

Corporate news/press information

Semperit holds its ground in a difficult market environment and has completed its repositioning as an elastomers specialist

- As expected, revenue in continued operations of EUR 547.6 million (–7.7%) and EBITDA of EUR 56.8 million (–28.8%) below the previous year’s level
- Cost reductions with a run rate of more than EUR 10 million being implemented, of which EUR 2.7 million are already recognised in profit or loss in Q1-3/2023
- EBITDA outlook for the full year confirmed at the lower end of the original range at around EUR 70 million
- Earnings after tax still burdened by the now sold medical business

Vienna, 8 November 2023 – In the first three quarters of 2023, the Semperit Group performed solidly in a challenging market environment characterised by high inflation and a weak economy. Revenue of EUR 547.6 million was generated, which was 7.7% below the previous year’s figure. EBITDA from continued operations amounted to EUR 56.8 million (1-9 2022: EUR 79.8 million), which included one-time effects of around EUR 6.6 million from the transaction costs for the acquisition of the Rico Group, from profits recognised in advance in the purchase price allocation and from one-time severance payments for changes to the Executive Board and for reductions in headcount. At EUR 15.7 million, earnings after tax from continued operations were positive, while earnings from the discontinued and now sold Sempermed segment developed negatively, as expected. Total earnings after tax thus amounted to EUR -26.8 million (1-9 2022: EUR -34.6 million).

“Our business in the first three quarters was characterised by increasingly strong economic headwinds, in which we held our ground solidly and countered with measures to reduce costs and increase efficiency. At the same time, we successfully realised our transformation into an industrial rubber and elastomers specialist with the disposal of the medical business and took an important step towards growth with the acquisition of the Rico Group. In addition, our new, streamlined organisation with two powerful divisions enables us to optimally scale our business for further profitable growth,” says **Semperit CEO Karl Haider**.

Earnings development in detail:

In the first nine months of 2023, continued operations of the Semperit Group recorded revenue of EUR 547.6 million (–7.7%). The two divisions, in which the former Industrial Sector has been reorganised, developed differently. While the economic market environment led to a decline in revenue of –24.2% to EUR 264.5 million in the Semperit Industrial Applications division (SIA, including Hoses and Profiles), the Semperit Engineered Applications division (SEA, including Form, Belting and Rico) benefited above all from the continued strong special economic situation for mining products and the related demand for conveyor belts as well as the demand for specialty products in the business unit Form. Revenue in the SEA division thus increased by 21.8% to EUR 254.9 million, of which EUR 16.0 million was attributable to Rico (for the months of August and September 2023). In the Surgical Operations business (production of surgical gloves in Wimpassing including packaging in Sopron), revenue decreased by 25,1% to EUR 31.0 million as expected.

Cost reductions being implemented

Total expenses fell by 8.8% to EUR 491.1 million. Savings in cost of materials (–20.4%), primarily as a result of lower production volumes, were partly offset by higher personnel expenses (+9.1%) and other operating expenses (+5.5%), which resulted from one-time effects (in particular the transaction costs of the Rico acquisition and one-time severance payments in connection with the changes to the Executive Board and the reduction in overheads in the personnel area), among other things. The cost-cutting programmes introduced have already cut down expenses by a total of EUR 2.7 million, of which around 85% was attributable to personnel expenses and the remainder to other operating expenses.

EBITDA in continued operations amounted to EUR 56.8 million (–28.8%), while the EBITDA margin was 10.4% (1-9 2022: 13.5%). Rico's operating contribution to EBITDA totalled around EUR 3.6 million. However, the recognition of anticipated profits of EUR 1.1 million in the first two months as part of the purchase price allocation and the transaction costs of EUR 3.0 million initially reduced this contribution to around EUR –0.5 million.

EBIT in continued operations totalled EUR 30.9 million (1-9 2022: EUR 48.5 million), while earnings after tax from continued operations were EUR 15.7 million (1-9 2022: EUR 30.7 million). Earnings after tax from discontinued operations were clearly negative at –42.4 million (1-9 2022: EUR –65.3 million). However, they included a reclassification of historical currency translation differences of EUR –23.5 million due to deconsolidation. Total earnings after tax (from continued and discontinued operations) amounted to EUR –26.8 million (1-9 2022: EUR –34.6 million).

Free cash flow before strategic growth investments is the net cash flow available for strategic growth investments and debt and equity servicing. It amounted to EUR 111.0 million for the first nine months of 2023, driven primarily by the proceeds from the sale of the medical business, and was used mainly for strategic growth investments in property, plant and equipment totalling EUR 17.5 million (expansion investments for the DH5 plant in Odry and the Rico expansion in Thalheim), the acquisition of the Rico Group and the payment of dividends.

Outlook

After a solid performance in continued operations in the first three quarters of 2023, the Executive Board of the Semperit Group expects the market environment to remain challenging in the coming months. For SIA, no significant recovery in demand is expected in the short term, as the reduction of increased customer inventories will extend into the first half of 2024, and the leading indicators for the construction industry (e.g. building permits in Germany) continue to decline. For SEA, the good demand from the mining industry, healthcare and food sectors as well as the railway sector should continue, while demand for products linked to the construction industry and related sectors will be lower.

In anticipation of this development, countermeasures have already been introduced. These include improvements to the product mix, cost reduction programmes and a streamlining of processes, accompanied by an increase in operating efficiency. Defined and already established measures for savings include a run-rate of more than EUR 10 million. Against this backdrop, the outlook for the 2023 financial year is confirmed, with EBITDA from continued operations expected at the lower end of the original guidance range at around EUR 70 million.

Overview of the main financial figures of the first 9 months of 2023:

Key performance figures of the Semperit Group, in EUR million	1-9 2023	Change	1-9 2022
Revenue	547.6	-7.7%	593.4
EBITDA	56.8	-28.8%	79.8
EBITDA margin	10.4 %	-3.1 PP	13.5 %
EBIT	30.9	-36.3%	48.5
EBIT margin	5.6 %	-2.5 PP	8.2 %
Earnings after tax	-26.8	-22.7%	-34.6
Earnings per share, in EUR	-1.29	-23.5%	-1.68
Gross cash flow	14.8	-66.2%	43.8
Free cash flow before strategic growth investments	111.0	n.a.	-19.6

Balance sheet key figures, in EUR million (at balance sheet date)	30.09.2023	Change	31.12.2022
Balance sheet total	986.2	+17.0%	842.9
Equity	414.5	-20.1%	518.2
Equity ratio	42.0 %	-19.5 PP	61.5 %
Net debt (+) / Net cash (-)	98.5	n.a.	-54.2

ESG	30.09.2023	Change	31.12.2022
Employees (at balance sheet date)	4,594	+7.6%	4,269

Segment key figures Industrial, in EUR million		1-9 2023	Change	1-9 2022
Semperit Industrial Applications division	Revenue	264.5	-24.2%	349.1
	EBITDA	42.7	-43.4%	75.4
	EBIT	29.5	-50.6%	59.8
Semperit Engineered Applications division	Revenue	254.9	+21.8%	209.2
	EBITDA	36.4	+46.1%	24.9
	EBIT	25.8	+40.9%	18.3

For further details please see the Semperit Group's financial report on the first three quarters of 2023: <https://www.semperitgroup.com/en/investor-relations/>

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About Semperit

The publicly listed Semperit AG Holding is an internationally oriented group of companies that develops and manufactures polymer products and sells them in over 100 countries worldwide with its two divisions, Semperit Industrial Applications and Semperit Engineered Applications. The Semperit Industrial Applications division focuses on industrial applications with highly efficient production and cost leadership; they include hydraulic and industrial hoses as well as profiles. The Semperit Engineered Applications division comprises the production of escalator handrails, conveyor belts, cable car rings, other engineered elastomer products, as well as the Rico Group, and focuses on customised technical solutions. The traditional Austrian company was founded in 1824 and is headquartered in Vienna. The Semperit Group employs around 4,600 people worldwide in its continued operations. The Semperit Group has 16 production sites worldwide and numerous sales offices in Europe, Asia, Australia and America. In the 2022 financial year, the Group generated revenue of EUR 779.8 million and EBITDA of EUR 100.5 million with its continued operations.