

## Press release

### **Semperit defies economic slowdown with significant improvement in profitability at EBITDA and EBIT level in fiscal year 2019 – Annual General Meeting will probably be postponed to July 2020 due to corona crisis**

- Group revenue decreased by 4.3% to EUR 840.6 million
- Industrial Sector recorded revenue decline of 3.5%, Medical Sector fell back even more significantly by 5.8%
- Group EBITDA (after one-off effects) increased by 26.8% to EUR 63.8 million, EBITDA margin (adjusted) rose from 5.7% to 7.6%
- Loss after taxes halved despite Sempermed impairment loss
- Corona crisis management currently in focus

Vienna/Austria, 20 March 2020 – The publicly listed Semperit Group significantly improved its profitability on EBITDA and operating EBIT level in the past fiscal year 2019 due to the ongoing transformation programme: “In 2018 and 2019, we improved in each of the eight quarters compared to the same period of the previous year. This was achieved despite a noticeable drop in revenue due to the economic situation,” says Dr Martin Füllenbach, Chairman of the Management Board of Semperit AG Holding. “The industrial business has been successfully restructured to the greatest possible extent and the strategic realignment of the Semperit Group has been initiated. Currently, however, all our attention is focused on protecting the health of our employees around the world and on the crisis management in connection with the coronavirus, the consequences of which cannot be assessed in any way at present.”

The significant increase in profitability in 2019 was achieved in an environment of increasingly subdued economic developments worldwide and global political conflicts. Among many customers, these developments led to uncertainty with regard to future investment decisions and to fears of recession. The development of the relevant raw material markets continues to be monitored closely. One of the biggest burdens on the global economy is likely to be the economic impact of the coronavirus, which cannot yet be assessed but is increasing significantly.

#### **Loss of revenue in the segments**

Business development in the Industrial Sector continued to be very diverse – with lower revenue in all three segments influenced by both reduced market demand and strategic changes. The decline in the Industrial Sector was primarily affected by lower sales volumes in the Semperflex segment, but also by the increased focus on improving order book quality in the Sempertrans segment. However, profitability increased due to the initiatives from the restructuring and transformation programme.

The drop in revenue in the Medical Sector is mainly due to a decline in volumes sold. On the one hand, business development was characterised by the strategic shift in sales volumes from merchandise to in-house production in Malaysia and a continued trend towards nitrile gloves. On the other hand, the order situation was under increasing pressure as some key customers optimised their inventories or expanded their supplier base due to the difficult market and price situation.

Based on newly gained insights into the strategic competitive situation of the medical business, an impairment loss was identified as of 30 September 2019. This amount was changed by non-recoverable additions to assets and foreign exchange differences in the fourth quarter and amounted to EUR 48.8 million as of 31 December 2019.

In 2019, the Semperit Group recorded a decrease in revenue by 4.3% to EUR 840.6 million compared with the same period of the previous year. The Industrial Sector recorded a 3.5% decline in revenue to EUR 547.2 million, while the Medical Sector saw a 5.8% decrease in revenue to EUR 293.3 million.

### **Group EBITDA up by more than a quarter**

EBITDA (earnings before interest, tax, depreciation and amortisation) rose from EUR 46.4 million in the fiscal year 2018 to EUR 67.8 million in the fiscal year 2019. Adjusted for the one-off effects, EBITDA increased from EUR 50.3 million last year (excluding the negative one-off effects of EUR 3.9 million from the shutdown of the Sempertrans site in China) to EUR 63.8 million (excluding the positive one-off effects of EUR 4.0 million from the reversal of provisions in Brazil). The EBITDA margin increased from 5.3% to 8.1% in 2019 and clearly reflects the profitability improved by the restructuring and transformation process (adjusted: 7.6% compared with 5.7% in the previous year).

At EUR 31.9 million, cash-relevant investments in tangible and intangible assets in 2019 were lower than in the previous year (EUR 80.8 million). The focus was primarily on capacity maintenance investments as well as improvement and expansion investments.

### **Industrial Sector: EBITDA margin reached 16% due to transformation programme**

The reduced market demand was reflected in the Industrial Sector (Semperflex, Sempertrans and Semperform segments): while Semperflex and Semperform recorded only a slight decrease in revenue, the decline in revenue turned out to be higher for Sempertrans, which was primarily due to strategic changes (focus on order book quality). Overall, revenue in the Sector fell by 3.5% from EUR 567.0 million to EUR 547.2 million in 2019. EBITDA increased by 22.6% to EUR 87.5 million, while EBITDA margin improved from 12.6% to 16.0% (unadjusted).

### **Medical Sector: impairment loss, but restructuring measures take effect**

In the Sempermed segment, revenue in 2019 fell by 5.8% to EUR 293.3 million compared to the previous year. However, the successful operational restructuring measures made it possible to considerably increase productivity. In addition, Semperit received a positive decision on transaction tax proceedings in Brazil. As a result, a provision of EUR 4.0 million was released. Therefore, EBITDA in 2019 was EUR 5.5 million after EUR –3.9 million in the previous year.

### **Postponement of the Annual General Meeting for the 2019 financial year**

For the best possible protection of shareholders, partners and employees in connection with the coronavirus crisis (CoViD-19), Semperit AG Holding has decided to postpone the date of the Annual General Meeting scheduled for April according to the financial calendar. The new date was set for 22 July 2020. The relevant deadlines were adjusted accordingly in the financial calendar. The Annual General Meeting will be convened on time in accordance with the Stock Corporation Act and the Articles of Association.

## Outlook 2020

At the end of January 2020, the Management Board announced the goal of transforming the company into an industrial rubber specialist as part of the strategic reorientation of the Semperit Group and decided to separate from the medical business. The transformation process that has been initiated will continue to be consistently pursued. Continuous and potentially new measures to increase profitability remain at the top of the Management Board's agenda.

At the same time, the higher pressure on the economy is clearly perceptible. The slowdown in economic development is visible above all in the Industrial Sector and will be reflected – with varying intensity in the individual segments – in lower revenues and earnings, especially in the first half of 2020.

Although the Medical Sector is showing signs of a slight operational improvement as a result of the successful operational restructuring of recent years, the market environment remains tense. Therefore, the timely sale of the entire medical business is a key goal of the management. In this context, positive and negative one-off effects may arise in 2020.

The current threat of a pandemic caused by the coronavirus makes the assessment of the current financial year even more difficult. In addition to production interruptions, as Semperit has already seen in China, disruptions in the supply chain with regard to the availability of raw materials, reduced customer demand and available freight capacities have to be expected. The first negative effects for the entire Semperit Group, which clearly exceed the opportunities of the Sempermed segment, are already apparent. The Semperit Group has already initiated appropriate measures – such as the protection of employees or the partial increase in safety stocks – as far as currently possible.

Against this background, Semperit expects a year that will be characterised by major challenges. This will be reflected in lower earnings due to global economic challenges. Due to the high level of uncertainty with regard to short-term economic developments, particularly in the context of the effects of the coronavirus (SARS CoV-2), the Semperit Group will probably only be able to provide estimates for the expected development of revenues and profitability at the earliest within the scope of the publication of the Q1 2020 results. The further development of the coronavirus crisis must be constantly reassessed. For 2020, the Group expects a CAPEX level below EUR 40 million.

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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 6,900 people worldwide, including about 3,600 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 2019, the group generated revenue of EUR 840.6 million and an adjusted EBITDA (without one-off effects) of EUR 63.8 million.