

2019

Report on the first quarter



Key performance figures

in EUR million	Q1 2019	Change	Q1 2018	2018
Revenue	212.9	-3.6%	220.9	878.5
EBITDA	16.5	+4.6%	15.8	46.4
EBITDA margin	7.7%	+0.6 PP	7.1%	5.3%
EBIT	7.8	+30.8%	6.0	-47.7
EBIT margin	3.7%	+1.0 PP	2.7%	-5.4%
Earnings after tax	3.2	-	-2.6	-80.4
Earnings per share (EPS) ¹⁾ , in EUR	0.16	-	-0.14	-4.13
Gross cashflow	15.5	+32.2%	11.7	37.4
Return on equity ²⁾	3.8%	+4.0 PP	-0.2%	-24.2%

Balance sheet key figures

in EUR million	31.03.2019	Change	31.03.2018	31.12.2018
Balance sheet total	810.1	-13.2%	933.7	768.8
Equity	334.8	-17.9%	407.9	329.5
Equity ratio	41.3%	-2.4 PP	43.7%	42.9%
Investments in tangible and intangible assets	16.2	-34.0%	24.5	24.5
Employees (at balance sheet date)	6,914	+2.7%	6,729	6,773

Sector and segment key figures

in EUR million	Q1 2019	Change	Q1 2018	2018
Industrial Sector = Semperflex + Sempertrans + Semperform				
Revenue	141.4	+0.4%	140.9	567.0
EBITDA	24.5	+30.7%	18.8	71.3
EBIT	18.4	+40.6%	13.1	44.6
Semperflex				
Revenue	61.1	+4.0%	58.8	230.0
EBITDA	13.9	+1.3%	13.7	48.9
EBIT	11.1	+0.2%	11.1	38.4
Sempertrans				
Revenue	30.4	-12.3%	34.6	144.8
EBITDA	2.7	>100%	0.5	0.5
EBIT	1.8	-	-0.4	-7.1
Semperform				
Revenue	49.9	+5.2%	47.5	192.2
EBITDA	7.9	+72.7%	4.5	21.9
EBIT	5.4	>100%	2.4	13.2
Medical Sector = Sempermed				
Revenue	71.5	-10.7%	80.0	311.5
EBITDA	-0.9	-	1.4	-3.9
EBIT	-2.8	+27.1%	-2.2	-69.6

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

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

²⁾ Based on a full-year projection.

Group Management Report

Economic environment

The International Monetary Fund (IMF) has made another downward adjustment for its growth forecast for 2019 published in April 2019 in comparison with the version of January 2019. Global economic growth will be 3.3% for 2019 (2018: 3.6%) instead of 3.5% forecast in January 2019. For 2019, the forecast for emerging and developing countries now stands at 4.4% (so far 4.5%), followed by the USA at 2.3% (so far 2.5%) and the euro zone at 1.3% (so far 1.6%).

Growth expectations for the euro zone are therefore lower than for the World Economic Outlook published by the IMF in January 2019. Forecasts have been further lowered for the three major European economies Germany, France and Italy. Hence, growth expectations for the euro zone have been reduced by 0.3 percentage points.

The biggest pressures on global economic development continue to include the ongoing trade disputes between the USA and China and the risk of a disorderly Brexit as well as the slowdown in growth in Germany.

Development in the raw material markets

The markets for butadiene, carbon black, wires as well as a variety of chemicals 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.

In 2018, price indices for butadiene, along with other important basic raw materials for the production of synthetic rubber and synthetic latex, showed a slight upward trend. At the beginning of the fourth quarter of 2018 a decline was recorded, changing into a sideways movement that is continuing. The prices for butadiene, which is primarily used in the Semperflex and Sempermed segments, were below the values of the first quarter of 2018 compared with the average values of the first quarter of 2019.

Development of raw materials used primarily in the Industrial Sector was somewhat differentiated. The filling material carbon black is important for all three segments of the Industrial Sector. The price index for this raw material showed a continuous rise from the third quarter of 2017 until the end of the third quarter of 2018, then corrected briefly down in the fourth quarter of 2018 and then started to increase again. The average prices indices of the first quarter of 2019 were above the average of the first quarter of 2018.

In the first quarter of 2019, the average prices for wire, which is primarily used in the Semperflex and Sempertrans segments, were roughly at the same level compared with the average values of the first quarter of 2018.

Revenue and earnings development

First quarter of 2019

In the first quarter of 2019, the Semperit Group recorded a decrease in revenue by 3.6% to EUR 212.9 million compared with the same period of the previous year. The Industrial Sector achieved an increase in revenue of 0.4%, while the Medical Sector recorded a decline of 10.7% (for details on the development of Sectors and segments, see page 7). The increase in the Industrial Sector was mainly characterised by an increase in the Semperflex and Semperform segments. The decline in revenue in the Medical Sector, i.e. the Sempermed segment, is primarily due to a decline in volumes sold.

Therefore, the distribution of revenue continued to shift in favour of the Industrial Sector. In the first quarter of 2019, the Industrial Sector accounted for 66% or two thirds and the Medical Sector for 34% or slightly more than one third of the Semperit Group's revenue (first quarter of 2018: 64% to 36%).

In the first quarter of 2019, inventories increased by EUR 0.3 million compared with an increase of EUR 4.6 million in the first quarter of 2018.

Other operating income amounted to EUR 2.9 million in the first quarter of 2019 (EUR 0.9 million in the first quarter of 2018). It should be noted that in the first quarter of 2019, this included earnings of EUR 1.3 million from the sale of tangible assets from the production site in China, which was closed in 2018.

In the first quarter of 2019, cost materials decreased by EUR 11.2 million or 8.4% to EUR 122.6 million. The change is primarily due to a decline in volumes sold in the Sempermed segment.

In the first quarter of 2019, personnel expenses rose to EUR 49.9 million (+4.4%), which is due to wage and salary increases and an increased headcount in Odry, Czech Republic, due to the expansion of the Semperflex site.

At EUR 27.9 million, other operating expenses were below the last year's period at EUR 30.0 million. Compared with 2019, the first quarter of 2018 also included higher consulting expenses relating to Semperit's restructuring and transformation.

EBITDA (earnings before interest, tax, depreciation and amortisation) rose from EUR 15.8 million in the first quarter of 2018 to EUR 16.5 million in the first quarter of 2019. The EBITDA margin increased from 7.1% to 7.7%.

Depreciation decreased to EUR 8.6 million (-11.5%), which was primarily due to the reduced depreciation basis as a result of the impairment in the Sempermed segment, which was recorded in the second quarter of 2018.

EBIT (earnings before interest and tax) was EUR 6.0 million in the first quarter of 2018 and improved to EUR 7.8 million in the first quarter of 2019. The EBIT margin increased from 2.7% to 3.7%.

Key figures Semperit Group

in EUR million	Q1 2019	Q1 2018	Change	Change in EUR million
Revenue	212.9	220.9	-3.6%	-8.0
EBITDA	16.5	15.8	+4.6%	+0.7
EBITDA margin	7.7%	7.1%	+0.6 PP	-
EBIT	7.8	6.0	+30.8%	+1.8
EBIT margin	3.7%	2.7%	+1.0 PP	-
Earnings after tax	3.2	-2.6	-	+5.9
Investments in tangible and intangible assets	16.2	24.5	-34.0%	-8.3
Employees (at balance sheet date)	6,914	6,729	+2.7%	+185

The financial result totalled EUR -1.3 million in the first quarter of 2019 after EUR -5.7 million in the first quarter of 2018. At EUR 0.2 million, financial income, which includes primarily income from bank balances, was above the previous year's value. Financial expenses (primarily interest expenses for loans and credits) amounted to EUR 2.0 million in the first quarter of 2019 and were therefore below the previous year's value of EUR 2.1 million.

In the first quarter of 2019, the item "Profit/loss attributable to redeemable non-controlling interests" at EUR 1.3 million was at the previous year's level. At EUR 1.7 million, the other financial results were positive in the first quarter of 2019 after minus EUR 2.4 million in the first quarter of 2018. This item includes primarily the balance of foreign exchange gains and losses. In the first quarter of 2019, foreign exchange gains predominated, while in the first quarter of 2018 the foreign exchange losses had predominated.

Income tax expenses increased by EUR 0.4 million to EUR 3.3 million in the first quarter of 2019.

Earnings after tax totalled EUR 3.2 million for the first quarter of 2019 compared with EUR -2.6 million for the same period of 2018. Earnings per share amounted to EUR 0.16 in the first quarter of 2019 after EUR -0.14 in the first quarter of 2018.

Dividend and treasury shares

Semperit's dividend policy is, in principle: The pay-out ratio to shareholders is around 50% of earnings after tax – assuming continued successful performance and that no unusual circumstances occur. Due to negative earnings after tax in 2018 and the continued restructuring and transformation process, no dividend was proposed at the Annual General Meeting on 8 May 2019. Semperit AG Holding does not own treasury shares as of 31 March 2019.

Assets and financial position

Compared with the balance as of 31 December 2018, the balance sheet total as of 31 March 2019 rose by 5.4% to EUR 810.1 million. On the asset side, the main reasons for this rise were more rights of use from lease agreements as a result of the first-time application of IFRS 16, the rise of receivables and of cash and cash equivalents.

On the liabilities side, basically three items increased: The other current and non-current financial liabilities increased due to the recognition of leasing liabilities as a result of the first-time application of IFRS 16. Equity rose due to an increase in revenue reserves and a positive change in currency translation reserves.

Trade working capital (inventories plus trade receivables minus trade payables) increased from EUR 184.3 million to EUR 184.8 million since the end of 2018 and therefore constituted 21.2% of revenue (year-end 2018: 21.0%). The change is primarily attributable to increased trade receivables (+10.8%), inventories (+0.1%) and trade payables (+15.8%).

Cash and cash equivalents amounted to EUR 140.2 million at the end of March 2019 and were therefore above the level of the end of 2018 (EUR 121.5 million). The reason for this was, among other things, an improved cash management and lower investments in tangible and intangible assets.

As of 31 March 2019, the Semperit Group's equity (without non-controlling interests) stood at EUR 334.8 million, EUR 5.3 million higher than at the end of 2018 (EUR 329.5 million).

As of 31 March 2019, the reported equity ratio was 41.3% after 42.9% at the end of 2018. Return on equity was 3.8% (first quarter of 2018: -0.2%) for the first quarter of 2019, which is calculated based on earnings after tax of EUR 3.2 million (first quarter of 2018: EUR -2.7 million) in relation to the equity of EUR 334.8 million (first quarter of 2018: EUR 407.9 million) attributable to the shareholders of Semperit AG Holding.

Debt is higher to EUR 473.7 million compared with EUR 438.4 million at the end of 2018 – an increase of EUR 35.3 million, primarily from the recognition of leasing liabilities as a result of the first-time application of IFRS 16 and the increase in trade payables.

Financial liabilities (including primarily liabilities from the Schuldschein loan and to banks) stood at EUR 236.3 million at 31 March 2019 after EUR 234.2 million at the end of 2018. Taking into consideration cash and cash equivalents of EUR 140.2 million (year-end 2018: EUR 121.5 million), this resulted in an overall net debt of EUR 96.1 million as of 31 March 2019 (net debt at the end of 2018: EUR 112.7 million). The net debt/EBITDA ratio (net debt in relation to EBITDA) as of 31 March 2019 is therefore 2.04 (year-end 2018: 2.43).

The liabilities from redeemable non-controlling interests increased to EUR 15.2 million (2018: EUR 13.4 million). Provisions including social capital amounted to EUR 71.5 million and were therefore higher than EUR 69.3 million at the end of 2018. Trades payable increased to EUR 78.4 million (year-end 2018: EUR 67.7 million) and were considered in trade working capital. Other liabilities (other liabilities, deferred taxes, current income taxes and other financial liabilities) increased to EUR 72.3 million after EUR 53.7 million.

Cash flow

The gross cash flow in the first quarter of 2019 amounted to EUR 15.5 million after EUR 11.7 million in the first quarter of 2018. The increase was primarily due to the higher earnings before tax in the first quarter of 2019.

The cash flow from operating activities increased to EUR 34.6 million in the first quarter of 2019 (first quarter of 2018: EUR –7.1 million), which was due to the changes in trade receivables, trade payables as well as other liabilities and current provisions as well as inventories, among other things.

The cash flow from investing activities was EUR –15.9 million in the first quarter of 2019 and therefore lower than in the previous year (EUR –24.3 million), which was primarily due to reduced investment activities. At EUR 16.2 million, cash-relevant investments in tangible and intangible assets in the first quarter of 2019 were below the previous year's level of EUR 24.5 million and mainly related to maintenance investments.

At EUR –1.6 million, the cash flow from financing activities in the first quarter of 2019 was below the value of the first quarter of 2018 at EUR 80.4 million. The amount in the first quarter of 2018 was overall positively influenced, above all by the incoming payment from the hybrid capital, which was up against repayments of liabilities to banks.

Performance of sectors and segments

Industrial Sector

The Industrial Sector comprises the segments Semperflex, Sempertrans and Semperform and developed in a differentiated way: Semperflex and Semperform increased their revenues, while Sempertrans recorded a decline. In total, the sector's revenue increased by 0.4% from EUR 140.9 million to EUR 141.4 million.

Due to the positive development in the segments, overall profitability in the Industrial Sector increased. EBITDA rose by 30.7% to EUR 24.5 million and EBIT by 40.6% to EUR 18.4 million. The EBITDA margin improved from 13.3% to 17.3% and the EBIT margin from 9.3% to 13.0%. The initiatives from the restructuring and transformation programme also contributed to this.

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

Key figures Industrial Sector

in EUR million	Q1 2019	Change	Q1 2018
Revenue	141.4	+0.4%	140.9
EBITDA	24.5	+30.7%	18.8
EBITDA margin	17.3%	+4.0 PP	13.3%
EBIT	18.4	+40.6%	13.1
EBIT margin	13.0%	+3.7 PP	9.3%
Investments in tangible and intangible assets	9.6	–46.7%	18.0
Employees (at balance sheet date)	3,636	–1.8%	3,702

Semperflex segment

The Semperflex segment increased revenue by 4.0% due to in total higher production and sales performances. The expansion of the production capacities for hydraulic hoses at the site in Odry, Czech Republic, which was completed in November 2018, also contributed to this. Profitability slightly declined due to increasing competition. In the first quarter of 2019, the EBITDA margin stood at 22.8% (first quarter of 2018: 23.4%) and the EBIT margin at 18.2% (first quarter of 2018: 18.9%).

Due to the order situation, capacities were well utilised. However, demand in the global market has cooled off, which also shows in declining incoming orders.

The business unit for hydraulic hoses achieves sales and revenue successes in Europe, the USA and China, also due to the newly available capacities. Revenue for industrial hoses declined.

Sempertrans segment

In the first quarter of 2019, revenue declined by 12.3% compared with the previous year due to decreasing volumes. This was attributable, above all, to an increased focus on profitable orders.

In 2018, the restructuring and transformation programme put Sempertrans back in the black with regard to the adjusted values. The programme included, among other things, the reorganisation of the Sempertrans management, an improved quality of contribution margins of new orders and further optimisation of the manufacturing processes at the site in Bełchatów, Poland. Profitability continued to increase: in the first quarter of 2019, the EBITDA margin amounted to 9.0% (1.4% in the first quarter of 2018), while the EBIT margin was 6.0% in the first quarter of 2019 (–1.1% in the first quarter of 2018). The reported figures for the first quarter of 2019 included a profit of EUR 1.3 million from the sale of tangible assets from the production site in China that was closed in 2018.

Semperform segment

The Semperform segment recorded a revenue increase – demand for infrastructure was good, while demand in the construction industry continued to slow down, with different effects on sales in the individual business units.

In a comparison of the first quarter of 2019 with the previous year, an increase in revenue (+5.2%), EBITDA (+72.7%) and EBIT (+100%) was recorded. Profitability also rose: the EBITDA margin was 15.7% (first quarter of 2018: 9.6%), while the EBIT margin was 10.9% (first quarter of 2018: 5.0%). The improvement of profitability was driven, among other things, by the measures taken in the course of the restructuring and transformation programme in the supply chain, in the operations area and in sales.

Key figures Semperflex

in EUR million	Q1 2019	Change	Q1 2018
Revenue	61.1	+4.0%	58.8
EBITDA	13.9	+1.3%	13.7
EBITDA margin	22.8%	-0.6 PP	23.4%
EBIT	11.1	+0.2%	11.1
EBIT margin	18.2%	-0.7 PP	18.9%
Investments in tangible and intangible assets	5.2	-34.7%	7.9
Employees (at balance sheet date)	1,767	+0.6%	1,756

Key figures Sempertrans

in EUR million	Q1 2019	Change	Q1 2018
Revenue	30.4	-12.3%	34.6
EBITDA	2.7	>100%	0.5
EBITDA margin	9.0%	+7.6 PP	1.4%
EBIT	1.8	-	-0.4
EBIT margin	6.0%	+7.1 PP	-1.1%
Investments in tangible and intangible assets	1.9	-74.8%	7.4
Employees (at balance sheet date)	860	-9.2%	947

Key figures Semperform

in EUR million	Q1 2019	Change	Q1 2018
Revenue	49.9	+5.2%	47.5
EBITDA	7.9	+72.7%	4.5
EBITDA margin	15.7%	+6.1 PP	9.6%
EBIT	5.4	>100%	2.4
EBIT margin	10.9%	+5.9 PP	5.0%
Investments in tangible and intangible assets	2.6	-5.3%	2.7
Employees (at balance sheet date)	1,009	+1.0%	999

Medical Sector: Sempermed segment

The development of the Sempermed segment was characterised by strong competitive and price pressures, particularly in North America. The reduction of sales of natural latex gloves resulted in a declining sales and revenue development.

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 also below the previous year's level.

The measures taken in the course of the restructuring and transformation process are showing a positive impact and reduced the negative results compared with Q4 2018. In the first quarter of 2019, EBITDA was EUR –0.9 million after EUR 1.4 million in the prior year period. EBIT amounted to EUR –2.8 million after EUR –2.2 million in the first quarter of 2018.

Key figures Sempermed

in EUR million	Q1 2019	Change	Q1 2018
Revenue	71.5	–10.7%	80.0
EBITDA	–0.9	–	1.4
EBITDA margin	–1.2%	–3.0 PP	1.8%
EBIT	–2.8	+27.1%	–2.2
EBIT margin	–3.9%	–1.1 PP	–2.8%
Investments in tangible and intangible assets	6.5	+0.9%	6.4
Employees (at balance sheet date)	3,137	+7.9%	2,907

Employees

As of 31 March 2019, the number of employees was 6,914, which is 2.7% above the level of 31 March 2018. The employee headcount rose in all segments except Sempertrans. The analysis by segments shows that around 45% of all employees work in the Sempermed segment, while around 25% work in the Semperflex segment and less than 15% in the Sempertrans and Semperform segments respectively.

Supervisory and Management Board matters

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

The Supervisory Board of Semperit AG Holding has extended the Management Board mandate of CFO Frank Gumbinger until 30 June 2022 and the Management Board mandate of Felix Fremerey, Management Board member, until 30 November 2020.

Outlook

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

The focus of the restructuring measures will clearly be on the Sempermed segment, continuing the hard work on its turnaround. Progress is clearly visible in the Industrial Sector. Ongoing and further initiatives are being implemented systematically. Semperit will initially focus on organic growth, particularly in the Industrial Sector, and will also gradually focus on inorganic growth considerations over the course of the year.

Since Semperit currently has sufficient capacities in production and in Mixing, capital expenditures (CAPEX, including maintenance) of only around EUR 40 million are planned for 2019. This should also bring us closer to the goal of a balanced or positive free cash flow in 2019.

Increased financial discipline is enforced through step-by-step cost optimisation and reduced net debt, with our focus on value management and optimisation of the working capital and free cash flow representing a key performance indicator in our financial planning.

Since the beginning of the restructuring and transformation process, 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 of time, the Semperit Group aims to achieve an EBITDA margin of around 10% (run rate 2021) as central key performance indicator.

Note

This outlook is based on the assessments of the Management Board as of 24 May 2019 and does not take into account the effects of possible acquisitions, divestments or other unforeseeable structural or economic changes during the further course of 2019. These assessments are subject to both known and unknown risks and uncertainties, which may result in actual events and outcomes differing from the statements made here.

Consolidated income statement

in EUR thousand	Note	Q1 2019	Q1 2018 ¹⁾
Revenue	2.2	212,938	220,909
Changes in inventories		344	4,608
Own work capitalised		635	745
Operating revenue		213,918	226,262
Other operating income	2,3	2,900	930
Cost of material and purchased services		-122,629	-133,848
Personnel expenses		-49,855	-47,742
Other operating expenses		-27,903	-29,955
Share of profits from associated companies		50	113
Earnings before interest, tax, depreciation and amortisation (EBITDA)		16,481	15,759
Depreciation and amortisation of tangible and intangible assets		-8,643	-9,769
Earnings before interest and tax (EBIT)		7,838	5,991
Finance income		201	159
Finance expenses		-1,956	-2,148
Profit / loss attributable to redeemable non-controlling interests		-1,256	-1,251
Other financial result		1,722	-2,418
Financial result	2,4	-1,289	-5,658
Earnings before tax		6,549	333
Income taxes		-3,328	-2,972
Earnings after tax		3,221	-2,640
thereof attributable to the shareholders of Semperit AG Holding – from ordinary shares		1,480	-2,795
thereof attributable to the shareholders of Semperit AG Holding – from hybrid capital		1,706	114
thereof attributable to non-controlling interests		35	41
Earnings per share in EUR (diluted and undiluted)²⁾		0.16	-0.14

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

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

Consolidated statement of comprehensive income

in EUR thousand

	Q1 2019	Q1 2018
Earnings after tax	3,221	-2,640
Other comprehensive income that will not be recognised through profit and loss in future periods	48	-12
Remeasurements of defined benefit plans	0	-5
thereof Revaluation gains / losses for the period	0	-5
thereof related to income tax	48	-7
Other comprehensive income that will potentially be recognised through profit and loss in future periods	2,693	1,690
Cashflow hedges	763	-17
thereof Revaluation gains / losses for the period	796	-21
thereof Reclassification to profit / loss for the period	-32	4
Currency translation differences	2,164	1,690
thereof currency translation differences for the period	2,164	1,690
thereof related to income tax	-235	17
Other comprehensive income	2,741	1,678
Comprehensive income	5,961	-961
thereof on earnings attributable to the shareholders of Semperit AG Holding – from ordinary shares	4,114	-1,140
thereof attributable to the shareholders of Semperit AG Holding – from hybrid capital	1,706	114
thereof on earnings attributable to non-controlling interests	141	65

Consolidated cash flow statement

in EUR thousand	Q1 2019	Q1 2018 ¹⁾
Earnings before tax	6,549	333
Depreciation, amortisation, impairment and write-ups of tangible and intangible assets	8,643	9,769
Profit / loss from disposal of assets (including current and non-current financial assets)	11	14
Change in non-current provisions	523	-138
Share of profits from associated companies	-50	-113
Profit / loss attributable to redeemable non-controlling interests	1,256	1,251
Net interest income (including income from securities)	1,755	1,624
Taxes paid on income	-422	-1,020
Other non-cash expense/income	-2,767	0
Gross cashflow	15,498	11,719
Change in inventories	1,928	-1,908
Change in trade receivables	-9,814	-21,628
Change in other receivables and assets	4,026	1,939
Change in trade payables	15,912	2,062
Change in other liabilities and current provisions	7,013	2,231
Changes in working capital resulting from currency translation adjustments	0	-1,488
Cashflow from operating activities	34,563	-7,074
Proceeds from sale of tangible and intangible assets	71	68
Investments in tangible and intangible assets	-16,177	-24,507
Interest received	190	108
Investments in current and non-current financial assets	-10	0
Cashflow from investing activities	-15,926	-24,330
Cash receipts from current and non-current financial liabilities	0	61
Repayment of current and non-current financial liabilities	-132	-49,157
Payments arising from leasing liabilities	-542	0
Acquisition of non-controlling interests	0	-1
Cash receipts from hybrid capital	0	130,000
Interest paid	-885	-509
Cashflow from financing activities	-1,560	80,394
Net increase / decrease in cash and cash equivalents	17,077	48,991
Currency translation differences	1,539	-583
Cash and cash equivalents at the beginning of the period	121,549	165,530
Cash and cash equivalents at the end of the period	140,166	213,938

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

Consolidated balance sheet

in EUR thousand	31.03.2019	31.12.2018
ASSETS		
Non-current assets		
Intangible assets	10,509	11,935
Tangible assets	352,169	335,363
Investments in joint ventures and associated companies	2,713	2,653
Other financial assets	7,612	7,653
Other assets	4,859	6,946
Deferred taxes	4,381	4,364
	382,243	368,914
Current assets		
Inventories	150,620	150,425
Trade receivables	112,607	101,645
Other financial assets	9,051	7,702
Other assets	12,053	14,017
Current tax receivables	3,338	4,555
Cash and cash equivalents	140,166	121,549
	427,835	399,893
ASSETS	810,078	768,807
EQUITY AND LIABILITIES		
Equity		
Share capital	21,359	21,359
Capital reserves	21,503	21,503
Hybrid capital	130,000	130,000
Revenue reserves	167,898	164,630
Currency translation reserve	-5,941	-7,999
Equity attributable to the shareholders of Semperit AG Holding	334,819	329,494
Non-controlling interests	1,540	904
	336,359	330,398
Non-current provisions and liabilities		
Provisions	48,843	48,173
Liabilities from redeemable non-controlling interests	15,181	13,376
Financial liabilities	214,245	213,301
Corporate Schuldschein loan	213,080	212,106
Liabilities to banks	1,165	1,195
Other financial liabilities	10,012	2,017
Other liabilities	522	561
Deferred taxes	7,404	7,120
	296,209	284,548
Current provisions and liabilities		
Provisions	22,698	21,151
Financial liabilities	22,069	20,933
Liabilities from redeemable non-controlling interests	0	0
Corporate Schuldschein loan	15,426	14,386
Liabilities to banks	6,643	6,547
Trade payables	78,427	67,746
Other financial liabilities	26,791	19,935
Other liabilities	23,279	21,478
Current tax liabilities	4,246	2,619
	177,510	153,861
EQUITY AND LIABILITIES	810,078	768,807

Consolidated statement of the changes in equity

in EUR thousand	Share capital	Capital reserves	Hybrid capital	Revenue reserves	Currency translation reserve	Total	Non-controlling interests	Total equity
As at 01.01.2018	21,359	21,503	0	244,464	-8,820	278,506	1,784	280,291
Initial adjustment under IFRS 9	0	0	0	422	0	422	0	422
Adjusted as at 01.01.2018	21,359	21,503	0	244,886	-8,820	278,928	1,784	280,712
Earnings after tax	0	0	0	-2,681	0	-2,681	41	-2,640
Other comprehensive income	0	0	0	-12	1,667	1,655	24	1,678
Comprehensive income	0	0	0	-2,693	1,667	-1,026	65	-961
Acquisition of non-controlling interests	0	0	0	2	0	2	-3	-1
Raise of hybrid capital	0	0	130.000	0	0	130.000	0	130.000
As at 31.03.2018	21,359	21,503	130.000	242,195	-7,153	407,904	1,846	409,750
As at 01.01.2019	21,359	21,503	130.000	164,630	-7,999	329,493	904	330,398
Earnings after tax	0	0	0	3,186		3,186	35	3,221
Other comprehensive income	0	0	0	576	2,058	2,634	106	2,741
Comprehensive income	0	0	0	3,762	2,058	5,820	141	5,961
Acquisition of non-controlling interests	0	0	0	-494		-494	494	0
As at 31.03.2019	21,359	21,503	130.000	167,898	-5,941	334,820	1,540	336,359

Notes to the interim group financial statements (condensed)

1. General

1.1. Preparation and presentation of the interim group financial report

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

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

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

This interim group financial report of the Semperit Group at 31 March 2019 has not been fully audited or reviewed by the group's auditor.

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

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

First-time adoption of standards and interpretations		Endorsement	Obligation to apply for the Semperit Group	Significant effects on the Semperit Group:
New standards and interpretations				
IFRS 16	Leases	31 October 2017	01 January 2019	yes
IFRIC 23	Uncertainty regarding income tax treatment	23 October 2018	01 January 2019	no
Amended standards				
IFRS 9	Amendments to financial instruments	22 March 2018	01 January 2019	no
IAS 19	Amendments to employee benefits	13 March 2019	01 January 2019	no
IAS 28	Amendments to investments in associates and joint ventures	08 February 2019	01 January 2019	no
Miscellaneous	Annual improvements to IFRS, cycle 2015-2017	14 March 2019	01 January 2019	no

IFRS 16 Leasing

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

At the time of the deployment of the leasing object the Semperit Group shows a leasing liability as in its function as lessee and an asset arising from the right of use. The leasing liability is interest-bearing and is repaid on an annuity basis by reoccurring payments; the right of use asset is depreciated over the shorter time of useful life and contract term. This leads to an increase in assets and liabilities, which also results in higher depreciations (Q1 2019: EUR 545 thousand) and interest expenses (Q1 2019: EUR 51 thousand); against it the rental and leasing expenses are reduced (Q1 2019: EUR 593 thousand). Following EBITDA and EBIT are increased from the first-time application of IFRS 16. The operating cashflow is also improving, as rental and leasing payments are transformed to interest and settlement payments and these are allocated to the cashflow from financing activities.

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

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

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

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

For leasing contracts that were recognised for the first time as of 01 January 2019, the country specific borrowing rates from 0.75% to 8.5% were applied.

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

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

As of 31 March 2019, right of use assets are disclosed in the fixed assets with EUR 10,525 thousand as well as leasing liabilities in the short- and long-term financial liabilities amounting to EUR 10,540 thousand.

1.3. Amendments to comparative information

Amendments to how information is presented in the consolidated income statement

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

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

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

in EUR thousand	Q1 2018 as reported	Personnel expenses for external workers	Expenses for spare parts	Production- related maintenance costs	Q1 2018 adjusted
Operating revenue	226,262	0	0	0	226,262
Other operating income	930	-	-	-	930
Cost of material and purchased services	-131,289	874	-907	-2,525	-133,848
Personnel expenses	-44,154	-3,588	-	-	-47,742
Other operating expenses	-36,102	2,715	907	2,525	-29,955
Share of profits from associated companies	113	-	-	-	113
Earnings before interest, tax, depreciation and amortisation (EBITDA)	15,759	0	0	0	15,759

Amendments to comparative information in the financial result

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

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

in EUR thousand	Q1 2018 as reported	Net foreign exchange result	Other adjustments	Q1 2018 adjusted
Finance income (formerly: financial income)	8,791	-8,632	-	159
Finance expenses (formerly: financial expenses)	-13,197	10,352	697	-2,148
Profit / loss attributable to redeemable non-controlling interests	-1,251	-	-	-1,251
Other financial result	-	-1,720	-697	-2,418
thereof net foreign exchange result	-	923	-	923
thereof net result from the valuation categories FVPL and FV - Hedging Instrument	-	-2,643	7	-2,636
thereof other	-	-	-705	-705
Financial result	-5,658	0	0	-5,658

Amendment to comparative information in the consolidated cashflow statement

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

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

2. Performance

2.1. Segmentreporting

in EUR thousand	Sempermed	Semperflex	Sempertrans	Semperform	Corporate Center	Intercompany transactions	Group
Q1 2019							
Revenue	71,490	61,149	30,389	49,911	-	-	212,938
EBITDA	-871	13,914	2,747	7,855	-6,925	-238	16,481
EBIT	-2,808	11,105	1,818	5,443	-7,483	-238	7,838
Cash and cash equivalents	22,328	17,650	14,057	15,159	70,971	-	140,166
Trade Working Capital	62,246	60,395	28,882	37,200	-3,923	-	184,800
Additions to tangible and intangible assets ¹⁾	1,652	5,137	862	2,434	97	-	10,183
Q1 2018							
Revenue	80,029	58,772	34,647	47,461	-	-	220,909
EBITDA	1,443	13,738	473	4,548	-4,210	-232	15,759
EBIT	-2,208	11,087	-397	2,377	-4,636	-232	5,991
Cash and cash equivalents	42,120	27,517	22,740	22,001	99,560	-	213,938
Trade Working Capital	60,213	50,447	41,713	33,603	-5,037	-	180,939
Additions to tangible and intangible assets	2,167	6,206	6,715	1,508	56	-	16,653

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

2.2. Revenue

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

in EUR thousand	Sempermed	Semperflex	Sempertrans	Semperform	Group
Q1 2019					
Western Europe	38,761	37,848	9,977	35,906	122,491
Eastern Europe	8,365	11,712	8,894	6,368	35,339
North America	14,263	5,716	1,285	2,934	24,198
Central and South America	1,537	510	1,984	303	4,334
Africa	242	177	1,083	59	1,561
Asia	7,548	5,144	6,711	4,319	23,723
Australia	775	43	455	20	1,293
Revenue	71,490	61,149	30,389	49,911	212,938
Q1 2018					
Western Europe	41,948	36,341	11,063	35,225	124,577
Eastern Europe	8,896	12,767	5,822	6,351	33,836
North America	16,204	3,930	2,903	1,912	24,948
Central and South America	3,093	567	844	363	4,867
Africa	416	863	2,805	52	4,136
Asia	8,219	4,078	4,360	3,546	20,203
Australia	1,252	227	6,850	12	8,341
Revenue	80,029	58,772	34,647	47,461	220,909

2.3. Other operating income

In the other operating income, an income in the amount of EUR 1,270 thousand is included arising from the sale of tangible assets from the production site Sempertrans Best (ShanDong) Belting Co. Ltd., that was closed last year.

2.4. Financial result

in EUR thousand	Q1 2019	Q1 2018 ¹⁾
Finance income		
Interest and related income	201	159
	201	159
Finance expenses		
Interest expense	-1,956	-2,148
	-1,956	-2,148
Other financial result		
Net foreign exchange result	2,008	923
Net result from the valuation categories FVPL and FV - Hedging Instrument	-221	-2,643
Other	-64	-697
	1,722	-2,418
Profit / loss attributable to redeemable non-controlling interests	-1,256	-1,251
Financial result	-1,289	-5,658

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

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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 2019). As is true of all forward-looking statements, these statements are subject to risk and uncertainties. As a result, actual events may deviate significantly from these expectations. No liability whatsoever is assumed for the accuracy of projections or for the achievement of planned targets or for any other forward-looking statements.

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 2019

28.05.2019	Report on the first quarter of 2019
14.08.2019	Half-year financial report 2019
21.11.2019	Report on the first three quarters 2019

