

Press release

Semperit: Strong profitability improvement in the first half of 2019 – all segments positive at EBITDA-Level in the second quarter

- EBITDA increased by 19.5% (after one-off effects in Q2'2018) to EUR 39.1 million, EBITDA margin from 7.3% (adjusted) to 9.0%
- EBIT increased significantly by 58.5% (compared to adjusted earnings of H1'2018) to EUR 20.9 million, EBIT margin from 2.9% (adjusted) to 4.8%
- Slight decrease in total revenue of 2.5% to EUR 437.3 million, primarily due to the change in strategy at Sempermed
- Positive half-year results

Vienna/Austria, 14 August 2019 – For the first time in two years the publicly listed Semperit Group achieved positive half-year results with increasing profitability on EBITDA and EBIT level, while revenue slightly declined. “Our successful turnaround continues consistently and gained momentum, primarily in the second quarter. In addition to the positive development of the Industrial Sector, our restructuring efforts in the Medical Sector also started to take effect: in the second quarter, all four segments were positive on EBITDA level. The focus will remain on Sempermed to ensure sustainability of the efforts,” says Martin Füllenbach, Chairman of the Management Board of Semperit AG Holding, and continues: “Our Group-wide transformation process will be continued systematically. In parallel, we have started the programme ‘SemperGrowth200’ to define and create the basis for the implementation of Semperit’s strategic reorientation in the coming 5-year period until our 200th anniversary.”

The significant increase in profitability was achieved in the context of increasingly subdued economic developments and global political uncertainties. The raw material markets slightly eased compared with the previous year. However, Semperit continues to observe intensive competition for some materials. In addition, as a result of the transformation programme, Semperit is now in the position to react adequately to economic fluctuations at short notice.

Strategic market and price processing contributes to stable revenue in Industrial Sector

Thanks to strategic market and price processing, revenue in the Industrial Sector remained virtually stable despite slightly declining production volumes: Semperform recorded an increase, while Semperflex and Sempertrans showed slight declines. At the same time, the ongoing transformation activities at the Group level were systematically continued; this led to a continuous improvement in operating performance. The decrease in revenue in the Medical Sector is primarily due to the decline in volumes sold as a result of a deliberate change of strategy to reduce trade items. At the same time, addressing operational problems in the Medical Sector led to improvements, which became visible for the first time in the second quarter.

Total revenue recorded a decrease by 2.5% to EUR 437.3 million in the first half of 2019, with the Industrial Sector showing only a slight decline in revenue by 0.7% to EUR 289.5 million while the decline in revenue in the Medical center was more pronounced at 5.9%. EBITDA (earnings before interest, taxes, depreciation and amortisation) increased 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) to EUR 39.1 million in the first half of 2019. The EBITDA margin improved from 7.3% (adjusted value for the first half of 2018) to 9.0% in the first half of 2019.

Positive earnings after tax

EBIT (earnings before interest and tax) improved from EUR 13.2 million (adjusted value for the first half of 2018) 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. 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 –0.21 in the first half of 2018.

At EUR 21.4 million, cash-relevant investments in tangible and intangible assets in the first half of 2019 were significantly lower than the EUR 42.1 million in the first half of 2018. These were predominantly maintenance investments.

With an equity ratio of 41.4% (end of 2018: 42.9%), Semperit continued to have a solid capital base as of the balance sheet date. Cash and cash equivalents amounted to EUR 155.0 million on 30 June 2019; since December 2018, net debt has decreased by EUR 33.9 million to EUR 78.8 million.

Industrial Sector: further improvement of operating performance, high margins

The Industrial Sector developed in a differentiated way on the revenue side, but in total remained at the same level as in the same period of the previous year: Semperform increased its revenues, while Semperfex and Sempertrans recorded slight declines. In total, the sector's revenue decreased manageably 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, the overall profitability in the Industrial Sector increased. EBITDA rose by 26.2% to EUR 52.7 million and EBIT by 29.6% to EUR 39.5 million. The EBITDA margin improved from 14.3% to 18.2% and the EBIT margin from 10.5% to 13.6%. This was primarily attributable to the initiatives from the restructuring and transformation programme.

Medial Sector: profitable on EBITDA level

The development of the Sempermed segment was characterised by strong competitive and price pressures, especially in North America. The reduction in sale of trade items led to a declining sales and revenue development. This resulted in a decrease in revenue of 5.9% to EUR 147.8 million in the first half of 2019 compared with the previous year's period. The measures initiated in the course of the restructuring and transformation process have shown first positive effects, although their sustainability still has to be proven. 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 (value adjusted for the Sempermed impairment) in the first half of 2018. On the EBITDA level, Sempermed is returning to profitability (positive EBITDA since March 2019).

Outlook 2019

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.

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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 7,100 people worldwide, including about 3,800 in Asia and around 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.