SEMPERIT

2018

Report on the first quarter

Key performance figures

in EUR million	Q1 2018	Change	Q1 2017	2017
Revenue	220.9	–3.7%	229.3	874.2
EBITDA	15.8	–83.3%	94.4	100.2
EBITDA margin	7.1%	–34.1 PP	41.2%	11.5%
EBIT	6.0	–93.1%	86.4	37.6
EBIT margin	2.7%	–35.0 PP	37.7%	4.3%
Earnings after tax	–2.6	–	62.8	–26.3
Earnings per share (EPS)[1], in EUR	–0.14	–	3.06	–1.25
Gross cash flow	11.3	–60.2%	28.4	32.2
Return on equity[2]	–2.6%	–68.6 PP	66.0%	–9.2%

Balance sheet key figures

in EUR million	31.03.2018	Change	31.03.2017	31.12.2017
Balance sheet total	933.7	–3.8%	971.0	853.2
Equity	407.9	+7.2%	380.7	278.5
Equity ratio	43.7%	+4.5 PP	39.2%	32.6%
Investments in tangible and intangible assets	24.5	+12.7%	21.7	74.5
Employees (at balance sheet date)	6,729	–1.1%	6,801	6,838

Sector and segment key figures

in EUR million	Q1 2018	Change	Q1 2017	2017
Industrial Sector = Semperflex + Sempertrans + Semperform				
Revenue	140.9	+0.5%	140.1	537.0
EBITDA	18.8	+9.1%	17.2	42.9
EBIT	13.1	+6.2%	12.3	22.4
Semperflex				
Revenue	58.8	+9.9%	53.5	206.1
EBITDA	13.7	+17.7%	11.7	40.4
EBIT	11.1	+14.9%	9.6	31.8
Sempertrans				
Revenue	34.6	–16.2%	41.3	146.0
EBITDA	0.5	–15.8%	0.6	–16.7
EBIT	–0.4	+15.1%	–0.3	–20.3
Semperform				
Revenue	47.5	+4.7%	45.3	185.0
EBITDA	4.5	–8.3%	5.0	19.2
EBIT	2.4	–20.8%	3.0	11.0
Medical Sector = Sempermed				
Revenue	80.0	–10.3%	89.2	337.1
EBITDA	1.4	–98.2%	78.1	77.9
EBIT	–2.2	–102.9%	75.4	38.0

Note: Rounding differences in the totalling of rounded amounts and percentages may arise from the use of automatic data processing.
[1] Earnings per share are solely attributable to the ordinary shareholders of Semperit AG Holding (excl. interest from hybrid capital).
[2] Based on a full-year projection.

Management Report

Economic environment

The International Monetary Fund (IMF) has left its forecast for 2018 published in April 2018 largely unchanged in comparison with the version of January 2018. Global economic growth in 2018 is expected to amount to 3.9% (2017: 3.8%). 4.9% are forecast for emerging and developing countries (2017: 4.8%), followed by the USA with 2.9% (2017: 2.3%) and the euro zone with 2.4% (2017: 2.3%). Despite the good growth rates in all important regions, the IMF notes that the current growth rates will not be permanent.

Development in the raw material markets

The markets for natural rubber/natural latex as well as synthetic rubber/synthetic latex and carbon black are very important for the rubber industry. The development of these markets in the natural rubber field is influenced, among other things, by production conditions, while the fields of synthetic rubber and carbon black are impacted by supplier behaviour and costs for basic raw materials, which are affected by the price of crude oil. Demand is influenced primarily by the main buyers of rubber products, the tyre and automotive industry.

Since the third quarter of 2017, price indices for natural rubber and natural latex as well as synthetic latex and synthetic rubber showed a sideways movement that continued in the first months of 2018, although with a slight upward trend. The average price indices of the first quarter of 2018 were significantly – in some instances more than 40% – below the average values of the first quarter of 2017, which was influenced by strongly increased prices that significantly declined in the second quarter of 2017. In a comparison of the price indices of the first quarter of 2018 with the average values of 2017, there was also a decline, although a slight increase was recorded compared with the average values of 2017.

Development of raw materials used primarily in the Industrial Sector was somewhat differentiated. The filling material carbon black, for example, is important for all three segments of the Industrial Sector. Price indices for this raw material have shown a continuous rise since the third quarter of 2017. Therefore, the average prices for carbon black in the first quarter of 2018 were significantly above the average of the first quarter of 2017 (more than 20%) and also the average for 2017 (around 20%). In the first quarter of 2018, the prices for wire, which is used primarily in the Semperflex and Sempertrans segments, rose compared with the average prices of the first quarter of 2017 and also with the annual average of 2017 due to the significant price increase for wire rods.

In the past months, increased competition has developed for some of the raw materials needed by Semperit, which was not the case in last year's period. However, the first quarter of 2017 was – as mentioned above – characterised by particularly volatile raw material prices.

Revenue and earnings of Semperit Group

First quarter of 2017

In the first quarter of 2018, the Semperit Group recorded a decrease in revenue of 3.7% to EUR 220.9 million, primarily due to the Medical Sector with a decrease of 10.3%. In contrast to this, the Industrial Sector achieved an increase in revenue of 0.5% (for details on the development of sectors and segments see page 8ff). The increase in the Industrial Sector was characterised primarily by higher volumes sold in the Semperflex and Semperform segments; the Sempertrans segment recorded a decrease in sales. The decrease in the Medical Sector, i.e. the Sempermed segment, is primarily based on the decrease in volumes sold.

The distribution of revenues shifted in favour of the Industrial Sector. In the first quarter of 2018, the Industrial Sector accounted for 64% and the Medical Sector for 36% of revenue (first quarter of 2017: 61% to 39%).

In the first quarter of 2018, inventories increased by EUR 4.6 million compared with a decrease of EUR 1.9 million in the first quarter of 2017.

Other operating income amounted to EUR 0.9 million in the first quarter of 2018. The value of the first quarter of 2017, adjusted for the positive one-off effect (from last year's joint venture transaction, see below), totalled EUR 1.9 million. The reported value of the first quarter of 2017 amounted to EUR 89.9 million, including around EUR 88 million of positive one-off effects relating to the termination of almost all joint activities with the Thai joint venture partner Sri Trang Agro-Industry Public Co Ltd. Group ("joint venture transaction") of which around EUR 78 million were recorded as other operating income in the Sempermed segment and around EUR 10 million in the Corporate Center segment in the first quarter of 2017. 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 effect from the joint venture transaction, which had an impact on EBITDA and EBIT, totalled around EUR 85 million in the first quarter of 2017.

Cost of materials decreased by EUR 6.2 million or 4.5% to EUR 131.3 million. The change was influenced primarily by lower sales (see first paragraph on this page) and therefore by fewer expenses for material and purchased services, but also by partially higher raw material prices.

Personnel expenses decreased to EUR 44.2 million (–11.6%) despite increases in salaries and wages. In a comparison of both periods it should be noted that in the first quarter of 2017 one-time expenses included special compensations for employees as well as payments to resigned board members, executives and employees.

At EUR 36.1 million, other operating expenses remained almost unchanged compared with last year's period. In the first quarter of 2018, consulting expenses relating to Semperit's restructuring and transformation are included. In the first quarter of 2017, there were higher legal and consulting expenses (among other things due to the joint venture transaction).

The item "Share of profits from joint ventures and associated companies" at EUR 0.1 million included the earnings contribution of the relatively small company Synergy Health Allershausen GmbH, which is headquartered in Germany and sterilises surgical gloves for the Sempermed segment.

EBITDA (earnings before interest, tax, depreciation and amortisation) rose from EUR 9.6 million (adjusted value for the first quarter of 2017) to EUR 15.8 million, while the EBITDA margin increased from 4.2% to 7.1%. The reported EBITDA, including the positive effects of the joint venture transaction of around EUR 85 million in the first quarter of 2017, amounted to EUR 94.4 million.

Depreciation increased to EUR 9.8 million (+21.3%), which was primarily due to the investments carried out.

EBIT (earnings before interest and tax) rose from EUR 1.5 million (adjusted value for the first quarter of 2017) to EUR 6.0 million, while the EBIT margin increased from 0.7% to 2.7%. The reported EBIT, including the positive effects of the joint venture transaction of around EUR 85 million in the first quarter of 2017, amounted to EUR 86.4 million.

Key figures Semperit Group

in EUR million	Q1 2018	Q1 2017[1)]	Change	Change in EUR million
Revenue	220.9	229.3	–3.7%	–8.4
EBITDA	15.8	94.4	–83.3%	–78.7
EBITDA margin	7.1%	41.2%	–34.1 PP	–
EBIT	6.0	86.4	–93.1%	–80.4
EBIT margin	2.7%	37.7%	–35.0 PP	–
Earnings after tax	–2.6	62.8	–	–65.5
Investments in tangible and intangible assets	24.5	21.7	+12.7%	+2.8
Employees (at balance sheet date)	6,729	6,801	–1.1%	–72

1) EBITDA for the first quarter of 2017, adjusted for the effects of the joint venture transaction, amounted to EUR 9.6 million, while EBIT totalled EUR 1.5 million and earnings after tax EUR –2.0 million.

The negative financial result totalled EUR 5.7 million in the first quarter of 2018 after EUR 8.0 million in the same period last year. Financial income, which includes foreign currency gains, amounted to EUR 8.8 million and was slightly below the previous year's period. Financial expenses, which also include foreign currency losses, decreased by EUR 2.6 million to EUR 13.2 million compared with the first quarter of 2017. The reasons for this are primarily repayment expenses for the acquisition of redeemable non-controlling interests within the context of the joint venture transaction, which was recognised as profit or loss in the item "Financial expenses" and caused higher financial expenses.

At minus EUR 1.3 million, the item "Profit/loss attributable to redeemable non-controlling interests" remained largely unchanged compared with the first quarter of 2017. Since the beginning of the second quarter of 2017 it has included only two companies: Semperflex Asia Corp. Ltd., which produces hydraulic hoses in Thailand and continues to be operated with the joint venture partner Sri Trang, and Sempertrans Best (ShanDong) Belting Co. Ltd. in China in the Sempertrans segment. The shares in this company are held with a different joint venture partner.

Income tax expenses decreased by EUR 12.5 million to EUR 3.0 million in the first quarter of 2018. The decrease resulted basically from one-off-effects included in this item in the first quarter of 2017 relating to the joint venture transaction.

Earnings after tax totalled EUR –2.6 million in the first quarter of 2018 compared with the adjusted value of EUR –2.0 million for the first quarter of 2017; the reported value for the first quarter of 2017 amounted to EUR 62.8 million.

Earnings per share amounted to minus EUR 0.14 in the first quarter of 2018 after minus EUR 0.10 (adjusted; the reported value for the first quarter of 2017 was EUR 3.06). The difference between the adjusted and reported values for earnings after tax and earnings per share in the first quarter of 2017 was due to the positive one-off effect from the joint venture transaction of around EUR 65 million.

Dividend and treasury shares

Semperit's dividend policy is, in principle: The pay-out ratio to shareholders is around 50% of earnings after tax – assuming continued successful performance and that no unusual circumstances occur. Due to negative earnings after tax in 2017 and the continued restructuring and transformation process, the Management Board and the Supervisory Board did not propose a dividend for 2017 (2016: EUR 0.70 per share) at the Annual General Meeting on 25 April 2018. This was decided by a majority at the Annual General Meeting.

Semperit AG Holding does not own treasury shares as of 31 March 2018.

Assets and financial position

Compared with the balance as of 31 December 2017, the balance sheet total declined by 9.4% to EUR 933.7 million in the first quarter of 2018. On the asset side, the main reason for this decrease was an increase in cash and cash equivalents, an increase in trade receivables and in tangible assets relating to expansion investments. The other items on the asset side remained almost unchanged.

On the liabilities side, basically two items changed: The equity ratio increased significantly as EUR 130.0 million from hybrid capital were raised in March 2018. Due to this allocation of funds, non-current liabilities to banks decreased by around EUR 50 million.

Trade working capital (inventories plus trade receivables minus trade payables) significantly increased from EUR 152.4 million at the end of 2017 to EUR 180.9 million, and therefore constituted 20.9% of the revenues of the last four quarters (year-end 2017: 17.4%). The change is primarily attributable to a significant increase in trade receivables (+21.4%), while trade payables slightly declined.

Cash and cash equivalents were EUR 213.9 million at the end of March 2018 and were therefore significantly above the level of the end of 2017 (EUR 165.5 million). The reason for this was primarily the raising of funds from hybrid capital.

As of 31 March 2018, the Semperit Group's equity (without non-controlling interests) stood at EUR 407.9 million, EUR 129.4 million higher than at the end of 2017 (EUR 278.5 million). The change resulted almost exclusively from having raised funds from hybrid capital.

As of 31 March 2018, the group's reported equity ratio amounted to 43.7% (year-end 2017: 32.6%). The return on equity was –2.6% after –2.1% (adjusted value for the first quarter of 2017). The adjusted value for the first quarter of 2017 was 66.0%. The return on equity is calculated based on the earnings after tax (excl. remuneration from hybrid capital) in relation to equity attributable to the shareholders of Semperit AG Holding of EUR 407.9 million.

Debt is lower at EUR 523.9 million compared with the end of 2017 at EUR 572.9 million. Liabilities from the corporate Schuldschein loan and liabilities to banks significantly decreased from EUR 326.6 million at the end of 2017 to EUR 276.5 million as of 31 March 2018. Taking into consideration cash and cash equivalents, this resulted in a net debt of EUR 62.6 million (net debt at the end of 2017: EUR 161.1 million). The net debt/EBITDA ratio (net debt in relation to EBITDA) as of 31 March 2018 is therefore 2.91 (year-end 2017: 1.61).

The liabilities from redeemable non-controlling interests at EUR 14.7 million slightly increased compared with the end of 2017 and affected primarily Semperflex Asia Corp. Ltd. Provisions including social capital amounted to EUR 74.5 million and therefore remained almost unchanged compared with the end of 2017. Other liabilities and deferred taxes slightly increased to EUR 51.7 million.

Hybrid capital

On 12 December 2017, the Management Board of Semperit AG Holding signed an agreement regarding a hybrid capital line amounting to up to EUR 150 million with B & C Holding GmbH, a wholly owned subsidiary of the core shareholder B & C Industrieholding GmbH. Under accounting law, the hybrid capital line is classified as equity according to IFRS provisions (see page 29 in the notes). In March 2018, EUR 130.0 million were drawn from the hybrid capital.

Cash flow

The gross cash flow in the first quarter of 2018 amounted to EUR 11.3 million after EUR 28.4 million in the first quarter of 2017. This was caused primarily by the low level of operating earnings, although it must be pointed out that the first quarter of 2017 included positive one-off effects from the joint venture transaction. Cash flow from operating activities decreased significantly to EUR –7.5 million in the first quarter of 2018. The negative cash flow from operating activities in the first quarter of 2018 was characterised by the changes (increase) in trade receivables. In the first quarter of 2018, cash flow from financing activities was positively influenced by the payment from the funds raised from the hybrid capital and amounted to plus EUR 80.9 million, while the value was negative in the first quarter of 2017 due to the repayment of liabilities to banks as well as payments for the acquisition of redeemable non-controlling interests.

Investments

At EUR 24.5 million, cash-relevant investments in tangible and intangible assets in the first quarter of 2018 were higher than in the previous year (EUR 21.7 million). The investment priorities were on expansion and improvement in the segments Semperflex (expansion of the hydraulic hose production at the plant in Odry, Czech Republic), Sempertrans (primarily for the expansion of mixing and an additional press for conveyor belts in Bełchatów, Poland).

Related-party transactions with companies and individuals

With regard to the related-party transactions with companies and individuals please refer to the interim consolidated financial statements.

Performance of sectors and segments

Industrial Sector

The Industrial Sector comprises the segments Semperflex, Sempertrans and Semperform and developed in a differentiated way. The sales volumes (volumes sold) in Semperflex and Semperform increased, while they declined in Sempertrans. Revenue increased by 0.5% to EUR 140.9 million including the by far largest share in the Semperflex segment.

Profitability of Semperflex developed well in absolute and relative terms causing an overall increase in profitability in the Industrial Sector. Semperform's profitability was below the previous year's level. The Sempertrans segment showed a positive EBITDA margin in the first quarter of 2018, although on a low level. The Semperflex segment contributed by far the largest share to EBITDA in the Industrial Sector, followed by Semperform and Sempertrans.

Key figures Industrial Sector

in EUR million	Q1 2018	Change	Q1 2017
Revenue	140.9	+0.5%	140.1
EBITDA	18.8	+9.1%	17.2
EBITDA margin	13.3%	+1.0 PP	12.3%
EBIT	13.1	+6.2%	12.3
EBIT margin	9.3%	+0.5 PP	8.8%
Investments in tangible and intangible assets	18.0	+38.8%	13.0
Employees (at balance sheet date)	3,702	+1.5%	3,648

Semperflex segment

The Semperflex segment increased sales as well as revenue thanks to higher production and sales performances. Profitability also increased. 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. Revenue in the business unit for hydraulic hoses increased, also due to newly available capacities. Revenue for industrial hoses also increased due to customer acquisitions inside and outside Europe. However, the booking situation for the coming months is good and therefore capacities are well utilised.

In order to meet the good demand better, approximately EUR 20 million will be invested in an expansion of the capacities for hydraulic hoses at the site in Odry, Czech Republic, also in 2018. They will be available step by step as of late 2018/early 2019.

The increase in EBITDA and EBIT occurred primarily due to the additionally available capacities in Odry and the sales increase related to it.

Sempertrans segment

Sales and with it also revenue declined significantly compared with the first quarter of 2017. This was mainly attributable to a change in the product mix.

The raw material prices that are relevant for production have partly increased for several quarters, primarily for steel cord wires. These increases could only be passed on to the customers with a delay.

Primarily due to the volume decline, EBITDA and EBIT decreased in the first quarter of 2018 compared with the previous year's period. Production capacities at the site in Bełchatów, Poland, will be expanded step by step in accordance with the expansion of mixing capacities. Since March 2018 the segment has a new management.

Semperform segment

The Semperform segment profited from an increased demand, primarily in the largest business unit Profiles. Due to the limited capacities in internal Mixing, which produces precursors for the segments, parts of the precursors still have to be purchased externally. Therefore, group-wide investments will be made in the expansion of Mixing in 2018.

Sales of window and door profiles were increased significantly in the first quarter of 2017, due to an increased expansion into the segment for aluminium windows especially in Europe as well as the market entry in the USA.

Demand for products of the business unit Semperit Engineered Solutions was below the previous year's period. Sales of handrails decreased in a year-on-year comparison, because in China, the world's largest single market for escalators, construction activities were cut back to prevent a real estate bubble.

The business unit Sheeting recorded stable demand, while Special Applications recorded increased sales due to higher market demands.

In a comparison of the first quarter of 2018 with the previous year's period, revenue increased on segment level, while EBITDA and EBIT slightly decreased.

Key figures Semperflex

in EUR million	Q1 2018	Change	Q1 2017
Revenue	58.8	+9.9%	53.5
EBITDA	13.7	+17.7%	11.7
EBITDA margin	23.4%	+1.6 PP	21.8%
EBIT	11.1	+14.9%	9.6
EBIT margin	18.9%	+0.9 PP	18.0%
Investments in tangible and intangible assets	7.9	+72.0%	4.6
Employees (at balance sheet date)	1,756	+3.5%	1,697

Key figures Sempertrans

in EUR million	Q1 2018	Change	Q1 2017
Revenue	34.6	–16.2%	41.3
EBITDA	0.5	–15.8%	0.6
EBITDA margin	1.4%	+0.0 PP	1.4%
EBIT	–0.4	+15.1%	–0.3
EBIT margin	–1.1%	–0.3 PP	–0.8%
Investments in tangible and intangible assets	7.4	> 100%	1.5
Employees (at balance sheet date)	947	–8.5%	1,035

Key figures Semperform

in EUR million	Q1 2018	Change	Q1 2017
Revenue	47.5	+4.7%	45.3
EBITDA	4.5	–8.3%	5.0
EBITDA margin	9.6%	–1.3 PP	10.9%
EBIT	2.4	–20.8%	3.0
EBIT margin	5.0%	–1.6 PP	6.6%
Investments in tangible and intangible assets	2.7	–60.5%	6.9
Employees (at balance sheet date)	999	+9.1%	916

Medical Sector: Sempermed segment

The development of the Sempermed segment was characterised by a competitive market environment. Decrease in revenue by 10.3% was characterised by a declining sales development resulting from a change in the product and customer mixes.

Sales of examination and protective gloves, which are primarily sold in North America and Europe, was below the previous year's period. Sales of surgical gloves, which are produced in the core production facility in Wimpassing, Austria, was slightly below the prior year period.

The expansion of the new plant, and consequently the expansion of production capacities for examination and protective gloves in Malaysia, was completed in late 2017/early 2018 and is in the start-up and optimisation phase.

The initiated cost-cutting programme (production, marketing, sales) continues. In a comparison of end of March 2018 with end of March 2017, the number of employees at the segment level dropped by more than 6% despite the expansion of the own capacities.

In total, the earnings development in the first quarter of 2018 was characterised by declining sales. In a year-on-year comparison it should be noted that in the first quarter of 2017 a positive one-off effect of around EUR 78 million resulting from the termination of the joint venture for the glove production in Thailand was recorded. The adjusted EBITDA for the first quarter of 2017 amounted to EUR 0.0 million, while the adjusted EBIT was EUR –2.8 million. In comparison with the adjusted values of the first quarter of 2017, EBITDA and EBIT at EUR 1.4 million and EUR –2.2 million, respectively, in the first quarter of 2018 were above the level of the prior year period, although again on a low level.

Key figures Sempermed

in EUR million	Q1 2018	Change	Q1 2017[1)]
Revenue	80.0	–10.3%	89.2
EBITDA	1.4	–98.2%	78.1
EBITDA margin	1.8%	–85.7 PP	87.5%
EBIT	–2.2	–	75.4
EBIT margin	–2.8%	–87.3 PP	84.5%
Investments in tangible and intangible assets	6.4	–24.8%	8.5
Employees (at balance sheet date)	2,907	–3.2%	3,004

[1)] EBITDA adjusted for the effects of the joint venture transaction for the first quarter of 2017 amounted to EUR 0.0 million, while EBIT was EUR –2.8 million.

Employees

As of 31 March 2018, the number of employees was 6,729 which is 1.1% below the level of 31 March 2017. The employee headcount rose in the Semperflex and Semperform segments and fell in the Sempertrans and Sempermed segments in a comparison by period. The analysis by segments shows that in March 2018 around 45% of all employees work in the Sempermed segment, while around 25% work in the Semperflex segment and around 15% in the Sempertrans and Semperform segments respectively.

Supervisory Board matters

Veit Sorger, Patrick Prügger and Felix Strohbichler resigned from their mandates on 25 April 2018 (date of the Annual General Meeting).

At the Annual General Meeting on 25 April 2018, Christoph Kollatz, Felix Fremerey and Christoph Trentini were newly elected to the Supervisory Board. Walter Koppensteiner and Klaus Erkes were re-elected as Supervisory Board members.

At the constituent meeting of the Supervisory Board, Christoph Kollatz was elected successor of Veit Sorger as Chairman of the Supervisory Board. Stefan Fida was elected Deputy Chairman of the Supervisory Board.

Management Board matters

In April 2018, the Supervisory Board extended the Management Board mandate of Michele Melchiorre until 31 May 2022.

Outlook

In the course of the transformation and restructuring project, the Management Board will decide step by step whether there will be changes in the portfolio of the existing segments as well as further adaptations in the manufacturing footprint. 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 considerable one-off charges in addition to the measures already taken and still being analysed can therefore not be excluded in the coming quarters. Therefore, 2018 should be viewed as a transition year. Due to the above-mentioned developments, the outlook remains suspended for the coming quarters.

Semperit continues to focus on organic growth. In addition to the ongoing optimisation measures in the Sempermed segment, Semperit has started further implementation steps for Sempertrans and Semperform. In the Semperflex segment and in Mixing, the focus is on accelerating the profitable implementation of still necessary investment projects and the related organic growth course. Investments in the expansion of capacities will therefore be continued. Total capital expenditures (CAPEX) of around EUR 80 million (2017: EUR 74.5 million) have been planned for 2018.

Since the beginning of the analysis and transformation process in autumn 2017, the Management Board has identified significant potentials for earnings improvement and initiated appropriate implementation measures. The conclusion of the transformation of the Semperit Group is scheduled for the end of 2020. From this point onwards, the Semperit Group aims to achieve an EBITDA margin of 10% as central performance indicator.

Note

This outlook is based on the assessments of the Management Board as of 24 May 2018 and does not take into account the effects of possible acquisitions, divestments or other unforeseeable structural or economic changes during the further course of 2018. 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, 24 May 2018

The Management Board

Martin Füllenbach	**Frank Gumbinger**	**Michele Melchiorre**
Chairman	Finance	Operations

Interim consolidated financial statements and notes

Consolidated income statement

in EUR thousand	1.1.-31.3.2018	1.1.-31.3.2017
Revenue	220,909	229,340
Changes in inventories	4,608	–1,930
Own work capitalised	745	1,186
Operating revenue	**226,262**	**228,596**
Other operating income	930	89,918
Cost of material and purchased services	–131,289	–137,525
Personnel expenses	–44,154	–49,929
Other operating expenses	–36,102	–36,712
Share of profits from joint ventures and associated companies	113	68
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**15,759**	**94,416**
Depreciation, amortisation and impairment of tangible and intangible assets	–9,769	–8,050
Earnings before interest and tax (EBIT)	**5,991**	**86,366**
Financial income	8,791	9,147
Financial expenses	–13,197	–15,798
Profit / loss attributable to redeemable non-controlling interests	–1,251	–1,381
Financial result	**–5,658**	**–8,032**
Earnings before tax	**333**	**78,334**
Income taxes	–2,972	–15,498
Earnings after tax	**–2,640**	**62,836**
thereof attributable to the shareholders of Semperit AG Holding – from ordinary shares	–2,795	62,857
thereof attributable to the shareholders of Semperit AG Holding – from hybrid capital	114	0
thereof attributable to non-controlling interests	41	–21
Earnings per share in EUR (diluted and undiluted)[1]	**–0.14**	**3.06**

[1] Earnings per share are solely attributable to the ordinary shareholders of Semperit AG Holding (excl. interest from hybrid capital)

Consolidated statement of comprehensive income

in EUR thousand	1.1.-31.3.2018	1.1.-31.3.2017
Earnings after tax according to the consolidated income statement	**–2,640**	**62,836**
Other comprehensive income		
Amounts that will not be recognised through profit and loss in future periods		
Remeasurements of defined benefit plans (IAS 19)	–5	–9
Related deferred taxes	–7	–23
	–12	–32
Amounts that will potentially be recognised through profit and loss in future periods		
Available-for-sale financial assets		
Revaluation gains / losses for the period	0	–128
Cash flow hedges		
Revaluation gains / losses for the period	–21	84
Reclassification to profit / loss for the period	4	–101
	–17	–17
Other comprehensive income from joint ventures / non-current assets held for sale		
Reclassification to profit / loss for the period	0	–14,033
Currency translation differences		
Currency translation differences for the period	1,690	2,691
Related deferred taxes	17	36
	1,690	**–11,450**
Other comprehensive income	**1,678**	**–11,482**
Comprehensive income	**–961**	**51,354**
thereof on earnings attributable to the shareholders of Semperit AG Holding - from ordinary shares	–1,140	51,375
thereof attributable to the shareholders of Semperit AG Holding – from hybrid capital	114	0
thereof on earnings attributable to non-controlling interests	65	–21

Consolidated cash flow statement

in EUR thousand	1.1.-31.3.2018	1.1.-31.3.2017
Earnings before tax	333	78,334
Depreciation, amortisation, impairment and write-ups of tangible and intangible assets	9,769	8,050
Profit / loss from disposal of assets (including current and non-current financial assets)	14	–87
Change in non-current provisions	–138	–385
Share of profits from joint ventures and associated companies	–113	–68
Dividends received from non-current assets held for sale (Joint Ventures)	0	47,751
Profit / loss attributable to redeemable non-controlling interests	1,251	1,381
Earnings from sale of non-current assets held for sale and repayment of non-controlling interests	0	–75,113
Net interest income (including income from securities)	1,624	2,084
Interest paid	–509	–953
Interest received	108	111
Taxes paid on income	–1,020	–32,689
Gross cash flow	**11,318**	**28,418**
Change in inventories	–1,908	–6,935
Change in trade receivables	–21,628	–19,033
Change in other receivables and assets	1,939	5,324
Change in trade payables	2,062	7,199
Change in other liabilities and current provisions	2,231	13,802
Changes in working capital resulting from currency translation adjustments	–1,488	2,345
Cash flow from operating activities	**–7,475**	**31,119**
Proceeds from sale of tangible and intangible assets	68	97
Proceeds from sale of current and non-current financial assets	0	6
Investments in tangible and intangible assets	–24,507	–21,738
Proceeds from sale of non-current assets held for sale	0	168,627
Cash flow from investing activities	**–24,438**	**146,991**
Cash receipts from current and non-current financing liabilities	61	167
Repayment of current and non-current financing liabilities	–49,157	–85,021
Dividends to non-controlling shareholders of subsidiaries	0	–15,002
Cash outflow for purchased non-controlling interests in subsidiaries	0	–25,842
Acquisition of non-controlling interests	–1	–57
Cash receipts from hybrid capital	130,000	0
Cash flow from financing activities	**80,904**	**–125,754**
Net increase / decrease in cash and cash equivalents	**48,991**	**52,356**
Effects resulting from currency translation	–583	550
Cash and cash equivalents at the beginning of the period	165,530	190,208
Cash and cash equivalents at the end of the period	**213,938**	**243,114**

Consolidated balance sheet

in EUR thousand	31.3.2018	31.12.2017
ASSETS		
Non-current assets		
Intangible assets	16,134	17,513
Tangible assets	367,368	356,040
Investments in joint ventures and associated companies	2,237	2,124
Other financial assets	12,715	13,298
Other assets	1,656	2,183
Deferred taxes	8,474	8,164
	408,584	**399,322**
Current assets		
Inventories	161,644	159,736
Trade receivables	125,786	103,577
Other financial assets	2,558	2,373
Other assets	14,197	15,165
Current tax receivables	6,957	7,509
Cash and cash equivalents	213,938	165,530
	525,079	**453,891**
ASSETS	**933,663**	**853,212**
EQUITY AND LIABILITIES		
Equity		
Share capital	21,359	21,359
Capital reserves	21,503	21,503
Hybrid capital	130,000	0
Revenue reserves	243,095	244,464
Currency translation reserve	–7,153	–8,820
Equity attributable to the shareholders of Semperit AG Holding	**408,804**	**278,506**
Non-controlling interests	1,846	1,784
	410,650	**280,291**
Non-current provisions and liabilities		
Provisions for pension and severance payments	35,905	35,815
Other provisions	12,610	12,837
Liabilities from redeemable non-controlling interests	14,728	13,276
Corporate Schuldschein loan	251,892	254,168
Liabilities to banks	1,282	51,310
Other financial liabilities	972	936
Other liabilities	730	701
Deferred taxes	4,864	5,218
	322,983	**374,261**
Current provisions and liabilities		
Provisions for pension and severance payments	2,293	2,489
Other provisions	23,671	24,870
Corporate Schuldschein loan	16,797	15,542
Liabilities to banks	6,562	5,578
Trade payables	106,491	110,913
Other financial liabilities	18,694	17,076
Other liabilities	22,610	20,631
Current tax liabilities	2,912	1,562
	200,030	**198,660**
EQUITY AND LIABILITIES	**933,663**	**853,212**

Consolidated statement of the changes in equity

in EUR thousand	Share capital	Capital reserves	Hybrid capital	Revenue reserves: Re-valuation reserves	Revenue reserves: Other revenue reserves	Revenue reserves: Total	Currency translation reserve	Total	Non-controlling interests	Total equity
As at 1.1.2017	**21,359**	**21,503**	**0**	**209**	**283,870**	**284,079**	**2,363**	**329,304**	**1,675**	**330,979**
Earnings after tax	0	0	0	0	62,857	62,857	0	62,857	–21	62,836
Other comprehensive income	0	0	0	–96	–45	–141	–11,341	–11,482	0	–11,482
Total recognised comprehensive income	0	0	0	–96	62,812	62,716	–11,341	51,375	–21	51,354
Acquisition of non-controlling interests	0	0	0	0	5	5	0	5	–9	–4
Other	0	0	0	0	0	0	0	0	848	848
As at 31.3.2017	**21,359**	**21,503**	**0**	**113**	**346,687**	**346,801**	**–8,979**	**380,684**	**2,494**	**383,178**
As at 1.1.2018	**21,359**	**21,503**	**0**	**117**	**244,347**	**244,464**	**–8,820**	**278,506**	**1,784**	**280,291**
Initial adjustment under IFRS 9	0	0	0	–117	538	422	0	422	0	422
Adjusted as at 1.1.2018	**21,359**	**21,503**	**0**	**0**	**244,886**	**244,886**	**–8,820**	**278,928**	**1,784**	**280,712**
Earnings after tax	0	0	0	0	–1,781	–1,781	0	–1,781	41	–1,740
Other comprehensive income	0	0	0	0	–12	–12	1,667	1,655	24	1,678
Total recognised comprehensive income	0	0	0	0	–1,793	–1,793	1,667	–126	65	–61
Acquisition of non-controlling interests	0	0	0	0	2	2	0	2	–3	–1
Raise of hybrid capital	0	0	130,000	0	0	0	0	130,000	0	130,000
As at 31.3.2018	**21,359**	**21,503**	**130,000**	**0**	**243,095**	**243,095**	**–7,153**	**408,804**	**1,846**	**410,650**

Notes to the interim consolidated financial statements

Prepration and presentation of the interim consolidated financial statements

These interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as well as IAS 34 for interim financial statements.

For more information on accounting and valuation methods of the Semperit Group, please see the consolidated financial statements as at 31 December 2017, which in this regard form the basis for these interim consolidated 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 totaling of rounded amounts and percentages may arise from the automatic processing of data.

These interim consolidated statements of the Semperit Group have not been fully audited or reviewed by the group's auditor as at 31 March 2018.

Principles and methods of consolidation

The Semperit Group prepared these interim consolidated financial statements using the same accounting policies – with the exception of the IASB's new accounting regulations as described below – that it applied in its consolidated financial statements as at 31 December 2017.

Adoption of new and amended accounting standards

The following new or amended standards and interpretations were applied for the first time in the reporting period from 1 January to 31 March 2018.

First-time adoption of standards and interpretations		Effective date	Endorsement
New standards and interpretations			
IFRS 9	Financial Instruments	1 January 2018	22 November 2016
IFRS 15	Revenue from Contracts with Customers	1 January 2018	22 September 2016
IFRIC 22	Foreign Currency Transactions and Advance Consideration	1 January 2018	28 March 2018
Amended standards and interpretations			
IFRS 15	Clarifications to IFRS 15 Revenue from Contracts with Customers	1 January 2018	22 September 2016
IFRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018	26 February 2018
IFRS 4	Applying IFRS 9 with IFRS 4	1 January 2018	3 November 2017
IAS 40	Transfers of Investment Property	1 January 2018	14 March 2018
Misc.	Annual Improvements to IFRS, cycle 2014-2016	1 January 2018	7 February 2018

The amended standards and interpretations listed here for IFRS 2, IFRS 4, IAS 40 and IFRIC 22 did not materially impact the consolidated financial statements of the Semperit Group. The amendment to IFRS 15 concerned only an immaterial clarification.

The following new standards, which had already been published when the consolidated interim financial statements were prepared, were mandatory for the reporting period from 1 January to 31 March 2018.

IFRS 9 Financial Instruments

In July 2014, the IASB issued new standard IFRS 9 Financial Instruments, which is effective for financial years beginning on or after 1 January 2018 and replaces IAS 39. IFRS 9 specifies the requirements for recognition, measurement and derecognition of financial assets and financial liabilities, as well as general hedge accounting. IFRS 9 changes concern three areas: classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

IFRS 9 also provides a new classification model for assets, whereby assets are classified on initial recognition based on the characteristics of the cash flows associated with the financial asset (cash flow conditions) but also the company's business model for managing its financial assets (business model conditions). The subsequent measurement of the asset based on this classification is either at amortised cost or at fair value (under other comprehensive income or through profit or loss). The Semperit Group classified the assets as at 1 January 2018 according to these categories.

From 1 January 2018, shares in funds are classified according to IFRS 9. Under this new classification, shares in funds are no longer measured at fair value in other comprehensive income, rather at fair value through profit or loss. To fulfil this new accounting requirement, the group reclassified its entire revaluation reserve within equity as at 1 January 2018 to other revenue reserves in the amount of EUR 117 thousand. The measurement of shares in funds at fair value led to the recognition of unrealised gains totalling EUR 49 thousand in the income statement as at 31 March 2018. Under IAS 39 these gains would have been recognised in other comprehensive income. The initial adoption of IFRS 9 did not cause any conversion effects in financial liabilities.

Due to the modifications under IFRS 9 a new 3-stage impairment model for financial assets was introduced. Under this general approach, entities must recognise a risk provision for expected credit losses based on two steps: in the case of financial instruments with credit risk that has not increased significantly since initial recognition, and which were not classified as impaired from the beginning, the entity must recognise a risk provision for the amount of the credit losses expected to occur within the next twelve months. In the case of financial instruments on which the credit risk has risen significantly since initial recognition, the entity must recognise a risk provision in the amount of the expected credit losses over the residual term of the instrument, without taking into account when the default event actually occurs. In the case of trade receivables, lease receivables and contractual assets, IFRS 9 permits the use of a simplified impairment model, under which the impairment is always the amount of the credit loss expected over the residual term of the financial instrument. The Semperit Group also exercises its right to choose this option. To that end, the group analysed the payment defaults over the past four financial years by segment and region, and used this analysis to create an impairment matrix based on timeframes. For all other financial assets (particularly bank deposits, deposits receivable, travel advances to employees), the group uses the 3-stage impairment model. The initial application of IFRS 9 resulted in a EUR 581 thousand reduction in the impairments on trade receivables between 31 December 2017 and 1 January 2018.

The requirements for hedge accounting under IFRS 9 continue to include the same types of hedge accounting as under IAS 39. The accounting for hedging relationships has therefore not changed compared with 31 December 2017. The hedging relationships established in the Semperit Group as at 31 December 2017 (cash flow hedges and fair value hedges) were carried forward unchanged from 1 January 2018 in accordance with the transitional provisions.

The first-time adoption of IFRS 9 results in the following values and adjusted figures of the opening balances as at 1 January 2018:

in EUR thousand	31.12.2017	Adjustment IFRS 9	1.1.2018
Non-current assets			
Financial assest at fair value through OCI	6,376	–6,376	0
Financial assets at fair value through P&L	0	6,376	6,376
Current assets			
Trade receivables	103,577	581	104,158
Assets	**109,953**	**581**	**110,534**
Equity			
Revaluation reserve	117	–117	0
Other revenue reserves	244,347	538	244,886
Non-current provisions and liabilities			
Deferred taxes	5,218	159	5,377
Equity and liabilities	**244,464**	**581**	**244,886**

The impact on retained earnings as at 1 January 2018 from the application of IFRS 9 is as follows:

in EUR thousand	Revaluation reserves	Other revenue reserves
Revenue reserves as at 31.12.2017 (reported)	**117**	**244,347**
Reclassification non-current shares from AFS[1] to category FVPL[2]	–117	117
Adoption allowance for trade receivables	0	581
Adoption deferred taxes	0	–159
Revenue reserves as at 1.1.2018 (adjusted first adoption of IFRS 9)	**0**	**244,886**

[1] AFS (Available for Sale).
[2] FVPL (Fair Value through Profit and Loss).

The impact of the new IFRS 9 classification requirements on financial assets and financial liabilities in the Semperit Group is shown in the table below.

in EUR thousand	Classification IAS 39[1)]	Classification IFRS 9[2)]	Carrying amount 31.12.2017 IAS 39	Carrying amount 1.1.2018 IFRS 9
Other non-current assets and financial assets				
Long-term derivatives with positive fair value	HFT	FVPL	5,610	5,610
Investments	AFS	FVOCI	0	0
Securities available for sale	AFS	FVPL	6,376	6,376
Other non-current assets	LAR	AC	1,311	1,311
Trade receivables	**LAR**	**AC**	**103,577**	**104,158**
Other current and financial assets				
Current derivatives with a positive market value	HFT	FVPL	95	95
Other current assets	LAR	AC	2,279	2,279
Funds in transit	LAR	AC	0	0
Cash and cash equivalents	**LAR**	**AC**	**165,530**	**165,530**
Interest-bearing current and non-current financial liabilities	**AC**	**AC**	**326,598**	**326,598**
Liabilities from redeemable non-controlling interests	**AC**	**AC**	**13,276**	**13,276**
Other non-current liabilities	**AC**	**AC**	**935,832**	**935,832**
Trade payables	**AC**	**AC**	**110,913**	**110,913**
Other current liabilities and grants				
Current derivatives with a negative market value	HFT	FVPL	908	908
Other current liabilities	LAR	AC	16,168	16,168

1) HFT (Held for Trading); AFS (Available for Sale); LAR (Loans and Receivables); AC (At cost).
2) FVPL (Fair Value through Profit and Loss); FVOCI (Fair Value through OCI); AC (At cost).

IFRS 15 Revenue from Contracts with Customers

IFRS 15 replaces IAS 18 Revenue and IAS 11 Construction Contracts as well as the corresponding interpretations. The Semperit Group applied the regulations of IFRS 15 by selecting the modified retrospective approach with effect as at 1 January 2018. The cumulative effect of initially applying this standard were therefore recognized without restating the comparable period. Resulting from the implementation of IFRS 15 a change in disclosure was necessary for the Semperit Group. Expected penalty fees were previously recognized as provision, according to IFRS 15 they are considered as variable consideration and therefore shown as other financial liability. Resulting from this issue total EUR 1,099 thousand have been booked as at 31 March 2018. Apart from these changes the first-time adoption of IFRS 15 does not have any material impact on the interim consolidated financial statements of the Semperit Group.

Notes to the consolidated balance sheet

Equity transactions

In the first quarter 2018 an additional 0.002% interest in Latexx Partners Berhad was acquired for EUR 1 thousand. As at 31 March 2018 the group's interest totalled 98.63% up from 98.63% as at 31 December 2017. In the first quarter 2017 an additional 0.01% interest was acquired for EUR 4 thousand, increasing the group's total interest to 98.56% as at 31 December 2017.

Investments in joint ventures and associated companies (equity method)

The investment in Synergy Health Allershausen GmbH totalled EUR 2,237 thousand as at 31 March 2018 (31 December 2017: EUR 2,124 thousand).

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

in EUR thousand	1.1.- 31.3.2018	1.1.- 31.3.2017
As at 1.1.	2,124	2,608
Proportionate period result and intercompany elimination results	113	68
As at 31.3.	**2,237**	**2,677**

Investments in and disposals of tangible and intangible assets

In the first quarter of 2018 the Semperit Group made investments in tangible and intangible assets totaling EUR 24.507 thousand (first quarter 2017: EUR 21.738 thousand). In contrast, tangible and intangible assets with a net carrying amount of EUR 82 thousand (first quarter 2017: EUR 185 thousand) were sold. This sale resulted in a loss on disposal of EUR -14 thousand (first quarter 2017: EUR - 87 thousand).

Disclosures on financial instruments

The trade receivables not yet due are primarily owed by long-term business partners. The group assesses their creditworthiness based on internal valuation guidelines. In determining the extent of the impairment, the Semperit Group, as part of the transition to IFRS 9, evaluated the defaults over the past four years by segment. Using this analysis, the group created an impairment matrix based on timeframes. The analysis showed that a material risk does not exist for receivables that are slightly overdue. The group has credit insurance coverage from two insurance companies for a significant portion of the trade receivables (77.4%, 31 December 2017: 72.4%). This insurance coverage includes a retained amount if a loss occurs. For such receivables, the maximum impairment recognised for a credit loss is the retained amount of the defaulted receivable. The analysis of the past did not identify an elevated default risk for receivables that are past due by more than 90 days. As a result, the group does not deem an overdue period of more than 90 days to be an indicator that a loss event has occurred, which would imply an allocation to stage 3 of the impairment model according to IFRS 9.

The following tables show the carrying amounts of the individual financial assets and liabilities classified in accordance with the valuation categories under IFRS 9.

Assets

in EUR thousand	Valuation category IFRS 9[1)]	Carrying amount 31.3.2018	Carrying amount 31.12.2017
Trade receivables	AC	125,786	103,577
Other financial assets			
Securities	FVPL	6,426	6,376
Loans to associated companies	AC	563	563
Other loans	AC	10	10
Derivative financial instruments	FVPL	4,790	5,076
Derivative financial instruments	Fair Value - Hedging Instrument	422	629
Other financial assets	AC	3,062	3,017
Cash and cash equivalents			
Cash on hand, cheques and cash deposits in banks	–	213,938	165,530

[1)] FVPL (Fair Value through Profit and Loss); FVOCI (Fair Value through OCI); AC (At cost)

Liabilities

in EUR thousand	Valuation category IFRS 9[1)]	Carrying amount 31.3.2018	Carrying amount 31.12.2017
Corporate Schuldschein loan	AC	268,689	269,710
Liabilities from redeemable non-controlling interests	AC	14,728	13,276
Trade payables	AC	106,491	110,913
Liabilities to banks	AC	7,844	56,888
Other financial liabilities			
Derivative financial liabilities	FVPL	2,240	845
Derivative financial liabilities	Fair Value - Hedging Instrument	34	62
Liabilities from finance leases	AC	62	0
Remaining other financial liabilities	AC	17,330	17,104

[1)]FVPL (Fair Value through Profit and Loss); FVOCI (Fair Value through OCI); AC (At cost)

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

Assets and liabilities at fair value

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

in EUR thousand	Valuation category IFRS 9[1)]	Fair Value 31.3.2018	Fair Value 31.12.2017	Level
Assets				
Securities	FVPL	6,426	6,376	1
Derivative financial instruments	FVPL	4,790	5,076	2
Derivative financial instruments	FVOCI	422	629	2
Liabilities				
Derivative financial liabilities	FVPL	2,240	845	2
Derivative financial liabilities	FVOCI	34	62	2

[1)] FVPL (Fair Value through Profit and Loss); FVOCI (Fair Value through OCI)

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

The derivative financial instruments at fair value through profit and loss are foreign exchange forward contracts, a cross currency swap and an interest floor.

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

Their fair values of the foreign exchange forward contracts and 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 IFRS 9[1)]	Fair Value 31.3.2018	Fair Value 31.12.2017	Level
Liabilities				
Corporate Schuldschein loan	AC	279,104	281,728	3
Liabilities from finance leases	AC	59	0	3

1) AC (At cost)

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 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 at 31 December 2017.

Debt capital structure of the Semperit Group

The Semperit Group has a revolving credit line for a maximum amount of EUR 150 million, and three corporate Schuldschein loans 2013, 2015 and 2016 with a total nominal value of EUR 274 million. The corporate Schuldschein loans from 2013 and from 2015 were issued in Euro, the corporate Schuldschein loan from 2016 in US dollar, Polish zloty and Czech koruna.

in EUR thousand	31.3.2018	Thereof non-current	Thereof current	31.12.2017	Thereof non-current	Thereof current
Corporate Schuldschein loan	268,689	251,892	16,797	269,710	254,168	15,542
Liabilities to banks	7,844	1,282	6,562	56,888	51,310	5,578
	276,532	**253,173**	**23,359**	**326,598**	**305,478**	**21,120**

With the provided hybrid capital in the first quarter 2018, the group paid back financial liabilities from syndicated loan facility with a consortium of six banks in the amount of EUR 50 million.

Cross currency Swaps and foreign exchange forward contracts

Cross currency swaps exist for two financings denominated in Malaysian ringgit to a subsidiary. These cross currency swaps converted the variable refinancing into fixed interest rates, and pegged the exchange rate of the Euro and the Malaysian ringgit. According to IFRS 9, these cross currency swaps are classified as both a cash flow hedge (regarding interest rate risk) and as a fair value hedge (regarding the exchange risk).

Foreign exchange forward contracts are used by Semperit Investments Asia Pte. Ltd. to hedge currency risks of a transaction in British pound sterling. These exchange forward contracts pegged the exchange rate of the US dollar and the British pound sterling. According to IFRS 9, these foreign exchange forward contracts are classified as cash flow hedges and are accounted for at fair value.

Hybrid capital

On 12 December 2017, the Management Board of Semperit Holding AG concluded an agreement regarding a hybrid capital of up to EUR 150 million with B & C Holding GmbH, a wholly owned subsidiary of the core shareholder B & C Industrieholding GmbH. The agreed interest rate is 5.25% p.a. and the commitment fee is 1.75% p.a.

The hybrid capital is a subordinated source of financing with an indefinite term to maturity. If necessary, Semperit Group can use the hybrid capital until 31 December 2018 in multiple tranches. Under the agreement, the creditor does not have a redemption or conversion right. In March 2018, EUR 130.0 million were drawn from the hybrid capital.

Due to the contractual terms and conditions, the hybrid capital is reported as equity capital in accordance with IAS 32. As the hybrid capital is categorised as equity, the corresponding payments are treated analogously to distributions to shareholders. The payment of interest is triggered through dividend payments and is also recognised as such in equity.

The agreement governing the hybrid capital does not set a maturity date for repayment. Semperit AG Holding reserves right to repay EUR 5 million or a multiple of that amount, plus pro-rata interest, at the end of each quarter.

Notes to the consolidated income statement and the consolidated statement of comprehensive income

The change in other operating income compared to the previous period is attributable to the termination of nearly all joint business activities with Sri Trang Agro-Industry Public Co Ltd., the Thai joint venture partner, in the first quarter of 2017. Positive extraordinary effects in the comparable period totalled EUR 87,381 thousand (excl. legal and consulting costs), of which EUR 78,109 was recognised in the Sempermed segment and EUR 9,273 in the Corporate Center segment as other operating income.

The change in income taxes compared to the previous period is primarily due to withholding tax of EUR 16,061 thousand incurred in the first quarter of 2017 on the joint venture transaction.

Segment Reporting

in EUR thousand	Sempermed	Semperflex	Sempertrans	Semperform	Corporate Center and Group eliminations	Group
1.1.-31.3.2018						
Revenue	80,029	58,772	34,647	47,461	0	220,909
EBITDA	1,443	13,738	473	4,548	–4,443	15,759
EBIT = segment result	–2,208	11,087	–397	2,377	–4,868	5,991
Depreciation, amortisation and impairment of tangible and intangible assets	–3,651	–2,651	–870	–2,172	–425	–9,769
1.1.-31.3.2017						
Revenue	89,207	53,485	41,332	45,316	0	229,340
EBITDA	78,090	11,669	562	4,959	–864	94,416
EBIT = segment result	75,355	9,647	–345	3,001	–1,292	86,366
Depreciation, amortisation and impairment of tangible and intangible assets	–2,736	–2,022	–907	–1,958	–428	–8,050

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 attributed to the segments as much as possible.

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. According to IAS 24, B & C Privatstiftung and all its subsidiaries, joint ventures and associated companies are related parties of the Semperit Group.

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.

The business relationships with the following related parties in the first quarter 2018 are as follows:

The group conducted transactions with unit-it GmbH in the amount of EUR 121 thousand in the first quarter 2018 (first quarter 2017: EUR 120 thousand). These transactions relate to the maintenance of SAP licences and were conducted at arm’s length conditions. No liabilities were owed to unit-it GmbH as at the financial reporting date on 31 March 2018 (31 December 2017: EUR 0 thousand).

The group conducted transactions with Grohs Hofer Rechtsanwälte GmbH & Co KG in the amount of EUR 13 thousand In the first quarter 2018 (first quarter 2017: EUR 1,192 thousand). These transactions relate to consulting services and were conducted at arm’s length conditions. No liabilities were owed to Grohs Hofer Rechtsanwälte GmbH & Co KG as at the financial reporting date on 31 March 2018 (31 December 2017: EUR 5 thousand).

Transactions totalling EUR 58 thousand were conducted with B & C Industrieholding GmbH in the first quarter 2018 (first quarter 2017: EUR 0 thousand). These transactions relate to management and other services, and internal charging, and were conducted at arm’s length conditions. No liabilities were owed to B & C Industrieholding GmbH as at the financial reporting date on 31 March 2018 (31 December 2017: EUR 35 thousand).

The group conducted transactions with B & C Holding GmbH in the amount of EUR 618 thousand in the first quarter of 2018 (first quarter 2017: EUR 0 thousand). These transactions relate to the commitment fee for the hybrid capital line and were conducted at arm’s length conditions. The group raised EUR 130 million in hybrid capital from B & C Holding GmbH in March 2018 (for further information, see the Hybrid capital section of this report on page 29). The liabilities to B & C Holding GmbH total EUR 618 thousand as at 31 March 2018 (31 December 2017: EUR 146 thousand).

The group conducted transactions with associated company Synergy Health Allershausen GmbH that resulted in the following assets and liabilities as at 31 March 2018 and as at 31 March 2017, as well as the following income and expenses in the first quarters 2018 and 2017:

in EUR thousand	1.1.2018 - 31.3.2018	1.1.2017- 31.3.2017
Other operating expenses	34	121
Financial income	0	3
	31.3.2018	**31.12.2017**
Other financial assets	563	563
Trade payables	7	25

The remaining level of related-party transactions with companies and individuals is low, and they are where applicable conducted on normal business terms and conditions.

Legal disputes involving former Thai Joint Venture

Following the successful closing of the joint venture transaction in March 2017, all pending arbitration proceedings between the Semperit Group and Sri Trang Agro-Industry Public Co. Ltd. Group or Siam Sempermed Corporation Ltd. (SSC, now Sri Trang Gloves (Thailand) Co. Ltd.) were resolved by mutual agreement. The proceedings before the Thai courts were resolved during the third quarter of 2017 as a result of the successful closing of the joint venture transaction.

In October 2015 the Austrian Federal Competition Authority (BWB) – acting on a petition from Sri Trang companies, which were Semperit's joint venture partners in SSC – initiated a proceeding against Semperit and these Sri Trang companies at the Austrian antitrust court in Vienna. The proceeding relates to exclusive distribution rights in Europe. The Austrian Supreme Court (OGH) issued a ruling in September 2017 that the previous exclusivity arrangement for the sale and marketing of gloves by Semperit in Europe, which were produced in the former joint venture company in Thailand, did not comply with competition law in the years 2015/16. In addition, the Austrian Supreme Court decided not to refer the matter to the Court of Justice of the European Union. Semperit held further discussions with the BWB in the first quarter of 2018 concerning settlement through payment of a fine. The group estimated the expected additional costs of the proceeding and a possible fine, and established a corresponding provision. Detailed information on the specific financial impact would seriously weaken the position of the Semperit Group in asserting its interests, and is therefore omitted in application of IAS 37.92.

Events after the balance sheet date

No significant events requiring disclosure occurred between the financial reporting date on 31 March 2018 and 24 May 2018, the date on which this report was approved for publication.

Vienna, 24 May 2018

The Management Board

Dr. Martin Füllenbach
Chairman

Dipl.-Kfm. Frank Gumbinger
Finance

Dipl.-Ing. Dipl.-Kfm. Michele Melchiorre
Operations

Statement of all legal representatives

We confirm to the best of our knowledge that the interim consolidated financial statements as at 31 March 2018 prepared in accordance with the interim financial statements regulations of International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) give a true and fair view of the group's net assets, financial position and results of operations, and that the group interim management report gives a true and fair view of the net assets, financial position and results of operations in respect to important events that have occurred during the first three months of the financial year and their impact on the interim financial statements, of the principal risks and uncertainties for the remaining nine months of the financial year and of the major related-party transactions to be disclosed.

Vienna, 24 May 2018

The Management Board

Dr. Martin Füllenbach
Chairman

Dipl.-Kfm. Frank Gumbinger
Finance

Dipl.-Ing. Dipl.-Kfm. Michele Melchiorre
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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: 24 May 2018). 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.

Financial Calendar 2018

25.05.2018	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