

As of 30 September 2017, the Semperit Group's equity (without non-controlling interests) stood at EUR 303.4 million, EUR 26.0 million lower than at the end of 2016 (EUR 329.3 million). The change resulted from a decrease in revenue reserves. In addition, the item "Reserves, which are classified as non-current assets held for sale" was derecognised due to the joint venture transaction.

The group's reported equity ratio as of 30 September 2017 amounted to 34.9% (year-end 2016: 31.8%). The return on equity stood at 2.2%, following 8.7% in the first three quarters of 2016. The return on equity is calculated based on the earnings after tax in relation to the equity of EUR 303.4 million (each in respect to the portion attributable to the shareholders of Semperit AG Holding). After deduction of the mentioned one-off effects, the return on equity was minus 6.0%.

Debt is significantly lower at EUR 564.3 million compared with the end of 2016 at EUR 703.5 million. Liabilities from the corporate Schuldschein loan and liabilities to banks significantly decreased from EUR 420.8 million at the end of 2016 to EUR 325.8 million at the end of September 2017. Taking into consideration cash and cash equivalents, this resulted in an overall net debt of EUR 149.6 million (year-end 2016: EUR 230.6 million). The net debt/EBITDA ratio (net debt in relation to EBITDA) as of 30 September 2017 is therefore 1.45 (year-end 2016: 2.96). The liabilities from redeemable non-controlling interests decreased significantly to EUR 16.3 million due to the joint venture transaction and concerned primarily Semperflex Asia Corp. Ltd.. Provisions including social capital amounted to EUR 80.4 million and are therefore slightly higher than at the end of 2016. Other liabilities and deferred taxes slightly decreased to EUR 45.5 million.

Cash flow

The gross cash flow in the first three quarters of 2017 amounted to EUR 32.7 million after EUR 44.4 million in the first three quarters of 2016. This was caused primarily by the low level of operating earnings. Cash flow from operating activities increased to EUR 44.4 million in the first three quarters of 2017, while cash flow from investing activities improved to EUR 88.0 million due to the incoming payments from the joint venture transaction. The cash flow from financing activities decreased to minus EUR 141.3 million due to the repayment of liabilities to banks as well as payments for acquisition of redeemable non-controlling interests.

Related-party transactions with companies and individuals

Please refer to the interim consolidated financial statements for the related-party transactions with companies and individuals.

Investments

At EUR 55.8 million, cash-relevant investments in tangible and intangible assets in the first three quarters of 2017 were higher than in the previous year (EUR 44.3 million). The investment priorities were on expansion and improvement in the segments Sempermed (expansion of the glove production in Kamunting, Malaysia), Semperflex (expansion of the hose production at the plant in Odry, Czech Republic) and Semperform (expansion of the sites in Wimpassing, Austria, and in Germany).

Employees

As at 30 September 2017, the group's total headcount stood at 6,542 employees, 6.9% below the level at 30 September 2016. The numbers of employees have decreased in all segments, in particular in the Sempermed segment. The analysis by segments shows that around 45% of the employees work in the Sempermed segment. Around 25% work in the Semperflex segment and roughly 15% in the Sempertrans and Semperform segments respectively.

Performance of the sectors and segments

Industrial Sector

The Industrial Sector, comprising the segments Semperflex, Sempertrans and Semperform and developed in a differentiated way. However, sales figures increased in all segments except Sempertrans. Revenue increased by 5.3% to EUR 409.8 million.

Profitability was significantly impaired, among other things due to developments in raw material prices that are unfavourable to Semperit and could only be passed on to the customers with a delay. In addition to the price development for synthetic rubber, the Industrial Sector was influenced by a prolonged price increase primarily for raw materials used in the Industrial Sector. In addition, earnings were impacted by a total of EUR 11.6 million restructuring expenses for the Sempertrans production site in Argenteuil, France, (EUR 6.8 million recorded in the second quarter of 2017, EUR 4,8 million in the third quarter of 2017) as well as expenses of EUR 3.0 million relating to the tax audit for Austria (primarily energy tax refund) recognised in the third quarter of 2017. Without these negative effects, EBIT was EUR 31.1 million and the EBIT margin was 7.6%. The Semperflex segment contributed the largest share of EBIT in the Industrial Sector, followed by Semperform, while the Sempertrans segment was negative.

The comparison of the third quarters of 2017 and 2016 showed the same picture: An increase in revenue and a decrease of EBITDA and EBIT.

Key figures Industrial Sector

in EUR million	Q1–3 2017	Change	Q1–3 2016	Q3 2017	Change	Q3 2016	2016
Revenue	409.8	+5.3%	389.3	129.5	+7.6%	120.3	506.4
EBITDA	31.0	–56.8%	71.7	4.6	–76.2%	19.4	89.5
EBITDA margin	7.6%	–10.8 PP	18.4%	3.6%	–12.6 PP	16.2%	17.7%
EBIT	16.5	–71.1%	57.1	–0.1	–100.7%	14.5	70.0
EBIT margin	4.0%	–10.7 PP	14.7%	–0.1%	–12.1 PP	12.0%	13.8%
Investments in tangible and intangible assets	36.9	+72.9%	21.3	14.8	+33.3%	11.1	34.9
Employees (at balance sheet date)	3,591	–1.7%	3,651	3,591	–1.7%	3,651	3,637

Semperflex segment

The Semperflex segment increased sales as well as revenue thanks to very good production and sales performances, while profitability declined. The values of 2016 were adjusted as per January 2017 due to the reclassification of the business unit Sheeting from the Semperflex segment to the Semperform segment providing full comparability.

Demand in the global market, particularly in China, increased. The business unit for hydraulic hoses achieved sales successes primarily in Europe and China, while the rest of Asia recorded a recovery of demand. In total, sales increased in both the hydraulic hoses and industrial hoses business units. The booking situation for the coming months is good and capacities continue to be well utilised.

In order to better meet the good demand, approximately EUR 20 million were invested in an expansion of the capacities for hydraulic hoses at the site in Odry, Czech Republic. They should be available step by step as of late 2017/early 2018.

The comparison with the previous year shows a significant increase in revenue. Higher raw material prices could only be passed on to customers partially and with a delay, plus the expenses of EUR 0.9 million recorded in the third quarter of 2017 relating to the tax audit for Austria (particularly the energy tax refund) influenced EBITDA and EBIT, which were below the level of the first three quarters of 2016.

The comparison of the third quarter of 2017 and 2016 shows an increase in revenue, while EBITDA and EBIT declined. After deduction of the expenses relating to the tax audit, EBITDA and EBIT are roughly on the same level as in the third quarter of 2016.

Sempertrans segment

The Sempertrans segment defended its position in established markets and held its market position in new regions and market segments. Following a period of low raw material prices that were relevant for production, the price level for raw materials started to increase sharply as of November 2016. These high increases could only partially be passed on to the customer and with a delay – the effects were noticed in the first and second quarters of 2017. Combined with competitive pressures of other manufacturers, price pressure continued to be high in the third quarter of 2017. Due to lower demand in the mining industry, Sempertrans has opened up other customer segments such as harbours, steel and cement factories to fully utilise its production capacities. These customers, however, rather have a demand in lighter belts, which had a negative effect on volume sold and profitability.

Considering the challenging market and competitive environment, the utilisation of production capacities was satisfying. Year-on-year, the volume sold was slightly below the previous year's level for steel cord reinforced conveyor belts, while conveyor belts with textile carcasses remained at the previous year's level. First signals of a market recovery are now showing and have already been reflected in the order situation, for example with two new large orders for copper mines in Asia and America.

Due to price and margin pressures and the market situation described above, revenue, EBITDA and EBIT decreased in a comparison of the first three quarters 2017 and 2016. While revenue increased in a comparison of the third quarters of 2017 and 2016, EBITDA and EBIT declined. It is important to note that EBIT was additionally burdened by restructuring expenses for the Sempertrans production site in Argenteuil, France, totalling EUR 11.6 million (EUR 6.8 million in the second quarter of 2017 and EUR 4.8 million in the third quarter of 2017) as well as expenses for the termination of the cooperation agreement with Shaw Almex for the North American conveyor belt market.

Semperform segment

The Semperform segment profited from a consistent implementation of the growth strategy and an increased demand in all business units associated with it. The strategy is based among other things on globally oriented sales and on development partnerships with customers. Since January 2017, the business unit Sheeting has been part of the Semperform segment (so far Semperflex segment). The comparative figures of 2016 were adjusted accordingly.

Thanks to an increased expansion into the segment for aluminium windows especially in Europe as well as the market entry in the USA, sales of window and door profiles were increased significantly compared with the first three quarters of 2016.

Demand for products of the business unit Semperit Engineered Solutions was slightly above the previous year's level. Sales of handrails increased year-on-year since Semperform gained market shares particularly in the after sales market (ASM) and expanded supply shares in a slightly declining OEM business (original equipment manufacturer). The business unit Sheeting recorded increased sales due to higher market demands. The business unit Special Applications was above the previous year's level.

In a comparison of the first three quarters of 2017 with the previous year, revenue increased on segment level. Operational profitability decreased against the background of volatile raw material prices, which were only partially passed on to the customers and with a delay. In addition, the expenses of EUR 2.2 million recorded in the third quarter of 2017 relating to the tax audit for Austria (primarily energy tax refund) had an impact on the earnings situation. The comparison of the third quarters of 2017 and 2016 shows a similar picture: an increase in revenue and a decrease of EBITDA and EBIT.

Key figures Semperflex

in EUR million	Q1–3 2017	Change	Q1–3 2016[1)]	Q3 2017	Change	Q3 2016[1)]	2016[1)]
Revenue	153.5	+9.7%	140.0	46.8	+7.9%	43.4	184.9
EBITDA	30.1	–9.3%	33.1	7.8	–10.7%	8.8	43.4
EBITDA margin	19.6%	–4.1 PP	23.7%	16.7%	–3.5 PP	20.2%	23.5%
EBIT	24.1	–10.6%	27.0	5.9	–12.2%	6.7	35.3
EBIT margin	15.7%	–3.6 PP	19.3%	12.6%	–2.9 PP	15.5%	19.1%
Investments in tangible and intangible assets	21.6	>+100.0%	9.9	11.8	>+100.0%	5.8	14.4
Employees (at balance sheet date)	1,707	+3.3%	1,653	1,707	+3.3%	1,653	1,674

1) 2016 values adjusted, there was a reclassification of the business unit Sheeting from the Semperflex segment to the Semperform segment.

Key figures Sempertrans

in EUR million	Q1–3 2017	Change	Q1–3 2016	Q3 2017	Change	Q3 2016	2016
Revenue	113.9	–0.3%	114.3	35.7	+9.3%	32.7	148.4
EBITDA	–14.8	–	14.5	–6.2	–	3.0	15.9
EBITDA margin	–13.0%	–25.7 PP	12.7%	–17.4%	–26.6 PP	9.2%	10.7%
EBIT	–17.4	–	11.6	–7.0	–	2.1	12.1
EBIT margin	–15.3%	–25.5 PP	10.2%	–19.7%	–26.0 PP	6.3%	8.2%
Investments in tangible and intangible assets	4.4	+34.2%	3.3	1.5	>+100.0%	1.7	6.7
Employees (at balance sheet date)	982	–7.0%	1,055	982	–7.0%	1,055	1,036

Key figures Semperform

in EUR million	Q1–3 2017	Change	Q1–3 2016[1)]	Q3 2017	Change	Q3 2016[1)]	2016[1)]
Revenue	142.3	+5.4%	135.0	46.9	+6.1%	44.3	173.1
EBITDA	15.7	–34.9%	24.1	3.0	–60.9%	7.6	30.2
EBITDA margin	11.0%	–6.9 PP	17.9%	6.4%	–10.9 PP	17.3%	17.4%
EBIT	9.8	–47.1%	18.6	1.0	–81.8%	5.7	22.5
EBIT margin	6.9%	–6.8 PP	13.7%	2.2%	–10.6 PP	12.8%	13.0%
Investments in tangible and intangible assets	10.9	+32.6%	8.2	1.5	–57.8%	3.6	13.8
Employees (at balance sheet date)	901	–4.4%	943	901	–4.4%	943	928

1) 2016 values adjusted, there was a reclassification of the business unit Sheeting from the Semperflex segment to the Semperform segment.

Medical Sector: Sempermed segment

The development of the Sempermed segment was characterised by a competitive market environment. The slight increase in revenue was influenced by slightly declining sales development as well as price adjustments resulting from the volatile raw material prices. Price pressure remained high. The pricing policy particularly for nitrile gloves continued to be challenging. In the third quarter, the sales prices were optimised.

Earnings in the Sempermed segment were substantially affected by the termination of the joint venture for the glove production in Thailand in the first quarter of 2017 as well as the development of the raw material prices. The termination of the joint venture resulted in a positive one-off effect amounting to around EUR 78 million which is included in the results of the first quarter of 2017. For additional information relating to the joint venture transaction see page 24. Another positive effect from the joint venture transaction totalling around EUR 7 million is included in the Corporate Center segment. In the second quarter of 2017, a negative effect was recognised due to an impairment of goodwill amounting to EUR 26.0 million. In addition, the expenses of EUR 2.0 million recorded in the third quarter of 2017 and relating to the tax audit for Austria (primarily energy tax refund) had an impact on the earnings situation. In the first three quarters of 2017 this resulted in a positive effect totalling around EUR 50 million for the Sempermed segment.

The sales strategy continues to be oriented towards Sempermed brand gloves and strategic partnerships with OEM customers. The regional focus is on the core markets Europe and North America and other selected markets.

Sales of examination and protective gloves was slightly below the previous year's level. Sales of surgical gloves, which are produced in the core production facility in Wimpassing, Austria, continues to enjoy good demand in Europe and the Middle East and has developed well compared to the previous year.

The expansion of the new plant and with it the expansion of production capacities in Malaysia is well under way. In the current investment phase 90% of the new plant has already been completed and is in operation. In the course of optimisation of existing capacities in Malaysia, a need for near-term technical and operational improvements of certain stages of the production process was identified. Appropriate measures are currently being taken and have partially affected the ongoing production especially of the third quarter of 2017.

The initiated cost-cutting programme (production, marketing, sales) for the segment was continued. In a comparison of end of September 2017 with end of September 2016, the number of employees at segment level dropped significantly by slightly more than 400 persons (-13.0%).

In total, the earnings development in the third quarter of 2017 was characterised by considerable price and margin pressure as well as the above-mentioned production impairments. Earnings were at the level of the second quarter of 2017 (without the one-off effects in all three quarters of 2017), but still not satisfying.

When comparing of EBITDA and EBIT with the previous year, it should be noted that since the beginning of 2017 no earnings contribution of Siam Sempermed Corporation Ltd. (SSC, now Sri Trang Gloves (Thailand) Co. Ltd.) has been included in the Sempermed segment. In the first three quarters of 2016, a profit contribution of EUR 4.6 million was still included. Adjusted for the profit contribution of SSC as well as the positive and negative effects in the first three quarters of 2017, EBITDA was below the previous year's level, while EBIT slightly improved. In a comparison of the third quarters 2017 and 2016, revenue decreased significantly while EBITDA and EBIT adjusted for the one-off effects improved.

Key figures Sempermed

in EUR million	Q1–3 2017	Change	Q1–3 2016	Q3 2017	Change	Q3 2016	2016
Revenue	260.2	+0.7%	258.3	78.8	–11.0%	88.6	346.0
EBITDA adjusted[1]	3.3	–36.0%	5.2	1.6	>+100.0%	–0.1	3.4
EBITDA margin adjusted	1.3%	–0.7 PP	2.0%	2.0%	+2.2 PP	–0.2%	1.0%
EBITDA	79.4	>+100.0%	9.8	–0.4	–119.5%	1.9	6.6
EBITDA margin	30.5%	+26.7 PP	3.8%	–0.5%	–2.6 PP	2.1%	1.9%
EBIT adjusted[2]	–5.4	–0.6%	–5.5	–1.5	–64.3%	–4.1	–10.1
EBIT margin adjusted	–2.1%	+0.0 PP	–2.1%	–1.8%	+2.8 PP	–4.6%	–2.9%
EBIT	44.7	>+100.0%	–0.9	–3.4	+66.5%	–2.1	–23.9
EBIT margin	17.2%	+17.5 PP	–0.3%	–4.3%	–2.0 PP	–2.3%	–6.9%
Investments in tangible and intangible assets	18.3	–1.4%	18.5	5.1	–28.8%	7.2	25.7
Employees (at balance sheet date)	2,813	–13.0%	3,232	2,813	–13.0%	3,232	3,183

[1] EBITDA adjusted for effects of the joint venture transaction in Q1 2017 and the one-off effects in the third quarter of 2017 as well as the profit contribution from SSC in 2016
[2] EBIT adjusted for effects of the joint venture transaction in Q1 2017, the impairment in the second quarter of 2017 and the one-off effect in the third quarter of 2017 as well as the profit contribution from SSC in 2016

Outlook

The adjusted EBIT (without positive and negative one-off effects) for the 2017 financial year will be significantly below the adjusted EBIT of 2016 (EUR 41 million after deduction of the earnings contribution from the Thai SSC/Siam Sempermed Corporation Ltd. at that time).

Continuous and potentially new measures to increase profitability and to strengthen the balance sheet structure remain right at the top of the Management Board's agenda. Further significant one-off charges in addition to the measures already taken and still being analysed can therefore not be excluded in the coming quarters. Due to the above-mentioned developments, the outlook remains suspended for the coming quarters.

Semperit continues to focus on organic growth. Investments in the expansion of capacities will be continued. Total capital expenditures (CAPEX) of around EUR 80 million (2016: EUR 65 million) have been planned for 2017.

Note
This outlook is based on the assessments of the Management Board as of 15 November 2017 and does not take into account the effects of possible acquisitions, divestments or other unforeseeable structural or economic changes during the further course of 2017. 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.

Vienna, 15 November 2017

The Management Board

Martin Füllenbach
CEO

Frank Gumbinger
CFO

Michele Melchiorre
COO

Interim consolidated financial statements and notes

Consolidated income statement

in EUR thousand	1.1.-30.9.2017	1.1.-30.9.2016	1.7.-30.9.2017	1.7.-30.9.2016
Revenue	670,008	647,603	208,369	208,925
Changes in inventories	2,086	1,356	3,355	5,115
Own work capitalised	3,093	3,126	1,008	916
Operating revenue	**675,188**	**652,084**	**212,732**	**214,955**
Other operating income	91,512	6,198	191	528
Cost of material and purchased services	–408,519	–377,836	–127,096	–130,800
Personnel expenses	–142,475	–128,278	–42,922	–40,386
Other operating expenses	–118,260	–84,968	–42,539	–27,033
Share of profits from joint ventures and associated companies	347	5,007	126	2,181
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**97,792**	**72,207**	**492**	**19,447**
Depreciation and amortisation of tangible and intangible assets	–25,675	–25,164	–8,667	–8,642
Impairment of tangible and intangible assets	–25,976	–393	0	–382
Earnings before interest and tax (EBIT)	**46,142**	**46,650**	**–8,175**	**10,423**
Financial income	27,452	12,227	6,493	2,527
Financial expenses	–44,345	–20,212	–11,141	–3,618
Profit / loss attributable to redeemable non-controlling interests	–3,753	–4,738	–1,447	–1,638
Financial result	**–20,646**	**–12,723**	**–6,095**	**–2,728**
Earnings before tax	**25,496**	**33,927**	**–14,270**	**7,695**
Income taxes	–20,608	–10,540	–2,089	–2,198
Earnings after tax	**4,888**	**23,386**	**–16,359**	**5,496**
thereof attributable to the shareholders of Semperit AG Holding	4,906	23,407	–16,327	5,505
thereof attributable to non-controlling interests	–18	–21	–32	–9
Earnings per share in EUR (diluted and undiluted)[1]	**0.24**	**1.14**	**–0.79**	**0.27**

[1] Attributable to the shareholders of Semperit AG Holding.

Consolidated statement of comprehensive income

in EUR thousand	1.1.- 30.9.2017	1.1.- 30.9.2016	1.7.- 30.9.2017	1.7.- 30.9.2016
Earnings after tax according to the consolidated income statement	**4,888**	**23,386**	**–16,359**	**5,496**
Other comprehensive income				
Amounts that will not be recognised through profit and loss in future periods				
Remeasurements of defined benefit plans (IAS 19)	7	–4,281	–1	0
Related deferred taxes	–51	467	9	0
	–44	–3,814	8	0
Amounts that will potentially be recognised through profit and loss in future periods				
Available-for-sale financial assets				
Revaluation gains / losses for the period	–145	350	–39	54
Cash flow hedges				
Revaluation gains / losses for the period	239	–700	64	638
Reclassification to profit and loss for the period	–250	–85	–65	–85
	–11	–785	–2	553
Other comprehensive income from joint ventures / non-current assets held for sale				
Currency translation differences for the period	0	1,594	0	522
Reclassification to profit and loss for the period	–14,033	0	0	0
	–14,033	1,594	0	522
Currency translation differences				
Currency translation differences for the period	–2,367	–420	–2,230	–4,526
Related deferred taxes	27	126	0	–113
	–16,529	**864**	**–2,271**	**–3,511**
Other comprehensive income	**–16,573**	**–2,950**	**–2,263**	**–3,510**
Total recognised comprehensive income	**–11,685**	**20,437**	**–18,622**	**1,986**
thereof on earnings attributable to the shareholders of Semperit AG Holding	–11,600	20,423	–18,576	2,074
thereof on earnings attributable to non-controlling interests	–85	14	–46	–88

Consolidated cash flow statement

in EUR thousand	1.1.- 30.9.2017	1.1.- 30.9.2016
Earnings before tax	25,496	33,927
Depreciation, amortisation, impairment and write-ups of tangible and intangible assets	51,650	25,557
Profit / loss from disposal of assets (including current and non-current financial assets)	4,924	161
Change in non-current provisions	–7,418	–2,647
Share of profits from joint ventures and associated companies	–347	–5,007
Dividends received from non-current assets held for sale	47,751	0
Dividends received from joint ventures and associated companies	938	0
Profit / loss attributable to redeemable non-controlling interests	3,753	4,738
Earnings from sale of non-current assets held for sale and repayment of non-controlling interests	–75,369	0
Net interest income (including income from securities)	5,599	3,776
Interest paid	–6,684	–5,246
Interest received	681	724
Taxes paid on income	–18,305	–11,557
Gross cash flow	**32,668**	**44,426**
Change in inventories	–9,015	2,409
Change in trade receivables	1,069	–443
Change in other receivables and assets	5,312	891
Change in trade payables	–14,811	–12,797
Change in other liabilities and current provisions	29,478	–5,026
Changes in working capital resulting from currency translation adjustments	–291	170
Cash flow from operating activities	**44,411**	**29,631**
Proceeds from sale of tangible and intangible assets	227	65
Proceeds from sale of current and non-current financial assets	6	2
Investments in tangible and intangible assets	–55,779	–44,290
Proceeds from sale of non-current assets held for sale	168,627	0
Taxes in connection with disposal of non-current assets held for sale	–25,078	0
Cash flow from investing activities	**88,002**	**–44,223**
Cash receipts from current and non-current financing liabilities	0	45,834
Repayment of current and non-current financing liabilities	–86,286	–126
Dividend to shareholders of Semperit AG Holding	–14,401	–24,688
Dividends to non-controlling shareholders of subsidiaries	–14,775	0
Cash outflow for purchased non-controlling interests in subsidiaries	–25,842	0
Acquisition of non-controlling interests	–25	–42
Cash flow from financing activities	**–141,329**	**20,978**
Net increase / decrease in cash and cash equivalents	**–8,916**	**6,385**
Effects resulting from currency translation	–5,016	–1,359
Cash and cash equivalents at the beginning of the period	190,208	126,430
Cash and cash equivalents at the end of the period	**176,275**	**131,456**

Consolidated balance sheet

in EUR thousand	30.9.2017	31.12.2016
ASSETS		
Non-current assets		
Intangible assets	19,183	53,396
Tangible assets	340,969	313,560
Investments in joint ventures and associated companies	2,018	2,608
Other financial assets	14,127	13,170
Other assets	2,564	4,404
Deferred taxes	22,853	18,846
	401,713	**405,984**
Current assets		
Inventories	147,120	138,105
Trade receivables	117,775	118,844
Other financial assets	4,014	7,698
Other assets	13,273	14,121
Current tax receivables	9,832	6,842
Cash and cash equivalents	176,275	190,208
	468,289	**475,817**
Non-current assets held for sale	**0**	**152,684**
	468,289	**628,501**
ASSETS	**870,002**	**1,034,485**
EQUITY AND LIABILITIES		
Equity		
Share capital	21,359	21,359
Capital reserves	21,503	21,503
Revenue reserves	274,462	284,079
Currency translation reserve	–13,970	–11,670
Reserves, which are classified as non-current assets held for sale	0	14,033
Equity attributable to the shareholders of Semperit AG Holding	**303,353**	**329,304**
Non-controlling interests	2,363	1,675
	305,716	**330,979**
Non-current provisions and liabilities		
Provisions for pension and severance payments	36,929	40,066
Other provisions	12,104	16,384
Liabilities from redeemable non-controlling interests	16,332	14,319
Corporate Schuldschein loan	267,524	275,578
Liabilities to banks	51,338	136,421
Other financial liabilities	936	796
Other liabilities	799	832
Deferred taxes	3,615	17,836
	389,577	**502,231**
Current provisions and liabilities		
Provisions for pension and severance payments	2,526	2,612
Other provisions	28,802	7,676
Liabilities from redeemable non-controlling interests	0	37,506
Corporate Schuldschein loan	1,672	1,969
Liabilities to banks	5,296	6,814
Trade payables	96,223	111,569
Other financial liabilities	19,496	15,576
Other liabilities	17,552	13,349
Current tax liabilities	3,141	4,203
	174,709	**201,275**
EQUITY AND LIABILITIES	**870,002**	**1,034,485**

Consolidated statement of the changes in equity

in EUR thousand	Share capital	Capital reserves	Revaluation reserves	Revenue reserves: Other revenue reserves[1]	Revenue reserves: Total revenue reserves	Currency translation reserve[2]	Total equity attributable to the share-holders of Semperit AG Holding	Non-controlling interests	Total equity
As at 1.1.2016	**21,359**	**21,503**	**200**	**317,533**	**317,733**	**2,664**	**363,260**	**1,924**	**365,183**
Earnings after tax	0	0	0	23,407	23,407	0	23,407	–21	23,386
Other comprehensive income	0	0	262	–4,386	–4,123	1,139	–2,984	35	–2,950
Total recognised comprehensive income	0	0	262	19,021	19,284	1,139	20,423	14	20,437
Dividend	0	0	0	–24,688	–24,688	0	–24,688	0	–24,688
Acquisition of non-controlling interests	0	0	0	3	3	0	3	–45	–42
As at 30.9.2016	**21,359**	**21,503**	**463**	**311,869**	**312,332**	**3,803**	**358,997**	**1,892**	**360,890**
As at 1.1.2017	**21,359**	**21,503**	**209**	**283,870**	**284,079**	**2,363**	**329,304**	**1,675**	**330,979**
Earnings after tax	0	0	0	4,906	4,906	0	4,906	–18	4,888
Other comprehensive income	0	0	–109	–64	–173	–16,333	–16,506	–67	–16,573
Total recognised comprehensive income	0	0	–109	4,841	4,733	–16,333	–11,600	–85	–11,685
Dividend	0	0	0	–14,401	–14,401	0	–14,401	0	–14,401
Acquisition of non-controlling interests	0	0	0	51	51	0	51	–76	–25
Reclassifications and other	0	0	0	0	0	0	0	848	848
As at 30.9.2017	**21,359**	**21,503**	**100**	**274,361**	**274,462**	**–13,970**	**303,353**	**2,363**	**305,716**

[1] As of 1 January 2017 includes reserves which are classified as non-current assets held for sale.
[2] As of 1 January 2017 includes currency translation reserves which are classified as non-current assets held for sale.

Notes to the interim consolidated financial statements

Preparation and presentation of the interim consolidated financial statements

These interim consolidated financial statements have been prepared in accordance with the Prime Market rules of the Vienna Stock Exchange and with International Financial Reporting Standards (IFRS) as well as IAS 34 for interim financial statements.

For more information on accounting and valuation methods, please see the consolidated financial statements as of 31 December 2016, which in this regard form the basis for these interim financial statements.

The reporting currency is the Euro, in which case figures are rounded off to thousands of Euros, unless specified otherwise. Rounding differences in the totalling of rounded amounts and percentages may arise from the automatic processing of data.

These interim consolidated financial statements of the Semperit Group have not been audited or reviewed by the auditor.

Principles and methods of consolidation

The consolidated financial statements include the financial statements of the parent company and the financial statements of the companies under its control, i.e. the subsidiaries of the parent. The group controls a company when it is exposed, or has rights, to variable returns from its involvement with the company and has the ability to affect those returns through its power over the company. The financial statements of subsidiaries are included in the consolidated financial statements from the time at which control begins until the time at which control ends.

On the assessment whether the definition of control within the meaning of IFRS 10 is met, where the group's de facto shareholding in subsidiaries is or was either 50% or 41.43%, please refer to the consolidated financial statements as of 31 December 2016, note 3.1., page 97f. In the first quarter of 2017 an increase of the consolidated group holdings of several subsidiaries was performed (please refer to chapter Changes in the scope of consolidation).

Material assumptions and estimates

Due to the change of estimate, the useful life of an intangible asset (for one entity of the Semperit Group) has been adjusted effective as of 1 January 2017. In accordance with IAS 8.32, this adjustment was made prospectively, therefore a retrospective change of previous reporting periods has not been made. Due to this change in accounting estimates, depreciation in the first three quarters of 2017 increased by EUR 1,134 thousand. The whole amount is related to capitalised IT-costs. This adjustment of the useful life will lead to an increase of depreciation of approximately EUR 1,512 thousand for the financial year 2017.

Adoption of new and amended accounting standards

The following amended standards were applicable for the first time in the reporting period from 1 January until 30 September 2017.

First-time adoption of standards		Effective date[1]	Endorsement
Amended standards			
IAS 7	Statement of Cash Flows – Amendments: Disclosure Initiative	1.1.2017	November 2017
IAS 12	Income Taxes – Amendments: Recognition of Deferred Tax Assets for Unrealised Losses	1.1.2017	December 2017

[1] According to the Official Journal of the EU, the standards are obligatory for financial years commencing on or after the effective date.

The listed amended standards are not of relevance for the Semperit Group or do not have a material effect on the interim or annual consolidated financial statements.

The application of the following new standards that had already been published when the interim consolidated financial statements were prepared, was not mandatory for financial years starting on or before 1 January 2017, nor were they applied voluntarily.

IFRS 9 Financial Instruments

IFRS 9 regulates the classification and measurement of financial assets and creates a new form of categorisation for financial instruments. The standard was further amended with regard to hedge accounting. IFRS 9 is to be applied by companies whose financial years start on or after 1 January 2018. The standard has been adopted by the EU in November 2016. Amendments must be applied retrospectively. The anticipated amendments mainly relate to the measurement and presentation of changes in the value of financial assets in the consolidated income statement or under other comprehensive income, and to the measurement of the effectiveness of existing hedging relationships.

The standard will not have any significant effect on the consolidated financial statements of the Semperit Group.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 18 Revenue and IAS 11 Construction Contracts. The new regulations are to be applied for financial years commencing on or after 1 January 2018.

The distinction between types of contracts and types of goods and services no longer applies. When applying this standard, an entity must implement a 5-step model that focuses in particular on the interpretation of contracts with customers. Standard criteria are stipulated defining the performance obligations as well as the point in time or time period when the performance obligations are satisfied.

In order to evaluate the effects of the new standard on the consolidated financial statements of the Semperit Group, an initial analysis was conducted based on interviews with the segment heads and sales managers. Based on this analysis further investigations are currently ongoing, if actions are needed, at the business-unit level. The results of the initial analysis are summarised below.

The greatest need for adjustments is anticipated in the Semperform segment, due to the fact that the segment's business model is highly diversified and considerably more complex compared with the other segments. Under the 5-step model of IFRS 15 the initial application of the standard requires the identification of the individual performance obligations of the contract (step 2) and the determination of the transaction price for these obligations (step 3). The determined transaction price is then allocated to the individual performance obligations in the contract (step 4). This step shows the greatest potential for investigation in the Semperform segment compared with the other segments. Its customer contracts usually include a broad spectrum of performance obligations, including not only the sale of the produced goods but also their installation (particularly for hand rails). In addition, the effects and volumes of non-refundable upfront fees must be investigated.

In the Sempertrans segment a more detailed analysis has been carried out as well. Contracts in this segment regularly include the delivery of agreed quantities of produced goods, installation of the goods and warranty services. In this respect, the requirements set out under step 4 must be investigated and the corresponding effects for the Sempertrans segment need to be taken into account.

For the Sempermed and Semperflex segments analyses will be carried out as well, however the potential impacts of IFRS 15 on these Segments are expected to be less extensive. This is because the performance obligations under their contracts with customers are usually less differentiated and their business models are not as complex.

However, adjustments in the financial reporting will be necessary for all of the Semperit Group's segments in order to ensure compliance with the requirement for more detailed disclosures in the notes.

The Semperit Group will apply the regulations of IFRS 15 by selecting the modified retrospective approach with effect as of 1 January 2018. The cumulative effect of initially applying this standard will therefore be recognised without restating the comparable periods.

IFRS 16 Leases

On 13 January 2016, the International Accounting Standards Board (IASB) published IFRS 16, the successor standard to IAS 17 Leases. The new regulations are to be applied for financial years commencing on or after 1 January 2019. Early application is permitted in connection with the application of IFRS 15 Revenue from Contracts with Customers.

The new standard no longer distinguishes between operating leases and finance leases for lessees. Apart from a limited number of exceptions, lessees are required to recognise the leases and the associated rights and obligations in the balance sheet. This will lead to an increase in assets and liabilities. In addition, the recognition of assets will cause higher depreciation and a corresponding interest expense for the lease liability. Consequently, this shift will change key figures. The exceptions to the requirement to recognise leases in the balance sheet include low value and short-term leases.

The Semperit Group has initiated the first analyses to determine the effects on the consolidated financial statements. Material effects in the consolidated financial statements could result from the requirement to capitalise operating leases and rental agreements involving buildings, office equipment and vehicles. These effects will result from an increase in the balance sheet total and restatements in the income statement. The initial application will shift other operating expenses to depreciation and interest expense and thereby have a positive impact on the key figures EBITDA and EBIT. In addition, the shift of rent and lease payments to interest and principal payments will improve operating cash flow.

The Semperit Group anticipates at present that it will apply the regulations of IFRS 16 with effect as of 1 January 2019. The current planning foresees that the modified retrospective approach will be selected for the first-time application.

The cumulative effect of initially applying this standard will therefore be recognised as an adjustment to the opening balance of the reporting period, without restating the comparable period. The leasing liability is to be capitalised at the present value of the remaining lease payments. The right-of-use assets are to be recognised either at the value which would have resulted under retrospective accounting, or alternatively in the amount of the recognised leasing liability. When selecting this method, the lessee must provide additional information in the notes.

Changes in the scope of consolidation

On 18 January 2017, Semperit and the Thai company Sri Trang Agro-Industry Public Co Ltd. Group (Sri Trang) signed an agreement to terminate nearly all of their joint business activities. The transaction (joint venture transaction) was successfully executed after the approval of the supervisory board of Semperit AG Holding and the shareholder assembly of Sri Trang Group on 15 March 2017. Siam Sempermed Corporation Ltd (SSC) was sold to Sri Trang per the agreement. After the closing of the transaction SSC was thereafter renamed Sri Trang Gloves (Thailand) Co. Ltd. In exchange, Semperit acquired Sri Trang's respective shares in the following joint venture companies:

- Sempermed USA Inc. (USA) – Sempermed segment
- Shanghai Sempermed Glove Sales Co Ltd. (China) – Sempermed segment
- Sempermed Singapore Pte Ltd. (Singapore) – Sempermed segment
- Formtech Engineering (M) Sdn Bhd (Malaysia) – Sempermed segment
- Sempermed Brasil Promoção de Vendas Ltda. (Brazil) (previously: Sempermed Brazil Comèrcio Exterior Ltda.) – Sempermed segment
- Semperflex Shanghai Ltd. (China) – Semperflex segment
- Shanghai Semperit Rubber & Plastic Products Co. Ltd. (China) – Semperform segment

Furthermore, as part of the joint venture transaction, Semperit received a one-time compensation payment of USD 167.5 million before taxes. In addition, immediately prior to the closing of the transaction and thus, the complete transfer of SSC to Sri Trang, SSC paid a dividend to Semperit in the amount of USD 51.0 million before taxes.

Semperit also received a call option for the Thai joint venture company Semperflex Asia Corp. Ltd. (SAC). This option may be exercised between the middle of 2019 and the middle of 2021 at a fixed price to acquire the remaining 50% interest in SAC. Modifications have been made to the SAC joint venture agreement in order to strengthen Semperit's control rights. Moreover, a joint dividend policy has been agreed for SAC for 2017 and subsequent years. Immediately before the closing of the joint venture transaction a dividend payment for 2017 in the amount of USD 15.0 million was made to the joint venture partner.

After the successful closing of the joint venture transaction all pending arbitration and civil proceedings between Semperit Group and Sri Trang Group or SSC were settled.

The aforementioned transaction has resulted in the following material effects in these financial statements:

- Disposal of SSC as non-current assets held for sale according to IFRS 5 and release of the reserves attributable to SSC (currency translation reserves).
- Derecognition of material parts of liabilities from redeemable non-controlling interests due to the acquisition by Semperit.

- Recognition of the gain on the disposal of SSC in the consolidated income statement as other operating income.
- Recognition of the transaction related taxes in the consolidated income statement as income taxes.
- Recognition of the expense related to the repayment of the liabilities from redeemable non-controlling interests in the consolidated income statement as financial expense.
- Recognition of the dividends for SSC and SAC in the consolidated cash flow statement under the respective positions.

Equity transactions

In first three quarters of 2017 an additional 0.07% interest in Latexx Partners Berhad was acquired for EUR 25 thousand. As of 30 September 2017 the group's interest totalled 98.62%, up from 98.55% as of 31 December 2016. In the first three quarters of 2016 0.03% interest was acquired for EUR 42 thousand, increasing the group's total interest to 98.54% as of 30 September 2016.

The transactions in the first three quarters of 2017 and in the first three quarters of 2016 were accounted for as equity transactions. For further information, please refer to the explanations on the principles and methods of consolidation in the consolidated financial statements as of 31 December 2016.

Investments in joint ventures and associated companies (equity method)

The investments in joint ventures and associated companies are comprised as follows:

in EUR thousand	30.9.2017	31.12.2016
Joint ventures		
Siam Sempermed Corp. Ltd., Hat Yai, Thailand	0	0
Associated companies		
Synergy Health Allershausen GmbH, Allershausen, Germany	2,018	2,608
	2,018	**2,608**

The change in the investments in joint ventures and associated companies is as follows:

in EUR thousand	1.1.-30.9.2017	1.1.-30.9.2016	1.1.-31.12.2016
As at 1.1.	2,608	102,670	102,670
Proportionate period result and intercompany elimination results	347	5,007	8,370
Dividends	–938	0	0
Currency translation	0	1,594	4,884
Revaluation of defined benefit obligation	0	0	7
Reclassification to non-current assets held for sale	0	0	–113,323
As at 30.09. / 31.12.	**2,018**	**109,270**	**2,608**

Investments in joint ventures

The investment in the joint venture in Siam Sempermed Corp. Ltd. (SSC, now Sri Trang Gloves (Thailand) Co. Ltd.) was reclassified in the annual report of 2016 according to IFRS 5, to non-current assets held for sale amounting to EUR 113,323 thousand. As a result, there are no transactions with the joint venture in the financial year 2017. Furthermore there was no recognition of the proportionate period result of SSC until the time of sale. As of 31 December 2016 the following assets and liabilities existed against the joint venture, and the following income and expenses resulted in the first three quarters of 2016:

in EUR thousand	1.1.- 30.9.2017	1.1.- 30.9.2016
Revenue	0	688
Other operating income	0	496
Cost of material and purchased services	0	112,367
	30.9.2017	**31.12.2016**
Inventories	0	20,112
Trade receivables	0	1,930
Trade payables	0	27,447

Investments in associated companies

The consolidated carrying amount of the investment in Synergy Health Allershausen GmbH totalled EUR 2,018 thousand as of 30 September 2017 (31 December 2016: EUR 2,608 thousand). As of 30 September 2017 group companies conducted transactions that resulted in the following assets and liabilities against the associated company, and their business relationships resulted in the following income and expenses in the first three quarters of 2017 and 2016:

in EUR thousand	1.1.- 30.9.2017	1.1.- 30.9.2016
Other operating expenses	228	288
Financial income	6	6
	30.9.2017	**31.12.2016**
Other financial assets	563	569
Trade payables	0	32

Segment Reporting

in EUR thousand	Sempermed	Semperflex[1]	Sempertrans	Semperform[1]	Corporate Center and Group eliminations	Group
1.1.-30.9.2017						
Revenue	260,237	153,540	113,906	142,325	0	670,008
EBITDA	79,440	30,060	–14,761	15,699	–12,645	97,792
EBIT = segment result	44,720	24,118	–17,433	9,810	–15,073	46,142
Depreciation and amortisation of tangible and intangible assets	–8,744	–5,942	–2,671	–5,889	–2,428	–25,675
Impairment of tangible and intangible assets	–25,976	0	0	0	0	–25,976
1.1.-30.9.2016						
Revenue	258,316	140,014	114,250	135,022	0	647,603
EBITDA	9,780	33,143	14,465	24,122	–9,303	72,207
EBIT = segment result	–850	26,975	11,610	18,550	–9,635	46,650
Depreciation and amortisation of tangible and intangible assets	–10,249	–6,157	–2,855	–5,572	–332	–25,164
Impairment of tangible and intangible assets	–382	–12	0	0	0	–393

[1] 2016 values restated, the business unit Sheeting was reclassified from segment Semperflex to segment Semperform.

The income and expenses of companies involved in production and distribution in more than one segment are subdivided and allocated to the appropriate segments accordingly, so that no further eliminations are necessary. The Corporate Center consists of Semperit AG Holding, which is not involved in operating activities, and those portions of a management company in China and a service company in Singapore that are allocated to the Corporate Center. Internal charging and the allocation of Corporate Center costs have already been made to the segments as far as possible.

In the first three quarters of 2017 impairment on tangible and intangible assets in the Sempermed segment totalling EUR 25,976 thousand has occurred. In the first three quarter of 2016 the result of the segment Sempermed was affected by an impairment of EUR 382 thousand due to the impairment of technical equipment and machinery, an impairment of EUR 12 thousand related to the impairment of land in the segment Semperflex.

Indicator-based Impairment Test Sempermed

Due to the fact that, based on an extensive examination, the sustainably achievable volumes of production at the site in Kamunting in Malaysia were below previous assumptions, Semperit performed an indicator-based impairment test of the Sempermed segment as of 30 June 2017.

As of 30 June 2017 the recoverable amount of the Sempermed segment was based on its value in use, which was calculated using the segment's discounted future cash flows. These forecasted cash flows were determined using the budgets for the 2017 financial year that were approved by the Management Board. In addition, an organic medium-term plan (growth from own business activity without acquisitions) covering the next five years was taken into account. For the Sempermed segment a financial haircut due to historical planning mismatches was also taken into account. The planning was based on assumptions made by segment management on the development of the markets, the market share of the segments and specific business initiatives.

Key assumptions in the plan are unit sales and EBIT margins, which were determined in medium-term planning in coordination with strategic product and customer initiatives.

These assumptions are subject to forecasting uncertainty. Corporate planning in this regard assumes, in principle, that measures will be taken in the future to expand the segment's capacity and improve its infrastructure. The planned cash flows from these measures were eliminated from the impairment test, if the implementation of these measures had not begun as at the reporting date. The change in working capital was derived from internally defined targets for the Sempermed segment.

A constant long-term growth rate of 0.75% (31 December 2016: 0.75%) was used for the period after the detailed planning time period in the Sempermed segment. This was based on market growth expected in the long term, allowing for forecast expectations in inflation.

The discount rate used was the weighted average cost of capital (WACC) as derived in the capital asset pricing model. When determining this rate, a separate peer group was assumed for the Medical Sector (equivalent to the Sempermed segment). The pre-tax discount rate, which was determined for the Sempermed segment individually, was 8.1% (31 December 2016: 8.7%).

For the Sempermed segment the recoverable amount for the cash generating unit (CGU) totalled EUR 173,956 thousand and therefore was below the book value (EUR 199,932 thousand) which resulted in the necessity for an impairment of EUR 25,976 thousand. Due to this fact the Sempermed related goodwill write-off totalled EUR 25,154 thousand. According to IAS 36 the residual amount of EUR 821 thousand has been assigned to Sempermed related non-current assets.

Investments in and disposals of tangible and intangible assets

In the first three quarters of 2017 the Semperit Group made investments in tangible and intangible assets totalling EUR 55,779 thousand (previous year: EUR 44,289 thousand). In contrast, tangible assets with a net carrying amount of EUR 531 thousand (previous year: EUR 228 thousand) were sold. Tangible and intangible assets with a net carrying amount of EUR 4,619 thousand (previous year: EUR 0) have been derecognized due to the missing future economic benefit.

Obligations to acquire tangible assets

As of 30 September 2017 the group has contractual obligations to acquire tangible assets totalling EUR 60,108 thousand (31 December 2016: EUR 53,214 thousand). The increase compared to the previous year is due to the investment projects to expand production capacity.

Financial implications of cost-saving/restructuring measures in the Sempertrans segment

In the first three quarters of 2017 Semperit Group has recognized restructuring charges totalling EUR 11,571 thousand in connection with announced cost-saving/restructuring measures in relation to the production site of its subsidiary Sempertrans France Belting Technology S.A.S. in Argenteuil, France. Thereof, EUR 9,234 thousand have been recognized for provision for social plan, onerous contracts and advisory costs (after deduction of an existing provision for severance payments), EUR 1,334 thousand for de-recognition of tangible assets due to the missing future economic benefit and EUR 1,003 thousand for valuation adjustment of inventory.

Tax Audit in Austria

Based on a tax audit in Austria other expenses totalling EUR 6,255 thousand were taken into account. The denial of the refund for the energy tax represents the material position, resulting from the change in the interpretation by the tax authority for production companies, when the total revenues are above the revenues resulting from own production. This denial affects the years starting from 2011 totalling EUR 5,013 thousand.

The expense resulting from this denial has been shown under other expenses. Moreover late payment fines, corrections for research premium as well as income and transaction taxes for previous periods have been accounted for as consequenses by the tax audit. Semperit now considers to appeal against specific findings of this tax audit.

Disclosures on financial instruments

The following tables show the carrying amounts of the individual financial assets and liabilities classified in accordance with the valuation categories stipulated in IAS 39.9.

Assets

in EUR thousand	Valuation category IAS 39	Carrying amount 30.9.2017	Carrying amount 31.12.2016
Trade receivables	Loans and receivables	117,775	118,844
Other financial assets			
Securities	Available-for-sale	6,401	6,498
Loans to associated companies	Loans and receivables	563	563
Other loans	Loans and receivables	7	13
Derivative financial instruments	Held for trading	5,581	4,396
Derivative financial instruments	Designated as a hedging instrument	941	415
Other financial assets	Loans and receivables	4,647	8,984
Cash and cash equivalents			
Cash on hand, cheques and cash deposits in banks	–	176,275	190,208

Liabilities

in EUR thousand	Valuation category IAS 39	Carrying amount 30.9.2017	Carrying amount 31.12.2016
Corporate Schuldschein loan	Liabilities at amortised cost	269,196	277,547
Liabilities from redeemable non-controlling interests	Liabilities at amortised cost	16,332	51,825
Trade payables	Liabilities at amortised cost	96,223	111,569
Liabilities to banks	Liabilities at amortised cost	56,635	143,236
Other financial liabilities			
Derivative financial liabilities	Held for trading	664	171
Derivative financial liabilities	Designated as a hedging instrument	48	0
Liabilities from finance leases	Liabilities at amortised cost	6	30
Remaining other financial liabilities	Liabilities at amortised cost	19,714	16,172

Fair value

The three levels in the fair value hierarchy are defined as follows:

Level 1: measurement based on quoted prices on an active market for a specific financial instrument

Level 2: measurement based on quoted market prices for similar instruments or on the basis of valuation models based exclusively on input factors that are observable on the market

Level 3: measurement based on models with significant input factors that are not observable on the market

In the first three quarters of 2017 there were no reclassifications of financial instruments between the above mentioned levels.

Assets and liabilities at fair value

Financial instruments at fair value include securities and derivative financial instruments.

in EUR thousand	Valuation category IAS 39	Fair Value 30.9.2017	Fair Value 31.12.2016	Level
Assets				
Securities	Available-for-sale	6,401	6,498	1
Derivative financial instruments	Held for trading	5,581	4,396	2
Derivative financial instruments	Designated as a hedging instrument	941	415	2
Liabilities				
Derivative financial liabilities	Held for trading	664	171	2
Derivative financial liabilities	Designated as a hedging instrument	48	0	2

The fair values of available-for-sale securities are determined using publicly available prices.

The derivative financial instruments held for trading purposes are foreign exchange forward contracts, a cross currency swap and an interest floor.

The derivative financial instruments designated as hedges are foreign exchange forward and cross currency swaps.

Their fair values of the cross currency swaps are determined using generally accepted financial valuation models, in which future cash flows are simulated using the yield curves published on the closing date. In addition, the carrying amount is adjusted to take into account the credit risk of the respective counterparty. When doing so, positive exposures are measured considering the default risk of the counterparty, while negative exposures are measured considering the group’s own default risk.

Assets and liabilities not measured at fair value

The fair value of all other financial assets and liabilities, except for the following items and liabilities from redeemable non-controlling interests, corresponds to their carrying amount.

in EUR thousand	Valuation category IAS 39	Fair Value 30.9.2017	Fair Value 31.12.2016	Level
Liabilities				
Corporate Schuldschein loan	Liabilities at amortised cost	283,176	291,537	3
Liabilities from finance leases	Liabilities at amortised cost	6	44	3

The fair value of the corporate Schuldschein loan was determined by discounting the contractual payment streams with current interest rates. The comparable interest rates as at the reporting date were derived from capital market yields with matching maturities and then adjusted for current risk and liquidity costs that are observable on the market. These comparable interest rates were derived based on management's current assessment of the rating of the Semperit Group.

For existing fixed-interest finance lease liabilities, current third-party interest rates were queried and then compared with the contractually agreed interest rates. As a result, the difference between the carrying amount and the fair value shows the margin between the contractually agreed historical return and the return currently available on the market. The finance lease liabilities are shown under the item other financial liabilities.

For information on the valuation of liabilities from redeemable non-controlling interests, please refer to the explanations in the consolidated financial statements as of 31 December 2016. The calculation of the fair value would require a disproportionally high effort and is thus not disclosed in this report.

Debt capital structure of the Semperit Group

Semperit Group has increasingly used financial debt instruments for its financing purposes. On the one hand, these financial debt instruments include a term loan of EUR 50 million and a revolving credit line up to EUR 150 million out of a syndicated loan facility / Rahmenkreditvertrag (SLF/RKV 2014). On the other hand, Semperit Group has issued three corporate Schuldschein loans (SSD 2013, SSD 2015 and SSD 2016) with a total nominal value of EUR 274 million. The corporate Schuldschein loans from 2013 and 2015 were issued in EUR. The corporate Schuldschein loan from 2016 was issued in US Dollar, Polish Zloty and Czech Koruna.

Corporate Schuldschein loan and interest rate swaps

In July 2013 Semperit AG Holding issued a corporate Schuldschein loan totalling EUR 125 million with partially fix and partially variable interest. In the second quarter of 2014 and in the first quarter of 2015, additional corporate Schuldschein loans amounting to EUR 5 million with the same conditions as the 10-year fixed-interest tranche of the original corporate Schuldschein loan were issued to "Privatstiftung zur Förderung der Gesundheit von Beschäftigten der Semperit AG Holding" (in English: Private Foundation to Promote the Health of the Employees of Semperit AG Holding). This means that the total notional volume amounted to EUR 130 million.

In 2015 Semperit AG Holding redeemed the variable five- and seven-year tranches (notional volume EUR 36,500 thousand and EUR 35,500 thousand) of the existing corporate Schuldschein loan. In July 2015 these two variable tranches of the corporate Schuldschein loan from July 2013 were repaid. At the same time in July 2015, Semperit AG Holding issued a new corporate Schuldschein loan for a total amount of EUR 75,000 thousand in order to take advantage of the decline in financing costs. This corporate Schuldschein loan consists of three fixed-interest tranches with durations of seven, ten and fifteen years. The average interest rate of the issue is 2.16%. The loan was placed primarily in Austria and Germany. The cash inflows were primarily used to repay the variable tranches of the corporate Schuldschein loan from July 2013.

In November 2016 Semperit AG Holding issued additional corporate Schuldschein loans with a total volume of EUR 139 million (SSD 2016), which are denominated in US Dollar (approx. 63%), in Polish Zloty (approx. 23%) and in Czech Koruna (approx. 14%). By using these additional corporate Schuldschein loans, Semperit Group further optimizes its financing structure as well as its foreign exchange exposure management. Primarily, the proceeds from this transaction were used to reduce Semperit´s current long-term borrowings provided by the revolving credit facility.

in EUR thousand	30.9.2017	Thereof non-current	Thereof current	31.12.2016	Thereof non-current	Thereof current
Corporate Schuldschein loan	269,196	267,524	1,672	277,547	275,578	1,969
Liabilities to banks	56,635	51,338	5,296	143,236	136,421	6,814
	325,831	**318,863**	**6,968**	**420,782**	**411,999**	**8,783**

The corporate Schuldschein loans 2016 are composed of various long-term tranches with fixed and also variable interest rates with a maturity inbetween three and seven years. The average interest rate of these Schuldschein offerings was 1.10% up to 3.22% depending on their underlying currencies and durations. These corporate Schuldschein loans were primarily placed in Austria, in Germany, in the Netherlands as well as in various countries in Asia.

As of 30 September 2017 accrued interest amounting to EUR 1,672 thousand is recognised with the current liabilities section. The differences between the carrying amounts excluding interest (clean prices) and the nominal amounts are the transaction cost of the Schuldschein offerings in July 2013, July 2015 and November 2016. These differences are allocated over the terms of the corporate Schuldschein tranches in accordance with the effective interest rate method.

Cross currency swaps and foreign exchange forward contracts

In order to hedge Semperit's financing to a subsidiary company issued in Malaysian Ringgit, Semperit AG Holding entered into a cross currency swap in April 2015. On the one hand, the cross currency swap causes the variable refinancing to be converted into fixed interest rates, on the other hand, the exchange rate of the Euro and the Malaysian Ringgit was fixed. According to IAS 39 the cross currency swap was classified as a cash flow hedge (regarding interest rate risk) and as a fair value hedge (regarding the foreign exchange risk) too. In total, the derivative was accounted for at fair value. As of 31 December 2015 the requirements for hedge accounting in accordance with IAS 39 were no longer met. Since then, all fair value changes are recognised completely through profit and loss within the financial result section of the consolidated income statement. Considering also the ongoing negative EURIBOR, an interest rate floor was added to the existing cross currency swap on 30 September 2016 with the intention to increase the effectiveness of these counter-balancing fair value changes.

In order to hedge Semperit's further financing to a subsidiary company issued in Malaysian Ringgit, Semperit AG Holding entered into two additional cross currency swaps in March 2016 and in August 2016. On the one hand, the cross currency swaps again caused the variable refinancing to be converted into fixed interest rate, on the other hand, the exchange rates of the Euro and the Malaysian Ringgit were fixed. According to IAS 39 these cross currency swaps are also classified as cash flow hedges (regarding interest rate risk) and as fair value hedges (regarding the foreign exchange risk). In total, these derivatives are also accounted for at fair value. In the first three quarters of 2017 the effective portion of this cash flow hedge of EUR 239 thousand was recognised in other comprehensive income and EUR - 250 thousand were reclassified in the consolidated income statement. As of 30 September 2017 the cash flow hedge reserve from both cross currency swaps amount to EUR 4 thousand (31 December 2016: EUR 15 thousand).

Dividend and treasury shares

On 23 May 2017 the Annual General Meeting adopted a dividend of EUR 0.70 per share, for the year 2016. A total of EUR 14.4 million was distributed.

Semperit AG Holding has no treasury stock as of 30 September 2017.

Contingent liabilities

There were no material changes in contingent liabilities since the last reporting date as of 31 December 2016.

Related-party transactions with companies and individuals

Outstanding balances and transactions between Semperit AG Holding and its subsidiaries were eliminated in the course of consolidation and are not further discussed here.

B & C Semperit Holding GmbH is the direct majority shareholder of Semperit AG Holding, and B & C Privatstiftung is the dominant legal entity. B & C Holding Österreich GmbH is the shareholder holding an indirect majority stake which draws up and publishes consolidated financial statements in which the Semperit Group is consolidated. Under IAS 24, B & C Privatstiftung and all its subsidiaries, joint ventures and associated companies are related parties of the Semperit Group. Regarding the reorganisation of the B & C Group, we refer to voting rights notification as of 5 Mai 2017.

Related parties of the Semperit Group include the members of the Management and Supervisory Boards of Semperit AG Holding, the managing directors and supervisory board members of all companies which directly or indirectly hold a majority stake in Semperit AG Holding, and finally the members of the Management Board of B & C Privatstiftung and the close family members of these management and supervisory board members and managing directors.

With the other related parties mentioned below the group has the following transactions:

In the first three quarters of 2017 the group conducted transactions with unit-it GmbH in the amount of EUR 360 thousand (previous year: EUR 337 thousand). This is related to the maintenance of SAP licences and was conducted at arm's length conditions. As of 30 September 2017 there are no unpaid liabilities to the company (31 December 2016: EUR 0).

In the first three quarters of 2017 the group conducted transactions with Grohs Hofer Rechtsanwälte GmbH & Co KG in the amount of EUR 1,226 thousand (previous year: EUR 381 thousand). These transactions relate to consulting services and were conducted at arm's length conditions. As of the reporting date there are unpaid liabilities to the company in the amount of EUR 5 thousand (31 December 2016: EUR 251 thousand).

In the first three quarters of 2017 the group conducted transactions with B&C Industrieholding GmbH in the amount of EUR 86 thousand (previous year: EUR 21 thousand). These transactions relate to management and other services as well as reimbursements and were conducted at arm's length conditions. As of the reporting date there are unpaid liabilities to the company in the amount of EUR 21 thousand (31 December 2016: EUR 28 thousand).

The remaining level of transactions with associated companies and other related parties is low, and they are conducted on normal business terms and conditions.

Transactions with co-partners

The fully consolidated company Semperflex Asia Corp. Ltd. has a business relationship with the non-controlling co-partner of this subsidiary, Sri Trang Agro-Industry Public Co Ltd.

In addition, Sempertrans Best (Shandong) Belting Co. Ltd. conducts business with Wang Chao Coal & Electricity Group, the non-controlling co-partner of this subsidiary.

Supervisory Board matters

Stephan B. Tanda has resigned his mandate on 1 February 2017. Andreas Schmidradner has resigned his mandate on 23 May 2017 (date of Annual General Meeting). The Annual General Meeting on 23 May 2017 elected Petra Preining and Klaus F. Erkes into the Supervisory Board. Stefan Fida, Patrick Prügger and Astrid Skala-Kuhmann have been re-elected into the Supervisory Board. In the subsequent Supervisory Board Meeting Veit Sorger has been re-elected as Chairman of the Supervisory Board. Patrick Prügger has been elected as his first and Stefan Fida as his second deputy.

Management Board matters

Thomas Fahnemann informed the Chairman of the Supervisory Board on 15 March 2017 about his immediate resignation from his position as Chairman of the Management Board. Thomas Fahnemann explained his step with seeking new professional challenges after the successful termination of the joint venture transaction and the related realignment of Semperit.

On 27 March 2017, the Nominating Committee of Semperit AG Holding decided unanimously to propose Martin Füllenbach as the company’s new Chairman of the Management Board (CEO) to the Supervisory Board. The appointment of Martin Füllenbach as CEO for a term from 1 June 2017 to 31 December 2020 was confirmed by the Supervisory Board on 26 April 2017.

The Supervisory Board and the long-standing Chief Technology Officer of the Company, Richard Ehrenfeldner, have commonly agreed to terminate his Management Board activities as of 15 April 2017.

As of 1 June 2017, the Management Board of Semperit AG Holding consists of Martin Füllenbach (Chairman of the Management Board, CEO), Frank Gumbinger (CFO) and Michele Melchiorre (CTO).

Legal disputes involving the Siam Sempermed Corp. Ltd. joint venture

Between 2014 and 2017, the Semperit Group was involved in several legal proceedings including with the domestic courts in Thailand and with international arbitration tribunals seated in Zurich administered by of the International Chamber of Commerce (ICC). These legal proceedings related, in particular, to the competencies and internal organisation of the Board of Directors (BoD) being the management body of Siam Sempermed Corp. Ltd. (SSC, now Sri Trang Gloves (Thailand) Co. Ltd.), a former joint venture in Thailand. They also concerned the business conduct of SSC, SSC's business relationships with group subsidiaries of the Thai joint venture partner, Sri Trang Agro-Industry Public Co Ltd. (Sri Trang), and the exclusive distribution rights of the Semperit Group.

The opposing parties in the arbitration proceedings were the contracting parties in the joint venture agreements and SSC itself. In the Thai courts proceedings, the opposing parties were SSC BoD members who were nominated by the Sri Trang Group.

ICC Cases

Following the successful closing of the joint venture transaction between the Semperit Group and the Sri Trang Group or SSC in March 2017, all pending arbitration proceedings mentioned above were withdrawn.

Thailand Cases

As a result of the successful closing of the joint venture transaction, all aforementioned Thai Court proceedings have been settled during the third quarter of 2017.

BWB Case

In October 2015, the Austrian Federal Competition Authority (BWB) – acting on a petition from the Sri Trang companies, which were Semperit's joint venture partners in SSC – commenced a proceeding against Semperit and the Sri Trang companies with the antitrust court in Vienna. The proceeding relates to exclusive distribution rights in Europe. In December 2015, Semperit submitted extensive briefs to defend its legal position. In the first quarter of 2016, a court hearing was held and Semperit submitted additional briefs. By the end of June 2016, the antitrust court in Vienna determined, in a partial ruling, that the exclusive distribution rights were incompatible with the existing legal regulations of the EU Competition Law. In July 2016, Semperit filed an appeal with the Austrian Supreme Court. Semperit also proposed that this legal issue be decided by the European Court of Justice since to date, there has been no ruling on the prohibition of distribution regulations in similar circumstances.

In September 2017, the Austrian Supreme Court decided that the former exclusivity provision for Semperit's distribution and marketing of gloves manufactured by the former Thai Joint Venture Company in in Europe was not compliant with existing competition law in 2015/16. The Supreme Court further decided not to involve the European Court of Justice. A potential penalty has yet to be decided.

This ruling has no impact on ongoing Sempermed business and therefore has no influence on the day to day operations of Sempermed's glove business as the Joint Venture Agreement with Sri Trang Group was unanimously terminated on 15 March 2017.

Appropriate provisions have been set up for the expected further costs of the proceeding and the possible penalty based on estimates. Detailed information on the specific financial effects would seriously weaken the position of the Semperit Group in asserting its interests in the current legal proceedings, and disclosure is therefore omitted in application of IAS 37.92.

Events after the reporting period

No events resulting disclosure occurred between 30 September 2017, the balance sheet date, and 15 November 2017, the date on which this report was approved for publication.

Vienna, 15 November 2017

The Management Board

Martin Füllenbach
Chairman

Frank Gumbinger
Finance

Michele Melchiorre
Operations

Statement of all legal representatives

Pursuant to Section 87 (1) line 3 of the Austrian Stock Exchange Act

We confirm to the best of our knowledge that the condensed interim consolidated financial statements as at 30 September 2017 prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and that the group management report gives a true and fair view of important events that have occurred during the first nine months of the financial year and their impact on the condensed interim financial statements, of the principal risks and uncertainties for the remaining three months of the financial year and of the major related party transactions to be disclosed.

Vienna, 15 November 2017

The Management Board

Martin Füllenbach
Chairman

Frank Gumbinger
Finance

Michele Melchiorre
Operations

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Financial Calendar 2017

16.11.2017	Report on the first three quarters 2017

Financial Calendar 2018

16.03.2018	Publication of 2017 annual financial statements
15.04.2018	Record date of the Annual General Meeting
25.04.2018	Annual General Meeting
30.04.2018	Last possible day to purchase shares entitled to receive the dividend
02.05.2018	Dividend ex day
03.05.2018	Dividend record date (=day at the end of which CSD Austria determines the securities entitled to receive the dividend)
04.05.2018	Dividend payment day
23.05.2018	Report on the first quarter of 2018
23.08.2018	Half-year financial report 2018
21.11.2018	Report on the first three quarters 2018

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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. In spite of this, rounding, typesetting and printing errors cannot be ruled out. Rounding of differences in the totalling of 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: 15 November 2017). 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.

All references to people are gender neutral.

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