

**Press release****Semperit: Focus on industrial rubber - separation from medical business**

- Transformation into an industrial rubber specialist
- Separation from the medical business decided
- Biggest strategic landmark decision of the past decades shall ensure future viability and higher profitability of the Semperit Group
- Wimpassing to remain a significant site
- Growth strategy “SemperGrowth200” to follow the widely successful restructuring of the Industrial Sector

Vienna, Austria, 28 January 2020 - Within its new strategic orientation, the Semperit Group will focus on the perceptible potentials in the Industrial Sector going forward and transform into an industrial rubber specialist. Consequently, the Executive Board as well as the Supervisory Board have decided to separate from the medical business. “We have made the biggest strategic landmark decision of the past decades very deliberately: It shall ensure the future viability and higher profitability of the Semperit Group. The future of Semperit is clearly in the Industrial Sector,” says Dr Martin Füllenbach, Chief Executive Officer of Semperit AG Holding, and continues, “Despite our clear improvement of the operating performance indicators at Sempermed from the second quarter of 2019 on, we are faced with drastically intensified competitive dynamics in the Medical Sector; the capacity-based gap between us and the market leaders is growing. This is why we are firmly convinced that our medical business can be better continued and developed by different owners.”

This decision was preceded by an examination of different alternatives; these included also the now decided separation from the medical business as a whole or in parts. In light of the very dynamic competitive environment, maintaining the medical business would require high investments: Individual competitors invest up to 20 percent of their annual revenue in capacity expansion and automation. The competitive environment led to a recognition of an impairment loss of EUR 46.8 million as of 30 September 2019.

The Executive Board of Semperit AG Holding sees higher earnings and profitability potential on the basis of a stronger focus on the Industrial Sector compared with the continuation of both sectors with increased investment requirements: The Industrial Sector is characterized by a significantly higher profitability, a more successful performance and the option for technological differentiation in regional and application-based niches.

“There is a clear prioritization of selling the medical business as a whole, which we will evaluate thoroughly and in detail,” says Füllenbach. “In accordance with the very established culture in Semperit's almost 200-year long corporate history, we will start talks with employee representatives in a timely manner in this context. The goal in the coming months must be to create the best possible conditions to give Sempermed employees a perspective for the future.” Possible restructuring costs will then be derived from the specific transaction structure and are therefore not yet quantifiable.

### **Site guarantee and higher relevance of main site in Wimpassing**

The separation from the medical business affects all Sempermed sites and therefore also the production of surgical gloves, which forms a part of the Semperit main site in Wimpassing (Lower Austria). However, Wimpassing hosts primarily the Industrial segments Semperform and Semperflex, while also controlling key Group-wide departments such as Research & Development or Mixing.

“Our main site in Wimpassing will unquestionably remain a part of the Semperit Group,” says Füllenbach, who wants to give the domestic production site a higher relevance. “Against the backdrop of a slowdown of the global economy, we are currently working on a site concept.” Wimpassing is to have an even higher relevance, not just due to its historical significance, but also in the light of the technological differentiation of Semperit products, which is to be even more strongly accentuated.

### **SemperGrowth200: From restructuring to a growth strategy**

The Executive Board has completed the restructuring of the Industrial Sector with a far-reaching success and increased its profitability. Within the new strategic direction, the Semperit Group is now to be transformed into an industrial rubber specialist with full power and focus: Going forward, the potentials in the Industrial Sector shall be better utilized through a significant increase in customer intimacy, a more market-oriented direction of the organization and a stronger focus on applications. The aim is to serve existing and future markets faster and more effectively.

Important structural conditions for this were created by organizing the Industrial Sector into four instead of three segments (Semperflex, Semperform, Semperseal, Sempertrans) and taking the first step towards regional development of non-European core markets by a production expansion and a regional sales organisation in North America. With the aim of identifying and developing new growth regions, industries and applications and, in particular, exploiting cross-segment sales opportunities, the new organizational unit Customer Excellence Center (CEC) commenced operations in the fourth quarter of 2019.

Based on its strong know-how in materials and processes, the Semperit Group will also concentrate more strongly on its application knowledge in future. The chemical and process-oriented fundamental knowledge that has been available for many decades is to be used more substantially for the development of new products going forward. A clear focus of the new industrial strategy is on innovation and digitalization: “Rubber as our material has to face the requirements of Industry 4.0 and deliver digital functionalities as well,” says Füllenbach.

Until the end of 2024 – the 200<sup>th</sup> year in the company history – Semperit is to grow again to a significantly higher revenue volume through organic growth steps and a clear M&A strategy. The new strategic direction will be accompanied by the modernization of the corporate appearance, which is intended to convey and visualize the progressive change of the Semperit Group more strongly.

In connection with the focus on the Industrial Sector, Semperit re-defines the target set at the beginning of the restructuring process (until now: EBITDA margin of approximately 10 percent from the end of 2020) and strives towards an EBITDA margin of approximately 13 percent until the end of 2024.

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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.