Press Release

Semperit with negative results in 2017 after start of profound restructuring

- Revenue of EUR 874.2 million, 2.6% above prior-year level
- Revenue increase is based on better sales development in the Semperflex and Semperform segments as well as price increases
- Earnings development was negatively impacted by increased raw material prices and overall positively influenced by one-off effects
- Adjusted EBIT (without one-off effects) at EUR -0.8 million

Vienna, Austria, 16th of March 2018 – In 2017, the business development of the publicly listed Semperit Group was influenced by globally stronger growth dynamics and favourable economic conditions. However, mostly increasing and very volatile raw material prices resulted in additional burdens. In addition to a stronger sales development in the Semperflex and Semperform segments, price increases overall contributed to an increase in revenue in 2017. At the same time, in-house measures for initiating a strategic transformation and improvement of the operational performance also resulted in higher expenses as well as negative one-off effects. These were caused among other things by impairments at Sempermed, expenses for the closure in France and the tax audit. The termination of the joint venture with Sri Trang resulted in positive one-off effects.

“We are extremely unsatisfied with the earnings development in the past financial year and see a drastic need for action,” says Martin Füllenbach, Chairman of the Management Board of Semperit AG Holding. “Therefore, we initiated restructuring measures at the beginning of 2018 that primarily aim at going back to adequate returns. These measures are already bearing fruit. The improvement potentials identified so far will be thoroughly exploited in the next quarters and years. Optimisation of the operational business processes will play an essential role, because here we have spotted positive effects in a medium double-digit million range. Furthermore, the path to a long-term sound, strong and profitable Semperit Group leads through a clear complexity reduction.”

In the financial year 2017, total revenue, at EUR 874.2 million, was 2.6% above the prior year’s level. Reported EBITDA (without consideration of one-off effects) was EUR 100.2 million, while EBIT was EUR 37.6 million. Earnings after tax amounted to EUR -26.3 million (after EUR -8.8 million) and earnings per share were EUR -1.25 (after EUR -0.43).

The positive one-off effects in the context of the joint venture transaction amounted to around EUR 85 million. This was up against negative one-off effects resulting from the introduced restructuring measures of slightly less than EUR 47 million. In consideration of the above-mentioned one-off effects, this results in an adjusted EBITDA of EUR 35.8 million after EUR 74.7 million. At EUR -0.8 million, the adjusted EBIT also showed a downward trend compared with the previous year (after EUR 41.1 million). The adjusted EBITDA margin stood at 4.1% (after 8.8%) and the adjusted EBIT margin at -0.1% (after 4.8%). The adjusted earnings after tax declined to EUR -43.3 million (after EUR 15.2 million) due to higher financial expenses and significantly increased tax expenses. The adjusted earnings per share decreased accordingly to EUR -2.11 (after EUR 0.74).

In 2017 Semperit invested a total of EUR 74.5 million in the expansion and modernisation of the production facilities. With an equity ratio of 32.6% at the balance sheet date

(31 December 2016: 31.8%), Semperit continued to have sound capital resources, which were secured by the agreement on a hybrid capital line with the core shareholder in December 2017. Cash and cash equivalents at EUR 165.5 million as of 31 December 2017 were below the prior year's level of EUR 190.2 million due to higher investments.

The Management Board will not propose a dividend for the financial year 2017 in light of the negative earnings after tax as well as the continuation of the restructuring and transformation process.

INDUSTRIAL SECTOR: DIFFERENTIATED DEVELOPMENT WITH HIGHER SALES

The Industrial Sector (Semperflex, Sempertrans and Semperform segments) developed in a differentiated way. The sales volumes (quantity sold) in the Semperflex and Semperform segments increased, while they declined in the Sempertrans segment. Revenue of the Sector increased by 6.0% to EUR 537.0 million. EBITDA, adjusted for the one-off effects of the restructuring/closure of the production site in France and the expenses relating to the tax audit for Austria (primarily energy tax rebate), decreased by 35.6% to EUR 57.6 million (after EUR 89.5 million). Adjusted EBIT was at EUR 37.1 million after EUR 70.0 million in the previous year (-47.0%).

MEDICAL SECTOR: COMPETITIVE MARKET ENVIRONMENT AND ONE-OFF EFFECTS

The development of the Medical Sector (Sempermed segment) was characterised by a competitive market environment. The decrease in revenues by 2.6% to EUR 337.1 million was marked by a declining sales development as well as price adjustments resulting from the volatile raw material prices. Earnings in the Sempermed segment were substantially affected by the termination of the joint venture for the glove production in Thailand in the first quarter of 2017, the development of raw material prices as well as the additional improvement and maintenance measures in Malaysia. Adjusted EBITDA decreased by 48.5% to EUR 1.8 million (after EUR 3.4 million), while adjusted EBIT was at EUR -12.1 million after EUR -10.1 million.

OUTLOOK 2018

In the course of 2018, the Management Board will decide step by step whether there will be changes in the portfolio of existing segments as well as further adaptations in the manufacturing footprint. Continuous and potentially new measures to increase profitability and to strengthen the balance sheet structure remain right at the top of the Management Board's agenda. Further significant one-off charges in addition to the measures already taken and still being analysed can therefore not be excluded in the coming quarters. Therefore, 2018 should be viewed as a transition year. Due to the above-mentioned developments, the outlook remains suspended for the coming quarters.

Semperit continues to focus on organic growth. In addition to the ongoing optimisation measures in the Sempermed segment, Semperit will start further implementation steps for Sempertrans and Semperform. In the Semperflex segment and in Mixing, acceleration of the profitable implementation of still necessary investment projects and the related organic growth course are paramount. Investments in the expansion of capacities will be continued. Total capital expenditures (CAPEX) of around EUR 80 million (2017: EUR 74.5 million) have been planned for 2018, around 60% of it for expansion investments.

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% as central key performance indicator.

The Annual Report 2017 is available at www.semperitgroup.com/en/ir.
The Sustainability Report 2017 is available at www.semperitgroup.com/en/sustainability.

Contact:
Monika Riedel
Director Group Communications & Sustainability
+43 676 8715 8620
monika.riedel@semperitgroup.com

Stefan Marin
Head of Investor Relations
+43 676 8715 8210
stefan.marin@semperitgroup.com

www.semperitgroup.com
www.facebook.com/SemperitAGHolding
https://twitter.com/semperitgroup

About Semperit
The publicly listed company Semperit AG Holding is an internationally-oriented group that develops, produces, and sells in more than 100 countries highly specialised rubber products for the medical and industrial sectors: examination and surgical gloves, hydraulic and industrial hoses, conveyor belts, escalator handrails, construction profiles, cable car rings, and products for railway superstructures. The headquarters of this long-standing Austrian company, which was founded in 1824, are located in Vienna. The Semperit Group employs around 6,800 people worldwide, including about 3,700 in Asia and more than 800 in Austria (Vienna and production site in Wimpassing, Lower Austria). The Group has 16 manufacturing facilities worldwide and numerous sales offices in Europe, Asia, Australia and America. In 2017 the group generated revenue of EUR 874.2 million and an adjusted EBITDA (without one-off effects) of EUR 35.8 million.