

**Press release****Semperit: Significant improvement in operating earnings in 2018 – particularly due to Industrial sector – downward trend stopped**

- Total revenue of EUR 878.5 million slightly increased compared with the previous year
- Strong performance in Industrial Sector resulted in revenue increase of 5.6% to EUR 567.0 million, whereas revenue in Medical Sector declined by 7.6%
- EBITDA adjusted for negative one-off effects increased by 40.6% to EUR 50.3 million; adjusted EBITDA margin rose from 4.1% to 5.7%
- EBIT adjusted for negative one-off effects significantly increased to EUR 15.4 million and was positive compared with the previous year; adjusted EBIT margin rose from -0.1% to 1.7%
- Net loss for the year caused primarily by impairment in the Sempermed segment and one-off effects as part of the restructuring

Vienna/Austria, 22 March 2019 – With slightly increasing revenues, the operating result (adjusted EBITDA) of the publicly listed Semperit Group was significantly increased in 2018: “We have bottomed out: our intensified restructuring and transformation course has led to a significant improvement in operating earnings in the Industrial Sector,” emphasises Dr Martin Füllenbach, Chairman of the Management Board of Semperit AG Holding. “The negative development in the Medical Sector remains a drop of bitterness, for the restructuring of which we deliberately set a period of 36 months. We are working on the urgently needed turnaround of Sempermed with utmost concentration.”

**Significant improvement in operating earnings in industrial segments**

The positive development of the Industrial Sector was mainly driven by an increase in the Sempertrans and Semperflex segments. At the same time, the Semperit Management Board consistently intensified and accelerated the ongoing restructuring measures at Group level, which led to an improvement in operating performance. Until the end of 2018, the initiatives for efficiency enhancement within the scope of SemperMOVE10 included a total of more than 700 cross-functional and cross-segment initiatives in the areas of World Class Manufacturing, quality, pricing, and focused market development. The contribution to increasing profitability is measured by means of ongoing monitoring.

“We see numerous positive signals in the industrial segments and are well on the way. While our results for the past two years were frequently burdened by one-off effects throughout the Group, we can rule out restructuring-related one-off effects for the Industrial Sector in the next two years,” says Füllenbach. Since the beginning of the restructuring and transformation phase, the complexity in the Industrial Sector has been significantly reduced due to the shutdown of the production sites in France and China as well as the sale of the production site in Italy. This has led to high non-recurring charges. From today's perspective, no further significant expenses from the further optimisation of the production footprint (in the Industrial Sector) are to be expected in 2019.

**Burdens by Sempermed impairment**

In the Medical Sector, there was not only a decrease in volumes sold, but at the end of the first half of the year an impairment of EUR 55.2 million had to be recognised in context of an impairment test, which affected the reported Group earnings accordingly.

Against the background of the particular problem complexity in the Medical Sector, the transformation project was consciously and carefully designed for a total duration of 36 months: the structural challenges in business processes (operations), in IT as well as in the product and market approach require that time.

In 2018, the Group's revenue increased slightly to EUR 878.5 million, whereas the Industrial Sector achieved an increase in revenue of 5.6%. In contrast to this, revenue in the Medical Sector declined by 7.6%. Adjusted for the negative one-off effects of EUR 3.9 million from the shutdown of the Sempertrans site in China, EBITDA increased from EUR 35.8 million to EUR 50.3 million, while the adjusted EBITDA margin rose from 4.1% to 5.7%. The reported EBITDA was EUR 46.4 million in 2018 after EUR 100.2 million in 2017.

Accordingly, adjusted EBIT also developed very positively, increasing from EUR -0.8 million in 2017 to EUR 15.4 million in 2018, while the adjusted EBITDA margin rose from -0.1% to 1.7%. The reported EBIT amounted to EUR -47.7 million in 2018 after EUR 37.6 million in 2017 (including one-off effects from the joint venture transaction in Thailand).

Adjusted earnings after tax totalled EUR -17.3 million in 2018 compared with the adjusted value of EUR -43.3 million a year earlier. The reported value for earnings after tax was EUR -80.4 million for 2018 compared with EUR -26.3 million for 2017 and was significantly burdened by the impairment in the Sempermed segment (EUR 55.2 million) as well as the expenses for the shutdown of the Sempertrans site in China (EUR 7.8 million). The adjusted earnings per share amounted to EUR -1.07 in 2018 after EUR -2.11 in 2017 (adjusted). The reported values were EUR -4.13 after EUR -1.25.

At EUR 80.8 million, cash-relevant investments in tangible and intangible assets were higher in 2018 than in the previous year at EUR 74.5 million. The investment priorities were on expansion and improvement investments in the Semperflex (expansion of hydraulic hose production at the Odry site, Czech Republic) and Sempertrans segments (primarily for the expansion of Mixing).

With an equity ratio of 42.9% (year-end 2017: 32.6%) at the balance sheet date, Semperit continued to have a solid capital base, which had previously been strengthened by the agreement of a hybrid capital line with the core shareholder in December 2017. Under IFRS accounting rules, hybrid capital has to be classified as equity. In March 2018, EUR 130.0 million were drawn from the hybrid capital line. Cash and cash equivalents amounted to EUR 121.5 million at the end of December 2018 and were therefore below the level of the end of 2017 (EUR 165.5 million).

### **Industrial Sector: strong operating performance**

The Industrial Sector comprises the segments Semperflex, Sempertrans and Semperform and developed in a differentiated way: Above all, Semperflex increased its revenue, followed by Semperform, while Sempertrans recorded a decline. In total, the sector's revenue increased by 5.6% from EUR 537.0 million to EUR 567.0 million. Due to the positive development in the segments, overall profitability in the Industrial Sector increased. EBITDA rose by 66.1% to EUR 71.3 million and EBIT by 98.7% to EUR 44.6 million. The EBITDA margin improved from 8.0% to 12.6% and the EBIT margin from 4.2% to 7.9%. In addition to the initiatives from the restructuring and transformation programme, successful market innovations including the development of a new LPG hose for the automotive industry as well as new conveyor belts for underground mining in Australia, the USA and Canada contributed to this. There are no further one-time charges to be expected in the Industrial Sector.

**Medical Sector: decline in volumes and impairment**

The development of the Sempermed segment was characterised by increasing competitive and price pressures, above all in North America, as well as a change of strategy in the sale of gloves (shifting the focus to own production instead of trade items) and the unsatisfactory operating performance. This resulted in a declining sales and revenue development. In 2018, revenue fell by 7.6% to EUR 311.5 million. EBITDA was EUR -3.9 million (no adjustment for EBITDA in 2018) compared with the adjusted value for 2017 totalling EUR 1.8 million. EBIT, adjusted for the impairment of EUR 55.2 million in the first half of 2018, was EUR -14.3 million for 2018 compared with EUR -12.1 million in the previous year.

**Outlook 2019**

The Management Board of Semperit will continue the restructuring and transformation process that has been started with all its consequences. Continuous and potentially new measures to increase profitability and reduce complexity 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, where ongoing and further initiatives are being implemented. 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. In 2018, this figure was at EUR 81 million, twice as high due to extensive expansion investments initiated in previous years. 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 free cash flow as 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.

**The Annual Report 2018** is available at [www.semperitgroup.com/en/ir](http://www.semperitgroup.com/en/ir).

**The Sustainability Report 2018** is available at

<https://www.semperitgroup.com/en/sustainability/sustainability-reports/>.

**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](http://www.semperitgroup.com)  
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**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 3,500 in Asia and more than 900 in Austria (Vienna and production site in Wimpassing, Lower Austria). The Group has 14 manufacturing facilities worldwide and numerous sales offices in Europe, Asia, Australia, and America. In 2018, the group generated revenue of EUR 878.5 million and an adjusted EBITDA (without one-off effects) of EUR 50.3 million.