SEMPERIT

2019

Half-year financial report

Key performance figures

in EUR million	H1 2019	Change	H1 2018	Q2 2019	Change	Q2 2018	2018
Revenue	437.3	–2.5%	448.5	224.4	–1.4%	227.6	878.5
EBITDA	39.1	+35.5%	28.9	22.7	+72.7%	13.1	46.4
EBITDA margin	9.0%	+2.6 PP	6.4%	10.1%	+4.3 PP	5.8%	5.3%
EBIT	20.9	–	–49.8	13.1	–	–55.8	–47.7
EBIT margin	4.8%	+15.9 PP	–11.1%	5.8%	+30.3 PP	–24.5%	–5.4%
Earnings after tax	5.8	–	–67.4	2.6	–	–64.8	–80.4
Earnings per share (EPS)[1], in EUR	0.28	–	–3.33	0.13	–	–3.19	–4.13
Gross cashflow	31.5	+40.6%	22.4	15.5	+61.5%	9.6	37.4
Return on equity[2]	3.4%	+42.2 PP	–38.8%	–0.4%	+74.0 PP	–74.4%	–24.2%

Balance sheet key figures

in EUR million	30.06.2019	Change	30.06.2018	31.3.2019	Change	31.03.2018	31.12.2018
Balance sheet total	815.1	–6.6%	872.3	810.1	–13.2%	933.7	768.8
Equity	337.7	–1.7%	343.7	334.8	–17.9%	407.9	329.5
Equity ratio	41.4%	+2.0 PP	39.4%	41.3%	–2.4 PP	43.7%	42.9%
Investments in tangible and intangible assets	–21.4	–	42.1	16.2	–34.0%	24.5	80.8
Employees (at balance sheet date)	7,147	+4.0%	6,874	6,914	+2.7%	6,729	6,773

Sector and segment key figures

in EUR million	H1 2019	Change	H1 2018	Q2 2019	Change	Q2 2018	2018
Industrial Sector = Semperflex + Sempertrans + Semperform							
Revenue	289.5	–0.7%	291.4	148.0	–1.7%	150.5	567.0
EBITDA	52.7	+39.0%	37.9	28.2	+47.2%	19.1	71.3
EBIT	39.5	+74.7%	22.6	21.1	>100%	9.5	44.6
Semperflex							
Revenue	120.9	–0.6%	121.5	59.7	–4.9%	62.8	230.0
EBITDA	28.4	–0.8%	28.7	14.5	–2.7%	14.9	48.9
EBIT	22.6	–3.6%	23.4	11.5	–7.0%	12.3	38.4
Sempertrans							
Revenue	68.2	–4.8%	71.7	37.8	+2.2%	37.0	144.8
EBITDA	8.1	–	–2.6	5.4	–	–3.1	0.5
EBIT	5.6	–	–8.3	3.8	–	–7.9	–7.1
Semperform							
Revenue	100.4	+2.2%	98.2	50.5	–0.5%	50.7	192.2
EBITDA	16.1	+36.1%	11.8	8.3	+13.2%	7.3	21.9
EBIT	11.3	+50.4%	7.5	5.9	+14.0%	5.1	13.2
Medical Sector = Sempermed							
Revenue	147.8	–5.9%	157.1	76.4	–0.9%	77.1	311.5
EBITDA	–0.3	–	0.1	0.6	–	–1.3	–3.9
EBIT	–4.2	–93.2%	–62.5	–1.4	–97.6%	–60.3	–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 July 2019 in comparison with the version of April 2019. Global economic growth will be 3.2% for 2019 (2018: 3.6%) instead of 3.3% forecast in April 2019. For 2019, the forecast for emerging and developing countries now stands at 4.1% (so far 4.4%), followed by the USA at 2.6% (so far 2.3%) and the euro zone at 1.3% (so far 1.3%).

Growth expectations for the euro zone therefore remain unchanged compared with the World Economic Outlook published by the IMF in April 2019. Forecasts have not been further lowered for the three major European economies Germany, France and Italy – with the exception of Germany, where growth expectations have been reduced by 0.1 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 due to a decreased international demand.

Development in the raw material markets

The markets for butadiene, carbon black, wires as well as a variety of chemicals with various markets (which is why it is not explained here in detail) 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 partially influenced by the main buyers of rubber products, the tyre and automotive industry.

Since the end of 2018, price indices for natural rubber and natural latex showed an upward trend, which continued steadily until the middle of the first half of 2019 and then slightly decreased again. The average values of the first half of 2019 were above the average values for the first half of 2018.

The price indices for butadiene, among others a major basic raw material for the production of synthetic rubber and synthetic latex, showed a slight upward trend in 2018; there was a decline at the beginning of the fourth quarter of 2018, followed by a sideways phase. Since the middle of the second quarter of 2019, there has been a downward trend in the European market, while the indices in the Asian region have recorded a price increase. In the first half of 2019, the average prices for butadiene, which is used as a basic raw material in the Semperflex, Sempertrans and Sempermed segments, were below the average values of the previous year.

Development of raw materials used primarily in the Industrial Sector was somewhat differentiated. The filling material carbon black is important for all three segments of the Industrial Sector. The 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. At the beginning of the second quarter of 2019, a new downward trend started, trending upward again at the end of the second quarter of 2019. The average price indices of the first half of 2019 were above the average of the first half of 2018.

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

Revenue and earnings development

First half of 2019

In the first half of 2019, the Semperit Group recorded a decrease in revenue by 2.5% to EUR 437.3 million compared with the same period of the previous year. The Industrial Sector also recorded a decrease in revenue of 0.7%, while the Medical Sector recorded a decline of 5.9% (for details on the development of Sectors and segments, see page 8). The decrease in the Industrial Sector was mainly characterised by a slight decline in volumes. The decline in revenue in the Medical Sector, i.e. the Sempermed segment, is primarily due to a decline in volumes sold.

The distribution of revenue continued to exist in favour of the Industrial Sector. In the first half of 2019, the Industrial Sector accounted for 66% and the Medical Sector for 34% of the Semperit Group's revenue (first half of 2018: 65% to 35%).

In the first half of 2019, inventories increased by EUR 1.4 million compared with an increase of EUR 4.2 million in the first half of 2018.

Other operating income amounted to EUR 4.4 million in the first half of 2019 (EUR 2.0 million in the first half 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 half of 2019, cost materials decreased by EUR 18.7 million or 7.0% to EUR 249.9 million. The change is primarily due to a decline in volumes sold and therefore lower costs of material and purchased services, but also to partially higher raw material prices.

In the first half of 2019, personnel expenses rose to EUR 100.8 million (+2.5%) compared to the previous year (first half of 2018: EUR 98.4 million – see presentation changes in the consolidated financial statements page 23), which is, among other things, due to wage and salary increases and an increased headcount in Odry, Czech Republic, due to the expansion of the Semperflex site as well as due to tightened immigration policies and raising the minimum wage level in Malaysia.

At EUR 54.5 million, other operating expenses were below the last year's period at EUR 60.8 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 32.7 million (value for the first half of 2018 adjusted for the negative one-off effect of EUR 3.9 million from the shutdown of the Sempertrans site in China) in the first half of 2018 to EUR 39.1 million in the first half of 2019. The EBITDA margin increased from 7.3% (adjusted value for the first half of 2018) to 9.0% in the first half of 2019.

Depreciation decreased to EUR 17.4 million (–10.4%), 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 13.2 million (adjusted value for the first half of 2018) and improved to EUR 20.9 million in the first half of 2019. The EBIT margin increased from 2.9% (adjusted value for the first half of 2018) to 4.8% in the first half of 2019. The reported EBIT totalled EUR 20.9 million in the first half of 2019 after EUR 49.8 million in the first half of 2018.

Key figures Semperit Group

in EUR million	H1 2019	H1 2018[1)]	Change	Change in EUR million
Revenue	437.3	448.5	–2.5%	–11.2
EBITDA	39.1	28.9	+35.5%	+10.3
EBITDA margin	9.0%	6.4%	+2.6 PP	–
EBIT	20.9	–49.8	–	+70.7
EBIT margin	4.8%	–11.1%	+15.9 PP	–
Earnings after tax	5.8	–67.4	–	+73.2
Investments in tangible and intangible assets	21.4	42.1	–49.2%	–20.7
Employees (at balance sheet date)	7,147	6,874	+4.0%	+273

[1)] Adjusted for the one-off effect from the shutdown of the Sempertrans site in China, EBITDA for the first half of 2018 amounted to EUR 32.7 million; EBIT additionally adjusted for impairments (including the Sempermed segment of EUR 55.2 million) totalled EUR 13.2 million; adjusted earnings after tax amounted to EUR –4.4 million.

The financial result totalled EUR –6.6 million in the first half of 2019 after EUR –6.6 million in the first Half of 2018. At EUR 0.4 million, financial income, which includes primarily income from bank balances, was below the previous year's value. Financial expenses (primarily interest expenses for loans and credits) amounted to EUR 4.3 million in the first half of 2019 and were therefore below the previous year's value of EUR 4.6 million.

In the first half of 2019, the item "Profit/loss attributable to redeemable non-controlling interests" at EUR –2.4 million was above the previous year's level.

Income tax expenses decreased by EUR 2.4 million to EUR 8.5 million in the first half of 2019.

Earnings after tax totalled EUR 5.8 million for the first half of 2019 compared with EUR –67.4 million for the same period of 2018. Earnings per share amounted to EUR –0.28 in the first half of 2019 after EUR –3.33 in the first half of 2018.

Second quarter of 2019

In a comparison of the second quarters of 2019 and 2018, the Semperit Group recorded a decrease in revenue of 1.4% to EUR 224.4 million. Decreases in revenue were recorded in the Industrial Sector (–1.7%) and in the Medical Sector (–0.9%). In the Industrial Sector, the Semperflex and Semperform segments showed declines in revenue in a quarter-on-quarter comparison, while Sempertrans recorded an increase in revenue.

Other operating income increased from EUR 1.1 million to EUR 1.5 million. Cost of material and purchased services as well as other operating expenses decreased. Personnel expenses rose from EUR 50.6 million to EUR 50.9 million, a plus of 0,6%.

EBITDA (earnings before interest, tax, depreciation and amortisation) rose from EUR 17.0 million (adjusted value for the second quarter of 2018) to EUR 22.7 million in the second quarter of 2019; the EBITDA margin increased from 7.5% (adjusted value for the second quarter of 2018) to 10.1% in the second quarter of 2019.

Depreciation decreased. There were no impairments in the first half of 2019.

EBIT (earnings before interest and tax) recovered from EUR 7.2 million (adjusted value for the second quarter of 2018) to EUR 13.1 million, while the EBIT margin rose from 3.2% (adjusted value for the second quarter of 2018) to 5.8% in the second quarter of 2019.

Earnings after tax totalled EUR 2.6 million in the second quarter of 2019 after EUR –64.8 million in the previous year's period. Earnings per share were EUR 0.13 in the second quarter of 2019 after EUR –3.19 in the second quarter of 2018.

Kennzahlen Semperit Gruppe / Zweites Quartal

in Mio. EUR	Q2 2019	Q2 2018	Veränderung	Veränderung in Mio. EUR
Umsatzerlöse	224,4	227,6	–1,4%	–3,3
EBITDA	22,7	13,1	72,7%	+9,5
EBITDA-Marge	10,1%	5,8%	+4,3 PP	–
EBIT	13,1	–55,8	–	+68,9
EBIT-Marge	5,8%	–24,5%	+30,3 PP	–
Ergebnis nach Steuern	2,6	–64,8	–	+67,4
Investitionen in Sachanlagen und immaterielle Vermögenswerte	5,2	17,6	–	–12,4
Mitarbeiter (Stichtag)	7.147	6.874	+4,0%	+273

[1] Adjusted for the one-off effect from the shutdown of the Sempertrans site in China, EBITDA for the second quarter of 2018 amounted to EUR 17.0 million; EBIT additionally adjusted for impairments (including the Sempermed segment of EUR 55.2 million) totalled EUR 7.2 million; adjusted earnings after tax amounted to EUR –1.7 million.

Dividend and treasury shares

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

Assets and financial position

Compared with the balance as of 31 December 2018, the balance sheet total as of 30 June 2019 rose by 6.0% to EUR 815.1 million. On the asset side, the main reasons for this rise were increases in tangible assets, 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) decreased from EUR 184.3 million to EUR 177.9 million since the end of 2018 and therefore constituted 20.5% of revenue (year-end 2018: 21.0%). The change is primarily attributable to higher trade payables (+22.9%), trade receivables (+12.3%) and inventories (–2.2%).

Cash and cash equivalents amounted to EUR 154.9 million at the end of June 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 30 June 2019, the Semperit Group's equity (without non-controlling interests) stood at EUR 337.7 million, EUR 8.2 million higher than at the end of 2018 (EUR 329.5 million).

As of 30 June 2019, the reported equity ratio was 41.4% after 42.9% at the end of 2018.

Return on equity was 3.4% (first half of 2018: –38.8%) for the first half of 2019, which is calculated based on earnings after tax of EUR 5.8 million (first half of 2018: EUR –67.4 million) in relation to the equity of EUR 337.7 million (first half of 2018: EUR 329.5 million) attributable to the shareholders of Semperit AG Holding.

Debt is higher to EUR 475.9 million compared with EUR 438.4 million at the end of 2018 – an increase of EUR 37.5 million, primarily from the recognition of leasing liabilities as a result of the first-time application of IFRS 16 and the increase in trade payables.

Financial liabilities (including primarily liabilities from the Schuldschein loan and to banks) stood at EUR 233.8 million at 30 June 2019 after EUR 234.2 million at the end of 2018. Taking into consideration cash and cash equivalents of EUR 154.9 million (year-end 2018: EUR 121.5 million), this resulted in an overall net debt of EUR 78.8 million as of 30 June 2019 (net debt at the end of 2018: EUR 112.7 million). The net debt/EBITDA ratio (net debt in relation to EBITDA) as of 30 June 2019 is therefore 1.39 (year-end 2018: 2.43).

The liabilities from redeemable non-controlling interests increased to EUR 16.0 million (2018: EUR 13.4 million). Provisions including social capital amounted to EUR 67.4 million and were therefore higher than EUR 69.3 million at the end of 2018. Trades payable rose to EUR 83.3 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 75.4 million after EUR 53.7 million.

Cash flow

The gross cash flow in the first half of 2019 amounted to EUR 31.5 million after EUR 22.4 million in the first half 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 59.4 million in the first half of 2019 (first half of 2018: EUR –1.5 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 –19.6 million in the first half of 2019 and therefore lower than in the previous year (EUR –41.7 million), which was primarily due to reduced investment activities.

At EUR –6.9 million, the cash flow from financing activities in the first half of 2019 was below the value of the first half of 2018 at EUR 78.9 million. The amount in the first half 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.

Investments

At EUR 21.4 million, cash-relevant investments in tangible and intangible assets were lower than in the previous year (EUR 42.1 million). Investments focused on expansion and improvement at the plants in Malaysia (EUR 7.4 million), the Czech Republic (EUR 4.9 million) and Poland (EUR 4.2 million). These were predominantly expansion investments.

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: Semperform increased their revenues, while Semperflex and Sempertrans recorded slight declines. In total, the sector's revenue decreased by 0.7% from EUR 291.4 million to EUR 289.5 million in the first half of 2019.

Due to the positive development in the segments, overall profitability in the Industrial Sector increased. EBITDA rose by 39.0% to EUR 52.7 million and EBIT by 74.7% to EUR 39.5 million. The EBITDA margin improved from 13.0% to 18.2% and the EBIT margin from 7.8% to 13.6%. Primarily the initiatives from the restructuring and transformation programme 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	H1 2019	Change	H1 2018	Q2 2019	Change	Q2 2018	2018
Revenue	289.5	–0.7%	291.4	148.0	–1.7%	150.5	567.0
EBITDA	52.7	+39.0%	37.9	28.2	+47.2%	19.1	71.3
EBITDA margin	18.2%	+5.2 PP	13.0%	19.0%	+6.3 PP	12.7%	12.6%
EBIT	39.5	+74.7%	22.6	21.1	>100%	9.5	44.6
EBIT margin	13.6%	+5.8 PP	7.8%	14.3%	+8.0 PP	6.3%	7.9%
Earnings after tax	21.4	–36.1%	33.5	3.4	–78,1%	15.5	67.0
Investments in tangible and intangible assets	3,691	–1.5%	3,745	3,691	–1.5%	3,745	3,654

Semperflex segment

In the first half of 2019, revenue in the Semperflex segment decreased by –0.6% compared with the previous year. The EBITDA margin for the first half of 2019 was 23.5% (first half of 2018: 23.6%), while the EBIT margin was 18.7% (first half of 2018: 19.3%).

The first half of the year was characterised by lower market demand due to storage within the supply chain and uncertainty relating to future market development. The order situation dropped compared with the previous period. This is also reflected in a decline in incoming orders.

In the first half of 2019, revenue and profitability were at a similar level as in the first half of 2018.

Sempertrans segment

In the first half of 2019, revenue declined by 4.8% compared with the previous year due to decreasing volumes. A significant improvement of profitability was recorded, primarily due to an improved order quality.

Due to the restructuring and transformation programme, the successful turnaround of the Sempertrans segment continues. The expansion project at the site in Bełchatów, Poland, was successfully completed in June 2019. With 5 mixing lines and a capacity of 75,000 tonnes per year, the Polish site in Bełchatów is the largest mixing site within the Semperit Group.

Profitability continued to increase: in the first half of 2019, the EBITDA margin amounted to 11.9% (adjusted value of 1.8% in the first half of 2018), while the EBIT margin was 8.2% in the first half of 2019 (adjusted value of –0.7% in the first half of 2018). The reported figures for the first half 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 of 2.2% – 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 half of 2019 with the previous year, an increase in revenue (+2.2%), EBITDA (+36.1%) and EBIT (+50.4%) was recorded. Profitability also rose: the EBITDA margin was 16.0% (first half of 2018: 12.1%), while the EBIT margin was 11.3% (first half of 2018: 7.7%). Good operational implementation of the restructuring and transformation process provided encouraging profitability results. The first half of 2019 brought a good order situation and capacity utilisation.

Key figures Semperflex

in EUR million	H1 2019	Change	H1 2018	Q2 2019	Change	Q2 2018	2018
Revenue	120.9	–0.6%	121.5	59.7	–4.9%	62.8	230.0
EBITDA	28.4	–0.8%	28.7	14.5	–2.7%	14.9	48.9
EBITDA margin	23.5%	–0.1 PP	23.6%	24.3%	+0.5 PP	23.8%	21.3%
EBIT	22.6	–3.6%	23.4	11.5	–7.0%	12.3	38.4
EBIT margin	18.7%	–0.6 PP	19.3%	19.2%	–0.5 PP	19.7%	16.7%
Investments in tangible and intangible assets	6.6	–61.6%	17.1	1.4	–84.9%	9.2	33.5
Employees (at balance sheet date)	1,777	–0.6%	1,788	1,777	–0.6%	1,788	1,776

Key figures Sempertrans

in EUR million	H1 2019	Change	H1 2018[1)]	Q2 2019	Change	Q2 2018[2)]	2018
Revenue	68.2	–4.8%	71.7	37.8	+2.2%	37.0	144.8
EBITDA	8.1	–	–2.6	5.4	–	–3.1	0.5
EBITDA margin	11.9%	+15.5 PP	–3.6%	14.2%	+22.5 PP	–8.3%	0.4%
EBIT	5.6	–	–8.3	3.8	–	–7.9	–7.1
EBIT margin	8.2%	+19.8 PP	–11.6%	10.0%	+31.4 PP	–21.4%	–4.9%
Investments in tangible and intangible assets	1.6	–86.2%	11.6	0.3	–	4.2	21.6
Employees (at balance sheet date)	898	–4.4%	940	898	–4.4%	940	878

[1)] EBITDA adjusted for negative effects of shutdown costs for China for the first half of 2018 amounted to EUR 1.3 million, while the adjusted EBIT was EUR –0.5 million.
[2)] EBITDA adjusted for negative effects of shutdown costs for China for the second quarter of 2018 amounted to EUR 0.8 million, while the adjusted EBIT was EUR –0.1 million.

Key figures Semperform

in EUR million	H1 2019	Change	H1 2018	Q2 2019	Change	Q2 2018	2018

Revenue	100.4	+2.2%	98.2	50.5	–0.5%	50.7	192.2
EBITDA	16.1	+36.1%	11.8	8.3	+13.2%	7.3	21.9
EBITDA margin	16.0%	+3.9 PP	12.1%	16.4%	+2.0 PP	14.4%	11.4%
EBIT	11.3	+50.4%	7.5	5.9	+14.4%	5.1	13.2
EBIT margin	11.3%	+3.6 PP	7.7%	11.6%	+1.5 PP	10.1%	6.9%
Investments in tangible and intangible assets	4.3	–11.6%	4.9	1.7	+19.6%	2.1	11.9
Employees (at balance sheet date)	1,016	–0.2%	1,018	1,016	–0.2%	1,018	1,000

Medical Sector: Sempermed segment

In the Sempermed segment, revenue decreased by 5.9% to EUR 147.8 million in the first half of 2019 compared with the previous year. Coping with operational problems led to visible improvements from the perspective of the isolated second quarter of 2019.

Sales of examination and protective gloves, which are primarily sold in North America and Europe, were 10.6% below the previous year's period. Sales of surgical gloves, which are produced in the core production facility in Wimpassing, Austria, were 0.4% below the previous year's level.

In the first half of 2019, EBITDA was EUR –0.3 million after EUR 0.1 million in the first half of 2018. EBIT amounted to EUR –4.2 million after EUR –7.3 million (adjusted value) in the first half of 2018. On the EBITDA level, Sempermed is returning to profitability (positive EBITDA since March 2019).

Key figures Sempermed

in EUR million	H1 2019	Change	H1 2018[1)]	Q2 2019	Change	Q2 2018[2]	2018
Revenue	147.8	–5.9%	157.1	76.4	–0.9%	77.1	311.5
EBITDA	–0.3	–	0.1	0.6	–	–1.3	–3.9
EBITDA margin	–0.2%	–0.3 PP	0.1%	0.8%	+2.5 PP	–1.7%	–1.3%
EBIT	–4.2	–93.2%	–62.5	–1.4	–97.6%	–60.3	–69.6
EBIT margin	–2.9%	+36.9 PP	–39.8%	–1.9%	+76.3 PP	–78.2%	–22.3%
Investments in tangible and intangible assets	3.2	–60.7%	8.0	1.8	+12,5%	1.6	12.7
Employees (at balance sheet date)	3,319	+10.4%	3,008	3,319	+10.4%	3,008	2,979

[1)] EBIT adjusted for the negative effects of the impairment of EUR 55.2 million for the first half of 2018 amounted to EUR –7.3 million.
[2)] EBIT adjusted for the negative effects of the impairment of EUR 55.2 million for the second quarter of 2018 amounted to EUR –5.1 million.

Employees

As of 30 June 2019, the number of employees was 7,147, which is 4.0% above the level of 30 June 2018. The employee headcount decreased in all segments except Sempermed. 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 Edelmann, 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 Edelmann 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 systematically continue the chosen transformation process. Continuous and potentially new measures to increase profitability remain at the top of the Management Board's agenda.

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 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 the positive free cash flow representing a sustainable key performance indicator in our financial planning.

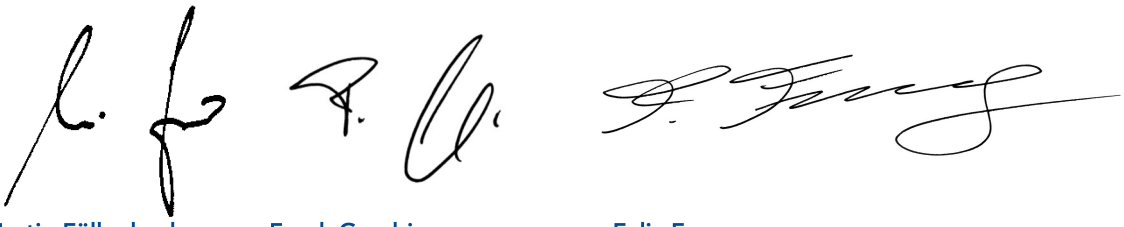
Since the beginning of the restructuring and transformation process, the Management Board has identified significant potentials for earnings improvement and initiated appropriate implementation measures. The conclusion of the transformation of the Semperit Group is scheduled for the end of 2020. From 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 13 August 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.

Vienna, 13 August 2019

The Management Board



Martin Füllenbach
Chairman

Frank Gumbinger
Chief Financial Officer

Felix Fremerey
Member of the Management Board

Half-Year Consolidated Financial Statements

Consolidated income statement

in EUR thousand	Note	H1 2019	H1 2018 [1]	Q2 2019	Q2 2018 [1]
Revenue	2.2	437,305	448,542	224,367	227,633
Changes in inventories		1,402	4,246	1,057	–362
Own work capitalised		1,091	1,726	456	981
Operating revenue		439,797	454,513	225,880	228,252
Other operating income	2.3	4,436	2,006	1,536	1,076
Cost of material and purchased services		–249,985	–268,663	–127,356	–134,815
Personnel expenses	2.4	–100,785	–98,361	–50,930	–50,619
Other operating expenses	2.5	–54,496	–60,886	–26,593	–30,930
Share of profits from associated companies		178	276	128	163
Earnings before interest, tax, depreciation and amortisation (EBITDA)		39,146	28,886	22,665	13,127
Depreciation and amortisation of tangible and intangible assets		–17,357	–19,368	–8,714	–9,791
Impairment of tangible and intangible assets	3.4	–884	–59,339	–884	–59,148
Earnings before interest and tax (EBIT)		20,905	–49,821	13,067	–55,812
Finance income		428	325	183	166
Finance expenses		–4,333	–4,555	–1,964	–2,407
Profit / loss attributable to redeemable non-controlling interests		–2,368	–1,518	–1,112	–266
Other financial result		–293	–877	–2,385	1,541
Financial result	2.6	–6,566	–6,624	–5,277	–966
Earnings before tax		14,338	–56,446	7,790	–56,778
Income taxes		–8,524	–10,954	–5,195	–7,981
Earnings after tax		5,815	–67,400	2,594	–64,760
thereof attributable to the shareholders of Semperit AG Holding – from ordinary shares		2,294	–68,459	815	–65,664
thereof attributable to the shareholders of Semperit AG Holding – from hybrid capital		3,450	1,839	1,744	1,725
thereof attributable to non-controlling interests		70	–779	35	–821
Earnings per share in EUR (diluted and undiluted) [2]		0.28	–3.33	0.13	–3.19

[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	H1 2019	H1 2018	Q2 2019	Q2 2018
Earnings after tax	5,815	–67,400	2,594	–64,760
Other comprehensive income that will not be recognised through profit and loss in future periods	96	–44	48	–33
Remeasurements of defined benefit plans	0	–5	0	1
thereof Revaluation gains / losses for the period	0	–5	0	1
thereof related to income tax	96	–40	48	–33
Other comprehensive income that will potentially be recognised through profit and loss in future periods	2,928	1,448	236	–243
Cashflow hedges	445	1,993	–318	2,011
thereof Revaluation gains / losses for the period	585	2,016	–248	2,037
thereof Reclassification to profit / loss for the period	–139	–23	–69	–27
Currency translation differences	2,545	–18	380	–1,708
thereof currency translation differences for the period	2,545	–18	380	–1,708
thereof related to income tax	–62	–528	173	–545
Other comprehensive income	3,024	1,403	284	–275
Comprehensive income	8,839	–65,997	2,878	–65,035
thereof on earnings attributable to the shareholders of Semperit AG Holding – from ordinary shares	5,237	–67,094	1,098	–65,955
thereof attributable to the shareholders of Semperit AG Holding – from hybrid capital	3,450	1,839	1,744	1,725
thereof on earnings attributable to non-controlling interests	152	–741	35	–806

Consolidated cash ßow statement

in EUR thousand	Note	H1 2019	H1 2018 [1)]
Earnings before tax		14,338	–56,446
Depreciation, amortisation, impairment and write-ups of tangible and intangible assets		18,241	78,707
ProÞt / loss from disposal of assets (including current and non-current Þnancial assets)		–1,240	13
Change in non-current provisions		960	–1,254
Share of proÞts from associated companies		–178	–276
ProÞt / loss attributable to redeemable non-controlling interests		2,368	1,518
Net interest income (including income from securities)		3,537	3,309
Taxes paid on income		–4,134	–3,205
Other non-cash expense / income		–2,357	82
Gross cashßow		31,535	22,448
Change in inventories		5,407	–5,870
Change in trade receivables		–10,792	–27,611
Change in other receivables and assets		6,956	1,134
Change in trade payables		24,269	1,508
Change in other liabilities and current provisions		2,062	3,795
Changes in working capital resulting from currency translation adjustments		0	3,071
Cashßow from operat ing activities		59,438	–1,525
Proceeds from sale of tangible and intangible assets		1,361	119
Investments in tangible and intangible assets	3.1	–21,408	–42,125
Interest received		415	302
Investments in current and non-current Þnancial assets		0	0
Cashßow from investing activities		–19,633	–41,704
Cash receipts from current and non-current Þnancial liabilities		0	825
Repayment of current and non-current Þnancial liabilities		–3,008	–50,056
Payments arising from leasing liabilities		–1,183	0
Dividends to non-controlling shareholders of subsidiaries		–407	0
Acquisition of non-controlling interests	5.2	–2	–5
Cash receipts from hybrid capital		0	130.000
Interest paid		–2,308	–1,855
Cashßow from Þnancing activities		–6,909	78,909
Net increase / decrease in cash and cash equivalents		32,896	35,678
Currency translation differences		505	–105
Cash and cash equivalents at the beginning of the period		121,549	165,530
Cash and cash equivalents at the end of the period		154,950	201,103

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

Consolidated balance sheet

in EUR thousand	Note	30.06.2019	31.12.2018
ASSETS			
Non-current assets			
Intangible assets		9,332	11,935
Tangible assets	1.2, 3.1	345,236	335,363
Investments in joint ventures and associated companies	3.2	2,841	2,653
Other Þnancial assets		7,967	7,653
Other assets		4,509	6,946
Deferred taxes		3,495	4,364
		373,379	368,914
Current assets			
Inventories		147,085	150,425
Trade receivables		114,115	101,645
Other Þnancial assets	3.3	5,940	7,702
Other assets		11,953	14,017
Current tax receivables		3,100	4,555
Cash and cash equivalents		154,950	121,549
		437,144	399,893
Non-current assets held for sale	3.4	4,590	0
		441,734	399,893
ASSETS		815,114	768,807
EQUITY AND LIABILITIES			
Equity	5.0		
Share capital		21,359	21,359
Capital reserves		21,503	21,503
Hybrid capital		130.000	130.000
Revenue reserves		170,362	164,630
Currency translation reserve		–5,537	–7,999
Equity attributable to the shareholders of Semperit AG Holding		337,687	329,494
Non-controlling interests		1,548	904
		339,235	330,398
Non-current provisions and liabilities			
Provisions		49,348	48,173
Liabilities from redeemable non-controlling interests		16,006	13,376
Financial liabilities	4.1	211,095	213,301
Other Þnancial liabilities	1.2, 4.2	9,823	2,017
Other liabilities		247	561
Deferred taxes		8,321	7,120
		294,840	284,548
Current provisions and liabilities			
Provisions		18,077	21,151
Financial liabilities		22,674	20,933
Trade payables		83,291	67,746
Other Þnancial liabilities	1.2	19,439	19,935
Other liabilities		33,987	21,478
Current tax liabilities		3,572	2,619
		181,039	153,861
EQUITY AND LIABILITIES		815,114	768,807

Consolidated statement of the changes in equity

in EUR thousand	Note	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	–66,620	0	–66,620	–779	–67,400
Other comprehensive income		0	0	0	1,421	–56	1,365	38	1,403
Comprehensive income		0	0	0	–65,199	–56	–65,255	–741	–65,997
Acquisition of non-controlling interests		0	0	0	0	0	0	–5	–5
Raise of hybrid capital		0	0	130,000	0	0	130,000	0	130,000
As at 30.06.2018		21,359	21,503	130,000	179,687	–8,876	343,673	1,038	344,711
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	5,745	0	5,745	70	5,815
Other comprehensive income		0	0	0	480	2,463	2,942	82	3,024
Comprehensive income		0	0	0	6,224	2,463	8,687	152	8,839
Acquisition of non-controlling interests		0	0	0	–493	0	–493	491	–2
As at 30.06.2019		21,359	21,503	130,000	170,362	–5,537	337,688	1,548	339,235

Notes to the half-year financial statements

1. General

1.1. Preparation and presentation of the consolidated half-year Þnancial statements

These consolidated half-year Þnancial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as well as IAS 34 for interim Þnancial statements.

For more information on accounting and valuation methods of the Semperit Group, please see the consolidated Þnancial statements at 31 December 2018, which in this regard form the basis for these consolidated half-year Þnancial statements.

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

These consolidated half-year Þnancial statements of the Semperit Group at 30 June 2019 have not been fully audited or reviewed by the Group's auditor.

The Semperit Group prepared these consolidated half-year Þnancial 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 Þnancial statements at 31 December 2018.

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

The following amended standards and interpretations were applicable for the Þrst time in the Þrst half of 2019.

First-time adoption of standards and interpretations		Endosement	Obligation to apply for the Semperit Group	Signiþcant effects on the Semperit Group:
New standards and interpretations				
IFRS 16	Leases	31 October 2017	1 January 2019	yes
IFRIC 23	Uncertainty regarding income tax treatment	23 October 2018	1 January 2019	no
Amended standards				
IFRS 9	Amendments to Þnancial instruments	22 March 2018	1 January 2019	no
IAS 19	Amendments to employee beneÞts	13 March 2019	1 January 2019	no
IAS 28	Amendments to investments in associates and joint ventures	8 February 2019	1 January 2019	no
Miscellaneous	Annual improvments to IFRS, cycle 2015-2017	14 March 2019	1 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 contacts. The new standard no longer distinguishes on the lessee side between operating and Þnance leases. With a few exceptions, all leases and the rights and obligations associated with them will have to be recognised in the lessee's balance sheet. From the lessor's perspective, the accounting standards in IFRS 16 remain widely unchanged when comparing them to IAS 17.

At the time of the deployment of the leasing object the Semperit Group shows a leasing liability as in its function as lessee and an asset arising from the right of use. The leasing liability is interest-bearing and is repaid on an annuity basis by reoccurring payments; the right of use asset is depreciated over the shorter time of useful live and contract term. This leads to an increase in assets and liabilities, which also results in higher depreciations (H1 2019: EUR 1,111 thousand) and interest expenses (H1 2019: EUR 123 thousand); against it the rental and leasing expenses are reduced (H1 2019: EUR 1,179 thousand). Following EBITDA and EBIT are increased from the Þrst-time application

of IFRS 16. The operating cashßow is also improving, as rental and leasing payments are transformed to interest and settlement payments and these are allocated to the cash ßow from Þnancing activities.

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

The Semperit Group chose the modi Þed retrospective approach for the Þrst-time application as of 1 January 2019; which led to not amending the prior year Þgures. Furthermore, the Semperit Group applied IFRS 16 only for those contracts, that were previously classiÞed under IAS 17 or classiÞed under IFRIC 4. Contracts, that were not identi Þed as leasing contracts before, where therefore not remeasured during the Þrst-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 leas ing 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 le asing liabilities for those ty pe of contracts; leasing payments arising from these contracts are distribute d linearly over the duration of the contract as rental expenses.

The right to account leasing contracts, that ha ve a duration of less than 12 months from the Þrst-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 Þxed 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 Þst-time application.

For leasing contracts that were recognised for the Þrst time as of 1 January 2019, a weighted average marginal borrowing rate of 2.64% was applied.

The effects on the consolidated balance sheet as of 1 January 2019 arising from the Þrst-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 Þnance 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, oPce equipment	0	2,023	2,023
Current assets			
Other assets	14,017	–33	13,984
Right of use asset from the Þrst-time adopion of IFRS 16		9,303	
Non-current provisions and liabilities			
Other Þnancial liabilities	2,017	7,555	9,572
Current provisions and liabilities			
Other Þnancial liabilities	19,935	1,748	21,683
Liabilites from the Þrst-time adoption of IFRS 16		9,303	

The following table shows the reconciliation of the minimum lease payments as of 31 December 2018 to the lease liabilities as of 1 January 2019:

in EUR thousand	
Commitments for less than one year	2,776
Commitments for longer than one year and up to Þve years	5,685
Commitments for longer than Þve years	655
Total commitments arising from non-redeemable rental agreements and leases as of 31.12.2018	9,116
Commitments from adequate certain extension or termination options	2,091
Commitments arising from short-term leases	–605
Commitments arising from low-value assets	–57
Total commitments for the determination of the lease liability	10,545
Effect of discounting at the marginal borrowing rates	–1,241
Liabilities from the Þrst-time adoption IFRS 16	9,303
Liabilities from Þnance leases as of 31.12.2018	70
Liabilities from leases as of 1.1.2019	9,374

As of 30 June 2019, right of use assets are disclosed in the Þxed assets with EUR 10,376 thousand as well as leasing liabilities in the short- and long-term Þnancial liabilities amounting to EUR 10,415 thousand.

1.3. Amentdments to comparative information

Amendments to how information is presented in the consolidated income statement
During the revision of the group chart of acco unts, the disclosure of some expense types was harmonised from the Þrst quarter 2019 onwards.

Since the Þnancial year 2019 expenses arising from the use of external personnel, which are seen as employees of the entity from an economic st andpoint, are shown in the personnel expenses. Further, expenses arising from the use of producti on-related spare parts are to be found in the material expenses and expenses relating to maint enance services which are conducted externally are disclosed in the expenses for purchased services.

The comparative Þgures for the Þrst half of 2018 were therefore adjusted and are shown in the following table:

in EUR thousand	H1 2018 as reported	Personnel expenses for external workers	Expenses for spare parts	Production-related maintenance costs	H1 2018 adjusted
Operating revenue	454,513	0	0	0	454,513
Other operating income	2,006	–	–	–	2,006
Cost of material and purchased services	–262,130	1,469	–1,910	–6,092	–268,663
Personnel expenses	–91,584	–6,777	–	–	–98,361
Other operating expenses	–74,196	5,308	1,910	6,092	–60,886
Share of proÞts from associated companies	276	–	–	–	276
Earnings before interest, tax, depreciation and amortisation (EBITDA)	28,886	0	0	0	28,886

Amendments to comparative information in the financial result
Following the Semperit Group's modi Þcation of its consolidated Þnancial statements in 2018, a more suitable type of disclosure was chosen for the Þnancial result. Therefore, the comparative information for the Þrst half year of 2018 was amended.

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

in EUR thousand	H1 2018 as reported	Net foreign exchange result	Other adjustments	H1 2018 adjusted
Finance income (formerly: Þnancial income)	18,663	–18,338	–	325
Finance expenses (formerly: Þnancial expenses)	–23,770	18,374	841	–4,555
ProÞt / loss attributable to redeemable non-controlling interests	–1,518	–	–	–1,518
Other Þnancial result	–	–36	–841	–877
thereof net foreign exchange result	–	–415	–	–415
thereof net result from the valuation categories FVPL and FV – Hedging Instrument	–	379	13	392
thereof other	–	–	–854	–854
Financial result	–6,624	0	0	–6,624

Amendment to comparative information in the consolidated cashflow statement

Following the Semperit Group's modi Þcation of its consolidated Þnancial statements in 2018 a method was chosen for presenting the consolidated cash ßow statement which enables a more consistent deduction of the free cash ßow; therefore, the comparative Þgures were adjusted.

Due to system improvements the valuation effects of trade working capital items are presented as other non-cash expenses or income. Further the changes of net current assets arising from currency translation adjustments were now allocated to the in dividual items. 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	Group eliminations	Group
H1 2019							
Revenue	147,844	120,856	68,231	100,374	–	–	437,305
EBITDA	–289	28,439	8,134	16,108	–13,391	145	39,146
EBIT	–4,236	22,588	5,596	11,302	–14,490	145	20,905
Cash and cash equivalents	25,027	20,927	21,921	11,008	76,068	–	154,950
Trade Working Capital	59,600	56,447	32,420	33,098	–3,655	–	177,909
Additions to tangible and intangible assets [1]	3,159	6,567	1,597	4,293	164	–	15,779
H1 2018							
Revenue	157,112	121,543	71,693	98,194	–	–	448,542
EBITDA	98	28,662	–2,608	11,836	–8,698	–404	28,886
EBIT	–62,462	23,431	–8,340	7,517	–9,563	–404	–49,821
Cash and cash equivalents	37,434	25,561	25,394	14,813	97,901	–	201,103
Trade Working Capital	66,505	55,136	34,080	40,083	–4,802	–	191,003
Additions to tangible and intangible assets [1]	8,034	17,114	11,557	4,856	564	–	42,125

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
H1 2019					
Western Europe	79,054	70,973	19,179	72,920	242,127
Eastern Europe	17,755	24,654	16,688	11,933	71,030
North America	29,795	12,621	3,465	5,053	50,935
Central and South America	3,855	1,239	2,324	634	8,053
Africa	1,196	475	2,108	153	3,932
Asia	14,849	10,805	23,452	9,620	58,726
Australia	1,340	87	1,013	61	2,502
Revenue	147,844	120,855	68,231	100,375	437,305
H1 2018					
Western Europe	80,047	73,125	23,493	71,188	247,853
Eastern Europe	19,056	25,275	12,372	12,568	69,272
North America	33,474	10,729	7,177	4,306	55,685
Central and South America	5,441	787	3,789	640	10,657
Africa	734	1,573	4,887	96	7,289
Asia	16,779	9,521	10,083	9,375	45,757
Australia	1,581	533	9,892	21	12,028
Revenue	157,112	121,543	71,693	98,194	448,542

2.3. Other operating income

In the other operating income, an income in the amount of EUR 1,265 thousand is included arising from the sale of technical equipment and machines from the production site Sempertrans Best (ShanDong) Belting Co. Ltd., that was closed last year.

2.4. Personnel expenses

in EUR thousand	H1 2019	H1 2018
Wages	39,422	40,050
Salaries	41,360	38,682
Severance payments	728	1,675
Retirement benefit expenses	768	483
Statutory social security expenses and other compulsory wage-related payments	16,458	15,348
Other social security expenses	2,048	2,124
Total	100,785	98,361

2.5. Other operating expenses

in EUR thousand	H1 2019	H1 2018
Outgoing freight	16,010	15,944
Legal, consulting and auditing fees	10,168	12,592
Travel expenses	3,499	3,625
Maintenance and services	3,402	4,890
Commission and advertising costs	2,758	3,225
Insurance premiums	2,049	2,428
Other taxes	1,795	2,452
Rental and leasing expenses	1,289	2,900
Energy costs not for production	1,133	614
Waste disposal	899	966
Fees, subscriptions and donations	681	511
Training and education expenditures	650	553
OfÞce equipment	614	567
Communications	585	589
Bank expenses	361	283
Other	8,601	8,745
Total	54,496	60,886

2.6. Financial result

in EUR thousand	H1 2019	H1 2018
Finance income		
Interest and related income	428	325
	428	326
Finance expenses		
Interest expense	–4,333	–4,555
	–4,333	–4,555
Other Þnancial result		
Net foreign exchange result	–869	–415
Net result from the valuation categories FVPL and FV – Hedging Instrument	273	392
Other	303	–854
	–293	–877
ProÞt / loss attributable to redeemable non-controlling interests	–2,368	–1,518
Financial result	–6,566	–6,624

3. Non-current assets

3.1. Tangible and intangible assets

In the first half of 2019 the cash-relevant investments in tangible and intangible assets amounted to EUR 21,408 thousand (H1 2018: EUR 42,125 thousand). On the other hand, in the first half of 2019 tangible assets with a carrying value of EUR 121 thousand (H1 2018: EUR 131 thousand) were sold. These sales lead to a cash inflow of EUR 1,361 thousand in the first half 2019 (H1 2018: EUR 13 thousand).

In the first half of 2019 tangible assets were classified as assets available for sale (see 3.4.).

3.2. Investments in associated companies

As of 30 June 2019 the carrying amount of the shares of Synergy Health Allershausen amounted to EUR 2,831 thousand (30 June 2018: EUR 2,653 thousand).

3.3. Disclosures on financial instruments – non-current and current assets

The following table shows the carrying amounts of the individual financial assets classified in accordance with the valuation categories under IFRS 9.

Asset

in EUR thousand	Valuation category IFRS 9 [1)]	Level	Carrying amount 30.06.2019	Carrying amount 31.12.2018
Trade receivables				
Trade receivables	AC	–	114,115	101,645
Other financial assets				
Securities	FVPL	1	6,527	6,188
Loans to associated companies	AC	–	563	563
Other loans	AC	–	6	6
Derivative financial instruments	FVPL	2	4,674	4,211
Derivative financial instruments	FV – Hedging Instrument	2	191	263
Other financial assets	AC	–	1,953	4,129
Cash and cash equivalents				
Cash on hand, cheques and cash deposits in banks	–	–	154,950	121,549

[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 inputs that are observable on the market

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

Assets and liabilities not measured at fair value

The Þnancial instruments measured at fair value are securities and derivative Þnancial instruments.

in EUR thousand	Valuation category IFRS 9 [1)]	Fair Value 30.06.2019	Fair Value 31.12.2018	Level
Assets				
Securities	FVPL	6,717	6,188	1
Derivative Þnancial instruments	FVPL	4,674	4,211	2
Derivative Þnancial instruments	FV – Hedging Instrument	191	263	2

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

The derivative Þnancial instruments (freestanding Þnancial instruments) are foreign exchange forward contracts and a cross currency swap. The derivative Þnancial instruments held for hedging are cross currency swaps, which in turn are backed by interest rate ßoors.

The fair values of the foreign exchange forward contracts and cross currency swaps are determined using accepted actuaria l valuation models. Future payment ßows are simulated using the yield curves published at the reporting date. In addi tion, 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.

3.4. Assets held for sale

In 2018 a production facility for conveyor belts of the Semperit Group was closed in Taierzhuang (China). The liquidation of the company, Sempertra ns Best (ShanDong) Belting Co. Ltd., will be executed by a liquidation committee built up of representatives of Semperit and of the 16.1% minority shareholder, Shandong Wang Chao Coal & Electricity Group. Ltd; the government of the district will take care of the lawfull proceedings. In the Þrst quarter of 2019 machines and technical equipment could be sold successfully (see 2.3). After the sale, the properti es and buildings of the former production facility were in an usual ready to sale condition. As a consequence, as of 30 June 2019 these assets were classiÞed as assets available for sale. The impairment test related to the reclassiÞcation resulted in an impairment in the amount of EUR 855 thousand which was reported in the EBIT of the segment Sempertrans. Due to the ßagging economic development the sales process will be challenging. Nevertheless, the mana gement of the Semperit Group is optimistic to realize the sale within the next 12 months.

4. Net debt

4.1. Financial liabilities

in EUR thousand	30.06.2019	Thereof non-current	Thereof current	31.12.2018	Thereof non-current	Thereof current
Corporate Schuldschein loan	226,091	209,960	16,131	226,492	212,106	14,386
Liabilities to banks	7,679	1,135	6,543	7,742	1,195	6,547
Total	233,769	211,095	22,674	234,233	213,301	20,933

In the Þrst half of 2019 a rebuy of the corporate Schuldschein loan with a nominal value of EUR 3,000 thousand took place for EUR 2,910 thousand.

4.2. Disclosure on Þnancial instruments – liabilities

in EUR thousand	Valuation category IFRS 9 [1)]	Level	Note	Carrying amount 30.06.2019	Carrying amount 31.12.2018
Liabilities from redeemable non-controlling interests	AC	–		16,144	13,376
Corporate Schuldschein loan	AC	3	4.1	226,091	226,492
Liabilities to banks	AC	–		7,679	7,742
Trade payables	AC	–		83,291	67,746
Derivative Þnancial liabilities	FVPL	2		51	241
Derivative Þnancial liabilities	FV – Hedging Instrument	2		862	1,486
Liabilities from leases	AC	–	1.2	10,415	70
Remaining other Þnancial liabilities	AC	–		17,933	20,155

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

Liabilities measured at fair value

The Þnancial instruments measured at fair value are derivative Þnancial instruments.

in EUR thousand	Valuation category IFRS 9 [1)]	Fair Value 30.06.2019	Fair Value 31.12.2018	Level
Liabilities				
Derivative Þnancial liabilities	FVPL	51	241	2
Derivative Þnancial liabilities	FV – Hedging Instrument	862	1,486	2

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

The Þnancial instruments measured at fair value are derivative Þnancial instruments. The derivative Þnancial instruments (freestanding Þnancial instruments) comprise an interest rate ßoor. The derivative Þnancial instruments held for hedging are cross curren cy swaps, which in turn are backed by interest rate ßoors.

The fair values of the cross currency swaps and the interest rate ßoor are determined using accepted actuarial valuation models. Future payment ßows are simulated using the yield curves published at the reporting date and negative expo sures are measured considering the Group's own default risk.

Liabilities not measured at fair value

The fair values correspond to the carrying amounts for all Þnancial assets and liabilities, with the exception of those stated below and the liabilitie s from redeemable non-controlling interests. Actuarial valuation methods are used to determine the fair value of Þnancial instruments for which no active market is available. The parameters relevant to valuation for determining fair value are based in part on forward-looking assumptions.

in EUR thousand	Valuation category IFRS 9[1)]	Fair Value 30.06.2019	Fair Value 31.12.2018	Level
Liabilities				
Corporate Schuldschein loan	AC	233,584	229,877	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 comp arable interest rates 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 information on the valuation of liabilities fr om redeemable non-controlling interests, please refer to the explanations in the consolidated Þnancial statements at 31 December 2018.

5. Equity

5.1. Dividends

For the year 2018 no dividend payment was made in the Þrst half of 2019. In 2018 also no dividend payment was made.

5.2. Non-controlling interests

Further stakes in Latexx Partners Berhad (0.01%, H1 2018: 0.004%) were acquired during the Þrst half of 2019 in the amount of EUR 2 thousand (H1 201 8: EUR 5 thousand). As of 30 June 2019 Semperit holds 98.86% of the shares after 98.85% as of 31 December 2018.

6. Other

6.1. Related-party transactions with companies and individuals

Outstanding balances and transactions between Sem perit AG Holding and its subsidiaries were eliminated in the course of consolidat ion and are not further discussed here.

B & C Semperit Holding GmbH is the direct majori ty shareholder of Semperit AG Holding, and the private foundation B & C Privat stiftung is the dominant legal entity. B & C Holding Österreich

GmbH is the indirect majority shareholder that draws up and publishes consolidated financial statements which include the Semperit Group. According to IAS 24, B & C Privatstiftung and all its subsidiaries, joint ventures and associates 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

Business relations with related companies in the first half of 2019 are as follows:

The Group recorded expenses amounting to EUR 256 thousand with unit-it GmbH in the first half of 2019 (H1 2018: EUR 346 thousand). These expenses relate to the maintenance of SAP licences and were conducted at arm's length conditions. There are no liabilities at 30 June 2018 (31 December 2018: EUR 0 thousand) towards unit-it GmbH.

Expenses amounting to EUR 44 thousand were recorded with Grohs Hofer Rechtsanwälte GmbH & Co KG in the first half of 2019 (H1 2018: EUR 17 thousand). These expenses relate to consulting services and were conducted at arm's length conditions. There are no liabilities at 30 June 2019 (31 December 2018: EUR 3 thousand) towards Grohs Hofer Rechtsanwälte GmbH & Co KG.

Expenses amounting to EUR 35 thousand were recorded with B & C Industrieholding GmbH in the first half of 2019 (H1 2018: EUR 29 thousand). These expenses relate to management and other services, and internal charging, and were conducted at arm's length conditions. There are no liabilities at 30 June 2019 (31 December 2018: EUR 39 thousand) towards B & C Industrieholding GmbH.

Expenses amounting to EUR 176 thousand were recorded with B & C Holding GmbH in the first half of 2019 (H1 2018: EUR 707 thousand). These expenses 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 (see 5.2). There are liabilities amounting to EUR 88 thousand at the reporting date of 30 June 2019 (31 December 2018: EUR 0 thousand) towards B & C Holding GmbH. As of 30 June 2018 the accrued and not paid interest coming from the hybrid capital amounted to EUR 8,778 thousand.

Transactions with the associate Synergy Health Allershausen GmbH mean that the following assets and liabilities existed at 30 June 2019 and 31 December 2018 and/or the following income and expenses were received and incurred in the first halves of 2019 and 2018:

in EUR thousand	H1 2019	H1 2018
Other operating expenses	48	70
Financial income	3	3

	30.06.2019	30.06.2018
Other financial assets	563	563
Trade payables	8	13

The remaining business relationships with other related parties are, where applicable, insignificant and are conducted on normal business terms and conditions.

6.2. Other commitments and risks

Legal disputes

The other provisions include a provision for transaction taxes in Brazil in respect of the assessment years 2008–2010 in the amount of EUR 7,453 thousand (31 December 2018: EUR 6,768 thousand). The duty (PIS/COFINS) is levied on the import and resale of goods in Brazil.

With regard to the import PIS/COFINS, there are in dications in the lengthy administrative instances that the decision may ultimately be positive. However, until a Þnal decision is reached, due to the legal uncertainties management continues to assume that the levy will be due until further notice. For the resale PIS/COFINS, a deposit was made in the Þnancial year 2017 after unsuccessful appeals in the administrative proceedings for the further handlin g of the case in the courts. The provision in the amount of EUR 3,427 thousand is accompanied by a corresponding demand from any reimbursement claims. Furthermore, provisions were formed for ex pected litigation costs in connection with the tax proceedings in Brazil in the amount of EUR 1,205 th ousand (31 December 2018: 1,250 thousand). For the assessment years 2011 and 2012, management is assuming that the period of limitation has expired.

6.3. Events after the repoting date

On the 12 February 2019 a Þre in the mixing department of Sempertrans India Pte. Ltd. destroyed production facilities as well as inventories which were stored there. The reimbursement from the property damage and business in terruption insurance presented a contingent asset as of 30 June 2019. The approval of the insured damage by t he insurance company happened during the time of the preparation of the Þnancial statements.

Vienna, 13 August 2019

The Management Board

Dr. Martin Füllenbach	Dipl.-Kfm. Frank Gumbinger	Dr.-Ing. Dipl.-Wirtsch.-Ing. Felix Fremerey
Chairman	Chief Financial OfÞcer	Member of the Board

Statement of all legal representatives

We conÞrm to the best of our kn owledge that the interim Þnancial statements give a true and fair view of the assets, liabilities, Þnancial position and proÞt or loss of the group as required by the applicable accounting standards an d that the group management report gives a true and fair view of important events that have occurred during the Þrst six months of the Þnancial year and their impact on the interim Þnancial statements, of the principal risk s and uncertainties for the remaining six months of the Þnancial year and of the major related party transactions to be disclosed.

Vienna, 13 August 2019

The Management Board

Dr. Martin Füllenbach	Dipl.-Kfm. Frank Gumbinger	Dr.-Ing. Dipl.-Wirtsch.-Ing. Felix Fremerey
Chairman	Chief Financial OfÞcer	Member of the Board