

Report on the first three quarters | 2020



SEMPERIT 

Key performance figures

in Mio. EUR	Q1-Q3 2020	Change	Q1-Q3 2019	Q3 2020	Veränderung	Q3 2019	2019
Revenue	657.2	+0.8%	652.2	238.2	+10.8%	214.9	840.6
EBITDA	118.5	+96.1%	60.4	60.9	>100%	21.3	67.8
EBITDA margin	18.0%	+8.8 PP	9.3%	25.6%	+15.7 PP	9.9%	8.1%
EBIT	159.5	>100%	-13.7	47.2	>100%	-34.6	-16.5
EBIT margin	24.3%	+26.4 PP	-2.1%	19.8%	+35.9 PP	-16.1%	-2.0%
Earnings after tax	137.3	>100%	-34.1	35.6	>100%	-39.9	-44.9
Earnings per share (EPS) ¹⁾ , in EUR	6.38	>100%	-1.66	1.65	>100%	-1.94	-2.50
Gross cashflow	107.0	>100%	47.5	57.4	>100%	16.0	46.7
Return on equity ²⁾	49.6%	>100%	-15.8%	38.9%	>100%	-55.4%	-16.3%

Balance sheet key figures

in Mio. EUR	30.09.2020	Change	30.09.2019	30.06.2020	Change	30.06.2019	31.12.2019
Balance sheet total	772.8	+3.0%	750.3	801.0	-1.7%	815.1	701.8
Equity	366.7	+28.9%	284.4	365.8	+8.3%	337.7	273.4
Equity ratio	47.4%	+9.5 PP	37.9%	45.7%	+4.2 PP	41.4%	39.0%
Additions to tangible and intangible assets	16.0	-25.0%	21.4	10.6	-32.9%	15.8	31.4
Employees (at balance sheet date)	6,921	-2.5%	7,101	7,047	-1.4%	7,147	6,902

Sector and segment key figures

in Mio. EUR	Q1-Q3 2020	Change	Q1-Q3 2019	Q3 2020	Change	Q3 2019	2019
Industrial Sector = Semperflex + Sempertrans + Semperform + Semperseal							
Revenue	369.0	-13.4%	426.2	119.8	-12.4%	136.7	547.2
EBITDA	65.3	-12.6%	74.7	20.5	-6.8%	22.0	87.5
EBIT	26.9	-51.1%	55.0	14.7	-4.9%	15.5	60.9
Semperflex							
Revenue	145.0	-17.0%	174.7	46.6	-13.4%	53.8	222.7
EBITDA	34.8	-11.4%	39.3	11.4	+6.2%	10.8	47.9
EBIT	26.4	-12.9%	30.3	8.7	+13.4%	7.6	36.0
Sempertrans							
Revenue	90.3	-12.6%	103.3	28.4	-19.2%	35.1	134.0
EBITDA	8.7	-31.4%	12.7	2.1	-53.3%	4.6	13.5
EBIT	-14.0	>100%	9.2	1.6	-57.4%	3.6	8.9
Semperform³⁾							
Revenue	62.2	-10.2%	69.3	20.4	-8.3%	22.3	91.1
EBITDA	12.4	-3.6%	12.9	4.0	-2.4%	4.1	15.6
EBIT	9.7	-5.7%	10.3	3.1	-3.5%	3.2	12.0
Semperseal							
Revenue	71.5	-9.5%	78.9	24.4	-4.6%	25.6	99.5
EBITDA	9.4	-4.7%	9.8	2.9	+16.1%	2.5	10.4
EBIT	4.9	-5.8%	5.2	1.4	+42.6%	1.0	4.0
Medical Sector = Sempermed							
Revenue	288.2	+27.5%	226.0	118.4	+51.5%	78.2	293.3
EBITDA	67.3	>100%	5.6	44.4	>100%	5.8	5.5
EBIT	147.5	>100%	-47.2	36.8	>100%	-43.0	-50.2

Note: Rounding differences in the totalling of rounded amounts and percentages may arise from the use of automatic data processing.

¹⁾ Earnings per share are solely attributable to the ordinary shareholders of Semperit AG Holding (excl. interest from hybrid capital).

²⁾ Based on a full-year projection.

³⁾ The business units Profiles and Rubber Sheeting were separated from the Semperform segment and are operated as a segment of their own under the name Semperseal as of 1 January 2020.

Group Management Report

Economic environment

The International Monetary Fund (IMF) has slightly improved its growth forecast for 2020 published in October 2020 in comparison with the version of June 2020 despite the ongoing global corona pandemic (SARS-CoV-2). According to current estimates, global economic growth is estimated to be -4.4% in 2020, instead of -4.9% forecast in June 2020 (2019: 2.8%). For 2020, the forecast for emerging and developing countries now stands at -3.3% (so far -3.0%) after 3.7% in 2019, followed by the USA at -4.3% (so far -8.0%) after 2.2% in 2019 and the euro zone at -8.3% (so far -10.2%) after 1.3% in 2019. Growth expectations for the euro zone are therefore 1.9 percentage points higher than for the negative World Economic Outlook published by the IMF in June 2020. Forecasts have also improved for the three major European economies Germany, France, and Italy. Growth expectations for Germany will rise by 1.8, for France by 2.7 and for Italy by 2.2 percentage points.¹

In its forecast published in October 2020, the Institute for Economic Research (ifo) also speaks of an estimated decline in global economic output of -4.4%, based on a survey of 950 economic experts in 110 countries, and expects a slow recovery of the global economy which will reach pre-crisis levels in 2022 or later.² An initial, albeit only slight recovery of the German economy is already visible in the rising employment barometer of German companies.³ The extent to which the current second wave of the pandemic - which is being responded to in Europe in particular with tightened security measures and new lockdowns - will affect the forecasts for 2020 and the expectations for 2021 cannot yet be estimated.

Therefore, the global economic crisis caused by the corona pandemic certainly remains at the forefront of the greatest burdens on global economic development in the third quarter of 2020 and overshadows other economic factors such as trade conflicts (USA, China). Currently, there are signs of a slight and slow recovery, but due to the steadily increasing number of infections, the recovery is on shaky grounds and dominated by the uncertainties of the coming winter months. The effects on the Semperit Group are explained in more detail in the chapter "Corona".

Development in the raw materials markets

The markets for rubber (natural and synthetic rubber), carbon black, wires as well as a variety of chemicals with various markets are very important for the rubber industry. The development of these markets in the natural rubber field is influenced, among other things, by weather conditions, while the fields of synthetic rubber and carbon black are impacted by supplier behaviour and costs for basic raw materials, which are affected by the price of crude oil. Demand is partially influenced by the main buyers of rubber products, the tyre and automotive industry.

Since the low in the second quarter of 2020, the prices on the relevant raw material exchanges for natural rubber and natural latex in Asia rose very sharply in the course of the third quarter and continue to rise. Due to the strong increase in demand since the middle of the year, particularly from China and the global tyre industry, the price of natural rubber has risen by 60%. For natural latex, the rate of increase has even reached 70% since the second quarter, mainly due to continued very strong demand for latex gloves.

The prices for butadiene, an essential raw material for the production of synthetic rubber and synthetic latex, recorded an even stronger upward trend in both Europe (+ 60%) and Asia (+ 200%) since the initial decline in the first half of the year. As a result, the prices for butadiene, which is particularly

¹ <https://www.imf.org/en/Publications/WEO/Issues/2020/09/30/world-economic-outlook-october-2020>

² <https://www.ifo.de/DocDL/sd-2020-10-boumans-sandqvist-sauer-wes-corona.pdf>, as of 28/10/2020

³ <https://www.ifo.de/node/58339>, as of 28/10/2020

relevant as a basic raw material in the Semperflex, Sempertrans and Sempermed segments, were therefore significantly higher at the end of the third quarter than in the second quarter of 2020. This upward trend is expected to continue. The prices for nitrile latex have increased the most due to strong demand and limited supply. The price development of "Heavy Fuel Oil (HFO)" is significant for the filler carbon black, which is relevant for all four segments of the Industrial Sector. Since the second quarter, these prices have also increased very significantly (+ 160%), which has led to rising and significantly higher carbon black prices compared to the second quarter.

The prices for wire rod, a preliminary product for wires, which are used primarily in the Semperflex and Sempertrans segments, left the lows in April 2020 behind and are now recording a strong upward trend. Global stimulus programmes are fuelling the demand for steel products, which has led to a price increase of up to 50% for raw products such as iron ore over the last 6 months.

Corona

The corona pandemic (SARS-CoV-2) has globally impacted the economic development, for example as a result of shutdowns or impacts on supply chains. However, the effects of corona on the Semperit Group were counteracted in the Medical and Industrial Sectors. In order to manage the corona crisis in the best possible way, the Semperit Group initiated appropriate measures at an early stage.

For employees with administrative activities as well as for the production employees, comprehensive measures have been introduced to increase health protection. At the Vienna site, due to the renewed sharp increase in the number of infections, all people who are not involved in the operational production processes have been switched back to home office since the end of September. A gradual resumption of office operations in Vienna – in two separate teams – will be implemented from the beginning of January 2021 at the earliest, depending on the further progress of infections. By the end of the third quarter of 2020, a total of 72 people had tested positive for corona. By mid-November, the number of all people who were tested positive so far rose to 117.

With regard to the general demand situation, the first uncertainties in the Industrial Sector became noticeable at the end of March. In the second quarter, there were different market reactions in the segments: initially, on the one hand, safety stocks were built up, on the other hand, closings or order reductions were observed on the customer side. Overall demand continued to decrease in the third quarter. In the Medical Sector, however, there was a sustained increase in demand and, as a consequence, market prices in the third quarter of 2020. The price level in October was significantly above the February level when the corona pandemic broke out. The provision of the raw materials required for production was guaranteed by alternative raw material suppliers. There were no major impairments. In the Medical Sector, the increased market dynamics made it increasingly challenging to reliably secure the required quantities of raw materials resulting in shifts in quantities within the supplier portfolio. In the Medical Sector, strong demand for the synthetic raw material nitrile latex and natural latex is also a factor, which could make it challenging to secure the quantities required for production.

The management implemented operational countermeasures in the first quarter to deal with the corona crisis. On the one hand, these aim at a correspondingly flexible control of production in the face of uncertain market demand; on the other hand, they place an even stricter focus on an adequate cost level, even if some of the cost reductions are only possible for the duration of the crisis.

The restructuring and transformation process initiated by the Semperit Group at the beginning of 2018, which has led to significant improvements at various levels, was further accelerated by the corona crisis and will continue in the future: in this context, the focus on cost-cutting measures will be further sharpened in the coming months.

Furthermore, there were also promotional measures by local governments and authorities. Governments around the world have reacted to the corona crisis. Essentially, in the countries where the Semperit Group is operating, packages of measures have been implemented that aim to reduce personnel costs accordingly. In Austria, for example, the short-time work allowance was used for approx. 140 employees in the first phase until the end of July and in the second phase until the end of September for approx. 100 employees used. In the Czech Republic and Germany, the number of temporary workers was also reduced in line with capacity utilization. Furthermore, similar models or measures to increase the flexibility of working time were partially used in Germany, Poland, the Czech Republic, France and Great Britain. On the other hand, significant government measures aim at deferring tax liabilities and levy debts for periods of varying length in order to support companies in distress in the event of liquidity problems. Only a few of these measures have a real monetary impact on the results of the Semperit Group. Even though the support measures were used to a small extent, Semperit has implemented the significant savings potential and the decisive countermeasures on its own.

The outbreak of the corona pandemic in a phase of global economic slowdown made it necessary as early as at the end of the first half of the year to examine all segments of the Semperit Group for the existence of visible indications of a value change of segment assets. This examination resulted in a reversal of impairment for the Sempermed segment and impairment losses for the Sempertrans segment in the first half of 2020.

The recent successful development of the Sempertrans segment was slowed down by the outbreak of the corona pandemic and the timing of its implementation was affected in the long term. On the one hand, the demand for mining industry products fell as a result of the recessive developments in downstream industries (above all the automotive and construction industries). On the other hand, severe restrictions or even interruptions to mining activities reduced supply. The competitive and price pressure on the market as well as a probably moderate market growth therefore resulted in an impairment loss of EUR 20.0 million in the first half of the year. With the average exchange rate for Q1-3 2020, this resulted in an impairment loss of EUR 19.9 million. (for more details see notes 3.1)

At the same time, the current value in use of the Sempermed segment was determined. In the corona pandemic, market dynamics are characterised by a considerable excess demand and a price rally, while the previous buyer's market for examination and protective gloves has become a seller's market. The increase in operational efficiency resulting from successful restructuring measures also had a positive impact. As a result, a reversal of impairment of EUR 88.8 million had to be recognised in the first half of the year. Converted at the average forward exchange rates for Q1-3 2020, this resulted in income from the impairment reversal of EUR 86.7 million. (for more details see notes 3.1)

On balance, the effects of corona and the evaluations of the Sempertrans and Sempermed segments had a clearly positive impact on the results for the first three quarters of the year. In this context, the corresponding positive outlook for EBITDA and EBIT was communicated in an ad hoc announcement on 3 July 2020. Due to the sustained positive development, the outlook was further increased on 25 September and, in a next step, on 6 November, and was also published in an ad-hoc announcement in each case. From today's perspective, EBITDA for 2020 is expected to be between EUR 200 and 225 million and EBIT between EUR 230 and 255 million.

Inventories decreased again in the third quarter after slight increases in the first two quarters. On the one hand, the initial increase can be attributed to the necessary safety stocks that have to be guaranteed in times of crisis. On the other hand, it is also due to customer behaviour, as smaller quantities were sold as a result of the uncertainties associated with corona. However, the management continues to place a strong focus on adequate control and management of working capital, even if the special circumstances and necessary safety precautions currently counteract the efforts to some extent.

The effects of corona had no negative impact on the company's liquidity in the three quarters of the year. Cash and cash equivalents increased by approx. 11% compared to the end of 2019. Net debt even fell to only around 20% compared to the end of the year. With regard to maintaining the stable financial position, the management has placed a strong focus on securing liquidity while at the same time optimising financing expenses. In this context, the open, undrawn line of hybrid capital in the amount of EUR 20 million was canceled in August.

The situation is continuously being monitored very closely. The international developments, particularly the increase in infection figures in autumn, make it clear that corona crisis is far from over; on the contrary, it will also be with us in the months to come. For this reason, the Semperit Group is doing everything in its power to continue the measures to deal with the crisis, which have been successful to date, and, if necessary, to implement further prepared measures immediately – be it to protect health or to ensure the profitability of the company. Ongoing monitoring is intended to ensure the ability to respond immediately and flexibly.

Revenue and earnings development

First three quarters of 2020

In the first three quarters of 2020, the Semperit-Group recorded a slight increase in revenue by 0.8% to EUR 657.2 million compared with the same period in the previous year. In the Industrial Sector revenue declined by 13.4%, while the Medical Sector recorded an increase of 27.5% (details on the development of the Sectors and segments see page 13). The Industrial Sector – above all the Semperflex segment – was shaped particularly by the negative impact of the corona crisis in addition to the economic downturn that began in 2019. The increase in sales in the Medical Sector, i.e. the Sempermed segment, is based on the one hand on the increase in volumes sold, which were achieved in particular through higher production volumes resulting from the improved capacity utilisation, and on the other hand on an extraordinarily high demand for gloves as a result of the corona pandemic and the associated increase in market prices.

In the first three quarters of 2020, the Industrial Sector accounted for 56% and the Medical Sector for 44% of the Semperit-Group's revenue, which is a shift compared to the first three quarters of 2019 when the ratio was 65% to 35%.

In the first three quarters of 2020, inventories decreased by EUR 3.0 million compared with a decrease of EUR 6.8 million in the first three quarters of 2019.

Other operating income amounted to EUR 5.5 million in the first three quarters of 2020. In comparison, the value in the first three quarters of 2019 was EUR 7.3 million. This included, among other things, income of EUR 1.3 million from the sale of property, plant and equipment at the Sempertrans production site in China, which was closed in financial year 2018, as well as insurance compensation for the fires in Roha (India) and Wimpassing (Austria). State support measures, such as short-time working, had an opposing effect in the corona pandemic in the amount of EUR 1.5 million.

In the first three quarters of 2020, cost of materials decreased by EUR 45.2 million or 12.4% to EUR 318.2 million. In some cases, lower raw material prices had a positive effect in the first half of the year, as well as the smaller quantities of purchased merchandise in the Medical segment.

Personnel expenses rose slightly in the first three quarters of 2020 to EUR 156.3 million (+3.8%) despite the slight reduction (–2.5%) in employees (FTE). The reasons for this were the general increase in salary levels, higher provisions for bonuses for the successful year 2019, as well as overlapping periods of office as a result of changes in the Board of Management. In addition, provisions for recruitment fee payments in Malaysia in the amount of EUR 3.9 million were made. The reduction in temporary workers in the Czech Republic and Germany due to lower capacity utilization had the opposite effect. Other operating expenses at EUR 69.8 million were lower than in the same period of the previous year (EUR 80.2 million), which also contained a positive effect from the reversal of a provision (EUR 4.0 million) for tax proceedings relating to levies in Brazil. The positive development was achieved particularly due to the significantly lower legal and advisory expenses as well as lower travel activities.

EBITDA almost doubled from EUR 60.4 million in the first three quarters of 2019 to EUR 118.5 million in the first three quarters of 2020. In particular, the good result in the Medical Sector after increases in market prices as well as higher volumes due to increased production volumes and higher demand, reinforced by the successful restructuring measures, had a particularly positive effect. The EBITDA margin rose accordingly from 9.3% to 18.0%. Compared to EBITDA adjusted for the reversal of provisions (EUR 4.0 million) in the first three quarters of 2019 of EUR 56.4 million, EBITDA in the first three quarters was even more than 100% above the previous year.

The outbreak of the corona pandemic in a phase of global economic slowdown made it necessary at the end of the second quarter to review all segments of the Semperit Group for the existence of

visible indications of a change in the value of the segment assets. This review resulted in a reversal of impairment for the Sempermed segment and impairment losses for the Sempertrans segment, which were already booked in the half-year. With the average exchange rate for Q1-3 2020, this resulted in an impairment loss of EUR 19.9 million and an impairment reversal of EUR 86.7 million in the first three quarters. For more details, see notes 3.1.

Depreciation decreased slightly to EUR 25.9 million in the first three quarters (-2.3%). Due to the change in the depreciation basis, the impairment in the Sempermed segment in the third quarter of 2019, the renewed reversal in the second quarter of 2020 and the impairment in the Sempertrans segment in the second quarter of 2020 have an effect.

EBIT improved to EUR 159.5 million in the first three quarters of 2020 compared to EUR -13.7 million in the first three quarters of 2019. The EBIT margin rose from -2.1% to 24.3%. The adjusted EBIT was EUR 92.6 million, more than three times as high as in the first three quarters of 2019. The adjusted EBIT margin at 14.1% was also around three times the value of the comparable period.

Key figures Semperit Group

in EUR million	Q1-Q3 2020 ¹⁾	Q1-Q3 2019 ²⁾	Change	Change in EUR million	2019
Revenue	657.2	652.2	+0.8%	4.9	840.6
EBITDA adjusted	118.5	56.4	>100%	62.1	63.8
EBITDA margin adjusted	18.0%	8.6%	+9.4 PP	-	7.6%
EBITDA	118.5	60.4	+96.1%	58.1	67.8
EBITDA margin	18.0%	9.3%	+8.8 PP	-	8.1%
EBIT adjusted	92.6	29.0	>100%	63.6	28.2
EBIT margin adjusted	14.1%	4.4%	+9.7 PP	-	3.4%
EBIT	159.5	-13.7	>100%	173.2	-16.5
EBIT margin	24.3%	-2.1%	+26.4 PP	-	-2.0%
Earnings after tax adjusted	62.6	8.6	>100%	54.0	-0.2
Earnings after tax	137.3	-34.1	>100%	171.4	-44.9
Additions to tangible and intangible assets	16.0	21.4	-25.0%	-5.3	31.4
Employees (at balance sheet date)	6,921	7,101	-2.5%	-180.0	6,902

¹⁾ Q1-3 2020: adjusted for the positive special effect from the write-up in the Sempermed segment (EBIT effect: +86.7 million EUR; earnings after tax effect: +91.9 million EUR) and for the negative special effect of the impairment in the segment Sempertrans (EBIT effect EUR -19.9 million; earnings after tax effect: EUR -16.2 million)

²⁾ Q1-3 2019: adjusted on the one hand for the positive one-off effect from the reversal of the provision for the tax proceedings on transaction taxes in Brazil (Q1-3'19 EBITDA, EBIT, earnings after tax effect: +4.0 million EUR, on the other hand adjusted for the negative special effect of the impairment in the Sempermed segment (Q1-3'19 EBIT and earnings after tax effect: -46.8 million EUR).

The financial result totalled EUR -9.9 million in the first three quarters of 2020 after EUR -8.9 million in the first three quarters of 2019. Financing expenses (primarily interest expenses for loans and credits) amounted to EUR 4.3 million in the first three quarters of 2020 and were therefore below the previous year's value of EUR 6.5 million – mainly due to the repayment of Schuldschein loans.

At EUR -2.5 million, the other financial result was negative in the first three quarters of 2020, while in the first three quarters of 2019 the value had been EUR +0.2 million. This item includes primarily the balance from foreign exchange gains and losses (net foreign exchange results). The negative net foreign currency result is mainly due to the decline in the exchange rate of the Czech koruna and Polish

zloty in March 2020. This led to unrealised foreign currency losses from the foreign currency valuation of intra-group loan financing.

Income tax expenses at EUR 12.3 million were only slightly above the previous year's value. In contrast to the comparative period, an increased current tax expense was offset by positive one-off effects in the area of deferred taxes. In total, earnings after taxes in the first three quarters of 2020 amounted to EUR 137.3 million compared to EUR 34.1 million in the first three quarters of 2019. Earnings per share were EUR 6.38 in the first three quarters of 2020 after EUR –1.89 in the first three quarters of 2019. Adjusted for the one-off effects, earnings after taxes were EUR 62.2 million.

Third quarter of 2020

In the third quarter of 2020, the Semperit Group only recorded an increase in revenue of 10.8% to EUR 238.2 million compared to the same period of the previous year (third quarter of 2019: EUR 214.9 million). In the Industrial Sector, revenue decreased by –12.4% in the third quarter of 2020, while the Medical Sector recorded an increase of 51.5%.

Other operating income in the third quarter of 2020 amounted to EUR 2.1 million. For comparison, the value for the third quarter of 2019 was EUR 2.8 million.

The cost of materials fell in the third quarter of 2020 by EUR 15.0 million or 13.2% to EUR 98.5 million.

Personnel expenses rose by 5.3% to EUR 52.4 million in the third quarter of 2020.

At EUR 21.6 million, other operating expenses were 16.1% below the previous year's period (EUR 25.7 million) which also included a positive effect from the reversal of a provision (EUR 4.0 million) for tax proceedings relating to levies in Brazil. The reduction was achieved particularly due to significantly lower legal and consulting expenses as well as lower travel activities.

The Group's EBITDA rose from EUR 21.3 million in the third quarter of 2019 to EUR 60.9 million in the third quarter of 2020. The good result in the Medical Sector had a positive effect following increases in market prices and sales volumes, which have increased as a result of successful restructuring measures, increased production volumes and higher demand. The lower revenues in the Industrial Sector were partially offset by the increase in profitability as a result of the restructuring measures and the significantly reduced expense level as a result of the countermeasures compared to the second quarter of 2019. The EBITDA margin rose accordingly from 9.9% to 25.6%. Also in comparison with the EBITDA adjusted for the release of provisions (EUR 4.0 million) and the corresponding EBITDA margin in the third quarter of 2019, the EBITDA and EBITDA margin in the third quarter of 2020 were more than three times as high as in the previous year.

Depreciation increased by EUR 2.5 million, mainly due to the increased depreciation base as a result of the reversal of impairment in the Sempermed segment, which was recorded in the second quarter of 2020.

EBIT in the third quarter of 2020 is therefore EUR 47.2 million and the EBIT margin is 19.8% (third quarter of 2019: EUR –34.6 million or –16.1%). Adjusted EBIT was also above the previous year's level at EUR 49.2 million, in particular due to the positive price development at Sempermed, and the adjusted EBIT margin at 20.7% was well above the value of the third quarter of 2019 (third quarter of 2019: EUR 8.1 million or 3.8%). The net expense from the financial result was below the level of the previous year, which was primarily due to the reduced interest expenses as a result of the repayment of Schuldschein loans.

The tax expense in the individual quarter was EUR 10.4 million compared to the tax expense of EUR 2.9 million in the third quarter of 2019. After one-time positive deferred tax effects as a result of the impairments and reversals in value in the second quarter of 2020, there was a comparatively high tax expense in the third quarter due to the high results generated in the Sempermed segment.

In total, earnings after taxes in the third quarter came to EUR 35.6 million (adjusted EUR 33.7 million) compared to EUR –39.9 million (adjusted EUR 2.8 million) in the third quarter of 2019. Earnings per share were EUR 1.65 in the third quarter of 2020 after EUR –2.00 in the third quarter of 2019.

Key figures Semperit Group/Third quarter

in EUR million	Q3 2020 ¹⁾	Q3 2019 ²⁾	Change	Change in EUR million
Revenue	238.2	214.9	+10.8%	23.3
EBITDA adjusted	60.9	17.3	>100%	43.7
EBITDA margin adjusted	25.6%	8.0%	+17.6 PP	-
EBITDA	60.9	21.3	>100%	39.6
EBITDA margin	25.6%	9.9%	+15.7 PP	-
EBIT adjusted	49.2	8.1	>100%	41.1
EBIT margin adjusted	20.7%	3.8%	+16.9 PP	-
EBIT	47.2	–34.6	>100%	81.9
EBIT margin	19.8%	–16.1%	+35.9 PP	-
Earnings after tax adjusted	33.7	2.8	>100%	30.9
Earnings after tax	35.6	–39.9	>100%	75.5
Additions to tangible and intangible assets	5.4	5.6	–2.6%	–0.1
Employees (at balance sheet date)	6,921	7,101	–2.5%	–180.0

¹⁾ Q3 2020: adjusted for the positive special effect from the write-up in the Sempermed segment (EBIT: EUR –2.1 million; earnings after tax effect: EUR –2.0 million) and the negative special effect from the impairment in the Sempertrans segment (EBIT and earnings after tax effect EUR +0.1 million)

²⁾ Q3 2019: adjusted on the one hand for the positive one-off effect from the reversal of the provision for the tax proceedings on transaction taxes in Brazil (Q3'19 EBITDA, EBIT and earnings after tax effect: +4.0 million EUR), on the other hand adjusted for the negative special effect of the impairment in the Sempermed segment (Q3'19 EBIT and earnings after tax effect: –46.8 million EUR)

Dividend and treasury shares

Semperit's dividend policy is, in principle: the pay-out ratio to shareholders is around 50% of earnings after tax assuming continued successful performance and that no unusual circumstances occur. Currently, however, the corona crisis is an exceptional circumstance that requires careful action by the company. In addition, the dividend potential is ultimately limited by the retained earnings in the individual financial statements of Semperit AG Holding. The decision regarding a possible dividend payment will therefore only be possible after the end of the year.

Assets and financial position

As of 30 September 2020, the balance sheet total increased by 10.1% to EUR 772.8 million compared with 31 December 2019.

On the assets side, in addition to increased cash and cash equivalents and higher receivables, the increase in tangible assets is particularly reflected. The increase in tangible assets is due to the reversal of impairment in the Sempermed segment, despite the opposite effect of the impairment in the Sempertrans segment.

On the liabilities side, equity basically increased as a result of a rise in revenue reserves. Most of all, the reduction of financial liabilities due to the repayment of Schuldschein loans and the voluntary repayment of the hybrid capital of EUR 20.0 million in the third quarter of 2020 had the opposite effect.

Trade working capital increased only slightly from EUR 155.2 million to EUR 156.2 million since the end of 2019 and was therefore unchanged at 18.5% of revenue (year-end 2019: 18.5%). Higher trade receivables (+14.8%) are offset by an increase in trade payables (+18.3%).

The active deferred and the passive current income taxes increased significantly. As a result of the performance in the Sempermed segment, loss carryforwards and unused tax credits became recoverable. In addition, there were latency effects from the impairment of the Sempertrans segment.

As of 30 September 2020, cash and cash equivalents were EUR 157.3 million, above the level as of the end of 2019 with EUR 141.4 million. The increase resulted from the higher profitability especially in the Sempermed segment.

As of 30 September 2020, the equity (excluding non-controlling interests) of the Semperit Group rose to EUR 366.7 million, by EUR 93.2 million above the value at the end of 2019 at EUR 273.4 million. This was mainly due to the increase in earnings in the first three quarters of 2020. The repayment of a tranche of the hybrid capital of EUR 20.0 million had the opposite effect. Furthermore, in order to optimize financing expenses, it was decided to cancel the outstanding, undrawn part of the hybrid capital in the amount of EUR 20 million in July 2020. The currency translation reserve changed mainly due to the development of the US dollar, Czech crown and Polish zloty.

As of 30 September 2020, the equity ratio was 47.4% (year-end 2019: 39.0%).

The return on equity for the first three quarters of 2020 was 49.6% (first three quarters of 2019: -15.8%). This is calculated from earnings after taxes of EUR 137.3 million (first three quarters of 2019: EUR -34.1 million) based on the equity attributable to the shareholders of Semperit AG Holding of EUR 366.7 million (first three quarters of 2019: EUR 284.4 million).

Debt capital decreased to EUR 404.4 million compared to the end of 2019 at EUR 427.7 million, a decrease of EUR -23.2 million, mainly due to the decrease in current financial liabilities (EUR -39.0 million) despite the increase in current trade payables (EUR +11.3 million).

Financial liabilities were EUR 170.0 million as of 30 September 2020 after EUR 214.8 million at the end of 2019, particularly as a result of the early repayment of Schuldschein loans at the beginning of the year and according to plan in July totaling EUR 34.5 million. Including cash and cash equivalents of EUR 157.3 million (2019 year-end: EUR 141.4 million) this resulted in net debt of EUR 12.7 million as of 30 September 2020 (net debt at the end of 2019: EUR 73.5 million). The key figure net debt/EBITDA as of 30 September 2020 was 0.1 (year-end 2019: 1.1).

Provisions including social capital remained almost unchanged at EUR 67.3 million. The other liabilities (other liabilities, deferred taxes, current taxes on income and other financial liabilities) increased to EUR 78.0 million after EUR 65.3 million at the end of 2019.

The existing and completely unused credit line was renegotiated at the beginning of the year. Improvements in key conditions were achieved, the credit line was reduced from EUR 150 million to EUR 75 million. As a supplementary, potentially liquidity-strengthening measure, a credit line of EUR

15.0 million was concluded in August 2020 under the same favorable conditions as part of the Kontrollbank refinancing framework of Österreichische Kontrollbank AG (OeKB), but the credit line has not yet been used. In order to optimise financing expenses, Semperit decided to terminate the outstanding, undrawn part of the hybrid capital in the amount of EUR 20 million in July. Part of the Schuldschein loan plus interest amounting to EUR 27.5 million was also repaid as scheduled in July 2020.

Cash flow

Due to the good operating results, the gross cash flow in the first three quarters of 2020 amounted to EUR 107.0 million after EUR 47.5 million in the first three quarters of 2019.

The cash flow from operating activities amounted to EUR 110.6 million in the first three quarters of 2020 (first three quarters of 2019: EUR 83.4 million), which was mainly due to higher profitability.

The cash flow from investing activities was EUR –11.8 million in the first three quarters of 2020 and therefore in absolute terms below the previous year's value of EUR –23.2 million, which was primarily due to reduced investment activities with a focus was on maintenance investments. In addition, systems were sold (land and buildings. In China, individual assets in Germany in Dalheim). Therefore, the free cash flow was positive at EUR 98.8 million, around 64% more than EUR 60.2 million in the first three quarters of 2019.

The cash flow from financing activities of EUR –77.4 million in the first three quarters of 2020 was below the value of the first three quarters of 2019 at EUR –22.6 million. The value in the first three quarters of 2020 was impacted by the repayment of Schuldschein loans, the repayment of short-term bank loans and the repayment of a tranche of hybrid capital.

Investments

At EUR 17.4 million, cash-relevant investments in tangible and intangible assets in the first three quarters of 2020 were below the previous year's level at EUR 25.1 million. The focus was mainly on capacity-maintaining investments and only to a lesser extent on expansion investments. The largest investments were made in Germany (EUR 4.3 million), in Malaysia (EUR 2.8 million), Poland (EUR 3.2 million), Austria (EUR 3.6 million) and the Czech Republic (EUR 1.3 million).

Performance of sectors and segments

Industrial Sector

Since the beginning of 2020, the results of the Industrial Sector have been reported in the new structure: the sector consists of four segments (Semperflex, Sempertrans, Semperseal and Semperform) after the former Semperform segment was divided up into two separate segments: Semperseal, which deals with sealing profiles and elastomer sheets, and Semperform, where the business units handrails, cable car rings, ski foils and engineered solutions (SES) are still combined. As expected, the Industrial Sector – above all Semperflex – was hit on the one hand by the economic downturn, which was discernible since 2019, and on the other hand by the effects of corona.

However, the precautions taken by the management had a positive effect. The planned measures of the ongoing restructuring and transformation program had two aspects: It became very clear that these measures put the segments on a resilient foundation and that the transformation measures planned for 2020 have even been accelerated by the crisis. The ongoing analysis also supported the rapid response of the management. The negative effects were partially offset by newly implemented countermeasures, both through increased customer proximity in the crisis situation and through strict cost management to counteract the crisis.

Overall, the sector's revenue therefore declined by –13.4% from EUR 426.2 million to EUR 369.0 million.

The Industrial Sector was already prepared for an economic slowdown in 2020 and was therefore able to take measures in time to counteract the corona-related crisis. Although EBITDA decreased by 12.6% to EUR 65.3 million due to the revenue decline, the EBITDA margin rose to 17.7% in the first three quarters of 2020, slightly above the level of 17.5% in the first three quarters of 2019. Due to market developments, a value adjustment had to be made in the Sempertrans segment at the end of the first half of the year (for more details, see notes 3.1). As a result, the Sector's EBIT fell by 51.1% to EUR 26.9 million and the EBIT margin from 12.9% to 7.3% in the first three quarters of 2020; the adjusted EBIT at EUR 46.8 million was –14.9% below the previous year's level, while the adjusted EBIT margin of 12.7% was only slightly below the comparative value.

Key figures Industrial Sector

In EUR million	Q1-Q3 2020 ¹⁾	Change	Q1-Q3 2019	Q3 2020 ¹⁾	Change	Q3 2019	2019
Revenue	369.0	–13.4%	426.2	119.8	–12.4%	136.7	547.2
EBITDA	65.3	–12.6%	74.7	20.5	–6.8%	22.0	87.5
EBITDA margin	17.7%	+0.2 PP	17.5%	17.1%	+1.0 PP	16.1%	16.0%
EBIT adjusted	46.8	–14.9%	55.0	14.6	–5.8%	15.5	60.9
EBIT margin adjusted	12.7%	–0.2 PP	12.9%	12.2%	+0.9 PP	11.3%	11.1%
EBIT	26.9	–51.1%	55.0	14.7	–4.9%	15.5	60.9
EBIT margin	7.3%	–5.6 PP	12.9%	12.3%	+1.0 PP	11.3%	11.1%
Additions to tangible and intangible assets	12.6	–24.0%	16.5	3.9	–4.0%	4.1	22.7
Employees (at balance sheet date)	3,474	–6.2%	3,705	3,474	–6.2%	3,705	3,602

¹⁾ Q1-3 and Q3 2020: adjusted for the negative special effect of the impairment in the Sempertrans segment (Q1-3'20 EBIT effect: EUR –19.9 million; Q3'20 EBIT effect: +0.1 million EUR)

Semperflex segment

The general declining market development due to the increasing economic slowdown since 2019 together with the negative effects of the corona crisis characterised the result of the Semperflex segment in the first three quarters of 2020. A first slight effect of the corona crisis was noticeable due to the ten-day shutdown in China after Chinese New Year. The reduced market demand was also reflected in a low order intake in the first three quarters and also in the order book below the level of the first three quarters of 2019. This applies to hydraulic hoses as well as industrial hoses. Capacity utilisation was lower than in the previous year due to lower demand.

Revenue was therefore –17.0% below the first three quarters of 2019. Due to the high efficiency of the countermeasures implemented since the beginning of the year in the field of fixed costs, the EBITDA decline was more moderate at –11.4%. EBITDA in the first three quarters of 2020 was EUR 34.8 million (in the first three quarters of 2019: EUR 39.3 million), which corresponds to an EBITDA margin of 24.0%.

The third quarter also clearly reflects the high level of efficiency and resilience due to the restructuring measures of recent years and the successful implementation of the corona countermeasures: while revenue was –13.4% below the level of the third quarter of 2019 due to the lower order situation, the key figures EBITDA, EBIT and the corresponding margins rose above the level of the comparative period.

Key figures Semperflex

in EUR million	Q1-Q3 2020	Change	Q1-Q3 2019	Q3 2020	Change	Q3 2019	2019
Revenue	145.0	–17.0%	174.7	46.6	–13.4%	53.8	222.7
EBITDA	34.8	–11.4%	39.3	11.4	+6.2%	10.8	47.9
EBITDA margin	24.0%	+1.5 PP	22.5%	24.5%	+4.5 PP	20.0%	21.5%
EBIT	26.4	–12.9%	30.3	8.7	13.4%	7.6	36.0
EBIT margin	18.2%	+0.9 PP	17.3%	18.6%	+4.4 PP	14.2%	16.2%
Additions to tangible and intangible assets	2.2	–71.0%	7.7	1.1	–7.1%	1.1	10.2
Employees (at balance sheet date)	1,564	–10.4%	1,745	1,564	–10.4%	1,745	1,672

Sempertrans segment

In the Sempertrans segment, the noticeable downturn in the economy since the end of last year on the one hand, and the uncertainty caused by the Corona crisis on the other. At the end of March, the plant in India had to be closed for around four weeks due to nationwide corona measures.

After a slight recovery at the beginning of the year, the order book level declined due to lower demand. While global mining was affected by local lock downs, particularly in the second quarter, the planned expansion projects were either reduced in volume or postponed. This development will also influence the result in the coming quarters. Due to the tense market situation, an impairment requirement of EUR 20.0 million was identified in the Sempertrans segment at the end of the second quarter (for more details, see Appendix 3.1). The decline in sales in the first three quarters of 2020 was therefore –12.6% due to lower demand compared to the first three quarters of 2019. The reported figures for the first three quarters of 2019 included a profit of EUR 1.3 million from the sale of property, plant and equipment from the production site in China that was closed in the 2018 financial year. This also increased profitability in the same period of the previous year.

The EBITDA margin was 9.7% in the first three quarters of 2020 (12.3% in the first three quarters of 2019). As a result of the impairment, a negative EBIT was reported; the EBIT margin was –15.5% in the first three quarters of 2020 (8.9% in the first three quarters of 2019). Adjusted EBIT was positive, but the adjusted EBIT margin was 6.5% below the comparison value.

The general slowdown was clearly noticeable in the third quarter of 2020. The decline in sales compared to the third quarter of 2019 was –19.2%. The EBITDA margin fell from 13.1% in the third quarter of 2019 to 7.6% in the third quarter of 2020. The reported EBIT margin is positive but adjusted at 5.0% it is also below the level of the previous year.

Key figures Sempertrans

in EUR million	Q1-Q3 2020 ¹⁾	Change	Q1-Q3 2019	Q3 2020 ¹⁾	Change	Q3 2019	2019
Revenue	90.3	–12.6%	103.3	28.4	–19.2%	35.1	134.0
EBITDA	8.7	–31.4%	12.7	2.1	–53.3%	4.6	13.5
EBITDA margin	9.7%	–2.6 PP	12.3%	7.6%	–5.5 PP	13.1%	10.1%
EBIT adjusted	5.8	–36.9%	9.2	1.4	–61.0%	3.6	8.9
EBIT margin adjusted	6.5%	–2.5 PP	8.9%	5.0%	–5.4 PP	10.4%	6.7%
EBIT	–14.0	–	9.2	1.6	–57.4%	3.6	8.9
EBIT margin	–15.5%	–24.5 PP	8.9%	5.5%	–4.9 PP	10.4%	6.7%
Additions to tangible and intangible assets	2.6	–25.6%	3.6	1.0	–48.9%	2.0	4.7
Employees (at balance sheet date)	933	–1.7%	949	933	–1.7%	949	939

1) Q1-3 and Q3 2020: adjusted for the negative special effect of the impairment in the Sempertrans segment (Q1-3'20 EBIT effect: EUR –19.9 million; Q3'20 EBIT effect: +0.1 million EUR EUR)

Semperseal segment

The new Semperseal segment, which has been managed separately since the beginning of 2020, recorded a decline in sales compared to the first three quarters of 2019. On the one hand, this was due to the economic situation, on the other hand, it is due to the overall weaker demand in the European construction industry due to the Corona crisis. The order situation was consequently below the first three quarters of the previous year. Short-term higher incoming orders to secure stocks for customers were reduced again in the course of the second quarter as a result of uncertainties caused by the Corona crisis. In the third quarter, however, there was a recovery in the economic situation. At the same time, the countermeasures were able to weaken the negative effects of Corona somewhat.

Compared with the first three quarters of the previous year, there was a decline in sales (–9.5%). Thanks to the robust structure as a result of the restructuring measures as well as the Corona countermeasures, profitability increased slightly: The EBITDA margin was 13.1% (first three quarters of 2019: 12.4%), the EBIT margin was 6.9% (first three quarters of 2019: 6.6%).

The first steps towards regional cultivation of the North American markets have brought so far positive market reactions. Business in Russia and China developed very positively in the third quarter.

After a weaker second quarter, sales recovered again in the third quarter of 2020 and were therefore only 4.6% below the level of the third quarter of 2019. The return on sales increased as a result. At 12.0%, the EBITDA margin was up on the previous year's figure for the same period of the previous year (third quarter 2019: 9.8%), as was the EBIT margin at 5.8% over the third quarter of 2019 (3.9%).

Key figures Semperseal

In EUR million	Q1-Q3 2020	Change	Q1-Q3 2019	Q3 2020	Change	Q3 2019	2019
Revenue	71.5	-9.5%	78.9	24.4	-4.6%	25.6	99.5
EBITDA	9.4	-4.7%	9.8	2.9	+16.1%	2.5	10.4
EBITDA margin	13.1%	+0.7 PP	12.4%	12.0%	+2.1 PP	9.8%	10.5%
EBIT	4.9	-5.8%	5.2	1.4	+42.6%	1.0	4.0
EBIT margin	6.9%	+0.3 PP	6.6%	5.8%	+1.9 PP	3.9%	4.0%
Additions to tangible and intangible assets	5.3	+73.6%	3.0	1.0	>100%	0.4	4.7
Employees (at balance sheet date)	450	-5.7%	477	450	-5.7%	477	469

Semperform segment

The Semperform segment recorded a decline in demand, particularly in the Special Applications division, which can be attributed to the decline in economic activity in the tourism industry since the end of last year and which was caused by the Corona crisis. This continues in the lower sales of the first three quarters of 2020 compared to the previous year. The European markets have now stabilized again after customer operations have resumed. The Asian market for handrails (especially China) has recovered well, while the European and US market for handrails are below the level of the first three quarters of 2019, and there is still low visibility with regard to the coming development due to the ongoing corona crisis. The automotive market has not yet been able to recover, while the household appliance industry is doing comparatively well.

In a comparison of the first three quarters of 2020 with the same period of the previous year, sales were -10.2% lower. Thanks to the profitability-increasing measures of the restructuring and transformation program of the previous years and the Corona countermeasures, the EBITDA and EBIT margins did not come under pressure: the EBITDA margin was 20.0% (in the first three quarters of 2019: 18.6%), the EBIT margin 15.6% (in the first three quarters of 2019: 14.8%).

Compared to the same period in the previous year, sales fell by 8.3% in the third quarter of 2020. At the same time, it was possible to increase productivity: the EBITDA margin was 19.6% compared to 18.4% in the third quarter of 2019, as was the EBIT margin above the previous year's level at 15.1% (third quarter of 2019: 14.3 %).

Key figures Semperform¹⁾

in EUR million	Q1-Q3 2020	Change	Q1-Q3 2019	Q3 2020	Change	Q3 2019	2019
Revenue	62.2	-10.2%	69.3	20.4	-8.3%	22.3	91.1
EBITDA	12.4	-3.6%	12.9	4.0	-2.4%	4.1	15.6
EBITDA margin	20.0%	+1.4 PP	18.6%	19.6%	+1.2 PP	18.4%	17.1%
EBIT	9.7	-5.7%	10.3	3.1	-3.5%	3.2	12.0
EBIT margin	15.6%	+0.7 PP	14.8%	15.1%	+0.8 PP	14.3%	13.1%
Additions to tangible and intangible assets	2.4	+7.6%	2.2	0.9	+60.5%	0.6	3.2
Employees (at balance sheet date)	527	-1.3%	534	527	-1.3%	534	521

¹⁾ The business units Profiles and Rubber Sheeting were separated from the Semperform segment and are operated as a segment of their own under the name Semperseal as of 1 January 2020.

Medical Sector: Sempermed segment

The development of the Sempermed segment in the first three quarters of 2020 was characterized by two key factors. On the one hand, production volumes and operational efficiency were increased as a result of the successful restructuring measures - despite the challenging market environment on the procurement side. On the other hand, as a result of the corona pandemic, the significant increase in demand for examination and protective gloves as well as for surgical gloves and the market-driven rise in price levels, especially since the second quarter, were decisive for the result. This resulted in a 27.5% increase in sales compared to the previous year.

Due to the changed market situation compared to previous years, an impairment loss of EUR 86.7 million was recorded in the first three quarters of 2020. (for more details see Appendix 3.1)

In addition to the positive effects of Corona on the medical business, the measures of the restructuring and transformation process showed their lasting positive effects not only in the increased production volume and the increase in sales, but also in productivity and profitability: EBITDA was in the first three quarters 2020 at EUR 67.3 million after EUR 5.6 million in the first three quarters of 2019, which also includes a positive one-off effect of EUR 4.0 million from the reversal of a provision for tax proceedings on transfer taxes in Brazil. As a result of the additional positive effect of the reversal of impairment losses, EBIT amounted to EUR 147.5 million after EUR -47.2 million in the first three quarters of 2019, when, in contrast, an impairment of EUR 46.8 million had to be posted. The EBIT adjusted for the reversal of impairment also improved significantly to EUR 60.7 million compared to the adjusted EBIT of the same period of the previous year (EUR -4.5 million), the adjusted EBIT margin was above the previous year's level 21.1% (in the first three quarters of 2019: -2.0%).

The third quarter of 2020 is clearly characterized by the still above-average demand as a result of the corona pandemic and the extraordinarily sharp rise in market prices as a result. Sales are 51.5% above the level of the comparable period in 2019. Due to the positive effect of the restructuring measures in combination with the increased market prices, an EBITDA margin of 37.5% was achieved (third quarter of 2019: 7.5%). As a result of the reversal of impairment losses, the EBIT margin was 31.0% in the third quarter of 2020, adjusted also at the impressive level of 32.8% (third quarter of 2019: adjusted -0.4%).

Key figures Sempermed

in EUR million	Q1-Q3 2020 ¹⁾	Change	Q1-Q3 2019 ²⁾	Q3 2020 ¹⁾	Change	Q3 2019 ²⁾	2019
Revenue	288.2	+27.5%	226.0	118.4	+51.5%	78.2	293.3
EBITDA adjusted	67.3	>100%	1.5	44.4	>100%	1.8	1.4
EBITDA margin adjusted	23.4%	+22.7 PP	0.7%	37.5%	+35.2 PP	2.3%	0.5%
EBITDA	67.3	>100%	5.6	44.4	>100%	5.8	5.5
EBITDA margin	23.4%	+20.9 PP	2.5%	37.5%	+30.0 PP	7.5%	1.9%
EBIT adjusted	60.7	>100%	-4.5	38.9	>100%	-0.3	-5.5
EBIT margin adjusted	21.1%	+23.1 PP	-2.0%	32.8%	+33.2 PP	-0.4%	-1.9%
EBIT	147.5	>100%	-47.2	36.8	>100%	-43.0	-50.2
EBIT margin	51.2%	+72.1 PP	-20.9%	31.0%	+86.1 PP	-55.0%	-17.1%
Additions to tangible and intangible assets	3.1	-32.7%	4.6	1.3	-9.3%	1.5	8.0
Employees (at balance sheet date)	3,311	+1.5%	3,263	3,311	+1.5%	3,263	3,165

¹⁾ Q1-3 and Q3 2020: adjusted for the positive special effect of the write-up in the Sempermed segment (Q1-3'20 EBIT effect: +86.7 million EUR; Q3'20 EBIT effect: -2.1 million EUR)

²⁾ Q1-3 and Q3 2019: adjusted on the one hand for the positive one-off effect from the reversal of the provision for the tax procedure for transfer taxes in Brazil (Q1-3'19 and Q3'19 EBITDA and EBIT effect: +4.0 million EUR, on the other hand, adjusted for the negative special effect of the impairment in the Sempermed segment (Q1-3'19 and Q3'19 EBIT effect: EUR -46.8 million)

Employees

The headcount as of 30 September 2020 was 6,921 and -2.5% below the level as of 30 September 2019. In the Industrial Sector, the number of employees decreased in all segments, while in the Medical Sector the number of employees slightly increased. When looking at segments, around 48% of all employees are employed in the Sempermed segment (first three quarters of 2019: 46%). Around 23% work in the Semperflex segment, 13% in the Sempertrans segment and 8% and 7% in the now separate segments Semperform and Semperseal (as of 30 September 2019: Semperflex 25%, Sempertrans 13%, Semperform 8% und Semperseal 7%).

Supervisory and Management Board matters

At the 131st Annual General Meeting on 22 July 2020, Patrick Prügger and Peter Edlmann (already with effect from 24 April 2020) resigned from the Supervisory Board at their own request. Petra Preining's Supervisory Board mandate expired on 22 July 2020. At the Annual General Meeting on 22 July 2020, Herbert Ortner and Claus Möhlenkamp were newly elected to the Supervisory Board of Semperit AG Holding while Petra Preining was re-elected. Walter Koppensteiner, who has been a member of the Supervisory Board since 2012, was confirmed as Chairman of the Supervisory Board.

Since 1 January 2020, Kristian Brok has been a member of the Executive Board as Chief Operating Officer (COO); his mandate will end on 31 December 2023. The mandate of the Chief Financial Officer (CFO) Frank Gumbinger was terminated at his own request on 19 March 2020; the mandate had originally been extended until 30 June 2022. Petra Preining was appointed interim successor with effect from 20 March to 12 October 2020; meanwhile, her supervisory board mandate was suspended. On 3 June 2020, the Supervisory Board of Semperit AG Holding appointed Gabriele Schallegger as new CFO as of 12 October 2020. Her term of office will end on 31 October 2023. The Executive Board mandate of Felix Fremerey was terminated at his own request as of 14 August 2020; originally, the term of office would have ended on 30 November 2020.

Outlook

The recessive economic development and the effects of the corona crisis lead to opposing developments in the Industrial and Medical Sectors: In the medical protective gloves business, a significant increase in demand and a sharp rise in prices have been observed since the outbreak of the corona crisis.

The emerging effects of the global pandemic are considered to be of limited sustainability. For this reason, the fundamental strategic decision of 28 January 2020, according to which Semperit will focus on the industrial rubber business in the future and separate from the medical business, is still valid, regardless of the developments recently observed in the wake of the corona crisis. However, in view of the extremely positive earnings contributions and the high margins that are currently resulting from the exceptional economic situation, the Semperit Group will probably continue its medical business at least until mid-2021.

The Industrial Sector was hit by the global recession, which has worsened in recent months due to the corona crisis. The results of the Industrial Sector in the current year will therefore be noticeably below the previous year's level.

The accelerating CoViD pandemic has a more positive effect on the demand and price of medical products than expected in the first half of 2020. Against this background and assuming the continued uninterrupted availability of raw materials, current figures indicate that the Semperit Group's EBITDA for the full year will range between EUR 200.0 and 225.0 million and thus significantly exceed the previous year's figure. The Semperit Group's EBIT is therefore expected to be between EUR 230.0 and 255.0 million for the full year 2020.

In the first three quarters, the boom in the Medical Sector had positive effects on the liquidity of the Semperit Group. The Executive Board of Semperit AG Holding therefore intends to repay the hybrid capital made available by the core shareholder B & C Holding Österreich GmbH within the next six months.

The restructuring and transformation process initiated by the Semperit Group at the beginning of 2018, which has led to significant improvements at various levels, has been further accelerated by the corona crisis. In this context, the focus on cost-cutting measures will be sharpened again in the coming months.

The Semperit management continues to monitor the situation very closely. The greatest threat is that a critical number of employees in key areas of the value chain at one location may not be available due to infection with the corona virus. In the Industrial Sector, the greatest discernible risk comes from potential slumps in demand. In the Medical Sector, the current positive development may be slowed down by the early availability of a vaccine or the market entry of new competitors. Ensuring the availability of raw materials depends on external factors and is the focus of the Semperit Group's purchasing organisation. The decision on the payment of a dividend for 2020 is yet to be made. In addition, the Executive Board of Semperit AG Holding now intends to repay the hybrid capital provided by the core shareholder B & C Holding Österreich GmbH within the next six months.

From today's perspective, the outlook for 2021 is also positive: even if a broadly effective vaccine against CoViD-19 becomes available in the foreseeable future, the pandemic-related positive effects from the medical business are expected to extend well into 2021. Based on planning assumptions, the Executive Board assumes from today's perspective that the 2020 result may be maintained at the same level or even exceeded in the coming year.

Note

This outlook is based on the assessments of the Management Board as of 18 November 2020. These assessments are subject to both known and unknown risks and uncertainties, which may result in actual events and outcomes differing from the statements made here.

Consolidated income statement

in EUR thousand	Note	Q1-3 2020	Q1-3 2019	Q3 2020	Q3 2019
Revenue	2.2	657,152	652,222	238,204	214,917
Changes in inventories		-2,953	-6,753	-7,804	-8,154
Own work capitalised		2,543	1,590	697	499
Operating revenue		656,743	647,059	231,097	207,262
Other operating income	2.3	5,492	7,285	2,078	2,849
Cost of material and purchased services		-318,205	-363,450	-98,468	-113,465
Personnel expenses		-156,273	-150,552	-52,395	-49,767
Other operating expenses	2.4	-69,786	-80,228	-21,577	-25,733
Share of profits from associated companies		566	335	199	156
Earnings before interest, tax, depreciation and amortisation (EBITDA)		118,537	60,448	60,933	21,303
Depreciation and amortisation of tangible and intangible assets		-25,927	-26,548	-11,736	-9,192
Impairment of tangible and intangible assets	3.1	-19,873	-47,642	132	-46,758
Reversal of impairment of tangible and intangible assets	3.1	86,733	0	-2,102	0
Earnings before interest and tax (EBIT)		159,470	-13,742	47,227	-34,647
Finance income		272	619	81	192
Finance expenses		-4,340	-6,484	-1,169	-2,151
Profit / loss attributable to redeemable non-controlling interests		-3,353	-3,255	-1,252	-886
Other financial result	2.5	-2,461	206	1,160	499
Financial result		-9,883	-8,913	-1,181	-2,347
Earnings before tax		149,587	-22,656	46,047	-36,994
Income taxes		-12,258	-11,417	-10,423	-2,893
Earnings after tax		137,329	-34,072	35,624	-39,887
thereof attributable to the shareholders of Semperit AG Holding – from ordinary shares		131,255	-38,881	34,037	-41,175
thereof attributable to the shareholders of Semperit AG Holding – from hybrid capital		5,034	5,217	1,631	1,767
thereof attributable to non-controlling interests		1,040	-408	-44	-479
Earnings per share in EUR (diluted and undiluted)¹⁾		6.38	-1.89	1.65	-2.00

¹⁾ Earnings per share are solely attributable to the ordinary shareholders of Semperit AG Holding (excluding payments from hybrid capital).

Consolidated statement of comprehensive income

in EUR thousand	Note	Q1-3 2020	Q1-3 2019	Q3 2020	Q3 2019
Earnings after tax		137,329	-34,072	35,624	-39,887
Other comprehensive income that will not be recognised through profit and loss in future periods		407	124	401	28
Remeasurements of defined benefit plans		0	0	0	0
thereof revaluation gains / losses for the period		0	0	0	0
thereof related to income tax		407	124	401	28
Other comprehensive income that will be recognised through profit and loss in future periods		-16,737	-383	-8,496	-3,312
Cashflow hedges		-97	274	44	-171
thereof revaluation gains / losses for the period		-1,431	-128	151	-713
thereof reclassification to profit / loss for the period		1,334	402	-107	542
Currency translation differences		-16,687	-658	-8,506	-3,203
thereof currency translation differences for the period		-16,687	-658	-8,506	-3,203
thereof related to income tax		47	2	-34	63
Other comprehensive income		-16,330	-259	-8,096	-3,283
Comprehensive income		121,000	-34,331	27,528	-43,170
thereof on earnings attributable to the shareholders of Semperit AG Holding – from ordinary shares		114,957	-39,256	24,921	-44,937
thereof attributable to the shareholders of Semperit AG Holding – from hybrid capital		5,034	5,217	1,631	1,767
thereof on earnings attributable to non-controlling interests		1,008	-292	976	0

Consolidated cash flow statement

in EUR thousand	Note	Q1-3 2020	Q1-3 2019
Earnings before tax		149,587	-22,656
Depreciation, amortisation, impairment and reversal of impairment of tangible and intangible assets	3.1	-40,934	74,191
Profit / loss from disposal of assets (including current and non-current financial assets)	2.3	-207	-1,125
Change in non-current provisions		599	-3,510
Share of profits from associated companies		-566	-335
Profit / loss attributable to redeemable non-controlling interests		3,353	3,255
Net interest income (including income from securities)		4,069	5,866
Taxes paid on income		-10,875	-4,654
Other non-cash expense/income		2,002	-3,539
Gross cashflow		107,029	47,493
Change in inventories		-3,742	19,627
Change in trade receivables		-17,778	-4,789
Change in other receivables and assets		230	1,895
Change in trade payables		15,525	20,020
Change in other liabilities and current provisions		9,320	-843
Cashflow from operating activities		110,584	83,403
Proceeds from sale of tangible assets		5,336	1,358
Cash outflows for additions in tangible and intangible assets		-17,359	-25,141
Interest received		253	618
Cashflow from investing activities		-11,771	-23,165
Repayment of current and non-current financial liabilities		-39,646	-3,334
Payments arising from leasing liabilities		-2,240	-2,067
Dividends to redeemable non-controlling shareholders of subsidiaries		-3,921	-669
Acquisition of non-controlling interests		-2	-7
Repayment of hybrid capital		-20,000	0
Coupon payments on hybrid capital		-6,755	-10,545
Interest paid		-4,800	-5,986
Cashflow from financing activities		-77,364	-22,607
Net increase / decrease in cash and cash equivalents		21,448	37,631
Currency translation differences		-5,521	816
Cash and cash equivalents at the beginning of the period		141,356	121,549
Cash and cash equivalents at the end of the period		157,284	159,996

Consolidated balance sheet

in EUR thousand	Note	30.09.2020	31.12.2019
ASSETS			
Non-current assets			
Intangible assets	3.1	7,385	8,071
Tangible assets	3.1	338,688	294,544
Investments in associated companies	4	0	2,375
Other financial assets		8,239	7,965
Other assets		3,026	4,350
Deferred taxes		9,334	3,212
		366,672	320,517
Current assets			
Inventories		120,453	122,157
Trade receivables		108,550	94,555
Other financial assets		2,546	2,816
Other assets		12,884	13,654
Current tax receivables		720	1,017
Cash and cash equivalents		157,284	141,356
		402,437	375,556
Non-current assets held for sale	4	3,691	5,709
		406,128	381,265
ASSETS		772,800	701,782
EQUITY AND LIABILITIES			
Equity			
Share capital		21,359	21,359
Capital reserves		21,503	21,503
Hybrid capital		110,000	130,000
Revenue reserves		241,754	111,865
Currency translation reserve		-27,963	-11,307
Equity attributable to the shareholders of Semperit AG Holding		366,654	273,420
Non-controlling interests		1,701	691
		368,355	274,111
Non-current provisions and liabilities			
Provisions		44,535	45,110
Liabilities from redeemable non-controlling interests		15,469	18,457
Financial liabilities		167,906	173,763
Trade payables		84	127
Other financial liabilities		8,140	7,073
Other liabilities		244	183
Deferred taxes		9,269	10,323
		245,646	255,037
Current provisions and liabilities			
Provisions		22,797	22,316
Liabilities from redeemable non-controlling interests		804	0
Financial liabilities		2,057	41,050
Trade payables		72,781	61,513
Other financial liabilities		17,632	15,161
Other liabilities		31,917	28,702
Current tax liabilities		10,812	3,892
		158,799	172,634
EQUITY AND LIABILITIES		772,800	701,782

Consolidated statement of the changes in equity

in EUR thousand	Note	Share capital	Capital reserves	Hybrid capital	Revenue reserves	Currency translation reserve	Total	Non-controlling interests	Total equity
As at 01.01.2019		21,359	21,503	130,000	164,630	-7,999	329,493	904	330,398
Retrospective adjustment under IAS 8 – correction of reserves		0	0	0	4,295	-4,295	0	0	0
Adjusted as at 01.01.2019		21,359	21,503	130,000	168,925	-12,294	329,493	904	330,398
Earnings after tax		0	0	0	-33,664	0	-33,664	-408	-34,072
Other comprehensive income		0	0	0	399	-774	-375	116	-259
Comprehensive income		0	0	0	-33,265	-774	-34,039	-292	-34,331
Dividend		0	0	0	0	0	0	-259	-259
Coupon payments on hybrid capital		0	0	0	-10,545	0	-10,545	0	-10,545
Acquisition of non-controlling interests		0	0	0	-501	-1	-502	494	-8
As at 30.09.2019		21,359	21,503	130,000	124,614	-13,069	284,408	847	285,255
As at 01.01.2020		21,359	21,503	130,000	111,865	-11,307	273,420	691	274,111
Earnings after tax		0	0	0	136,289	0	136,289	1,040	137,329
Other comprehensive income		0	0	0	357	-16,656	-16,298	-31	-16,330
Comprehensive income		0	0	0	136,647	-16,656	119,991	1,008	121,000
Coupon payments on hybrid capital		0	0	0	-6,755	0	-6,755	0	-6,755
Repayment of hybrid capital		0	0	-20,000	0	0	-20,000	0	-20,000
Acquisition of non-controlling interests		0	0	0	-3	0	-3	1	-2
As at 30.09.2020		21,359	21,503	110,000	241,754	-27,963	366,654	1,701	368,355

Notes to the interim group financial statements (condensed)

1. General

1.1. Basic compilation principles

The interim group financial report has been prepared in accordance with International Financial Reporting Standards (IFRSs) and is based on the regulations for interim financial statements (IAS 34).

For more information on accounting and valuation methods of the Semperit-Group, please see the consolidated financial statements as at 31 December 2019, which in this regard form the basis for this interim group financial report.

The reporting currency is the euro, with figures rounded to the nearest thousand, unless expressly stated otherwise. Rounding differences in the totalling of rounded amounts and percentages may arise from the automatic processing of data.

The interim group financial report of the Semperit-Group as at 30 September 2020 have not been fully audited or reviewed by the Group's auditor.

1.2. New and amended accounting standards

The following amended standards and interpretations were applicable for the first time in the first three quarters of 2020.

		Endorsement	Mandatory application for the Semperit-Group	Effects on the Semperit-Group
New standards and interpretations				
None				
Amended standards				
IFRS 3	Amendments to Business Combinations: Definition of a business	21 April 2020	01 January 2020	no
IAS 1/8	Amendments to the definition of materiality	29 November 2019	01 January 2020	no
Miscellaneous	Amendments to References to the Conceptual Framework in IFRS Standards	29 November 2019	01 January 2020	no
Miscellaneous	Amendments to IFRS 9, IAS 38 and IFRS 7: Interest Rate Benchmark Reform	15 January 2020	01 January 2020	no
IFRS 16	Amendments to IFRS: 16 Leases Covid 19-Related Rent Concessions	09 October 2020	01 January 2021	no

2. Performance

2.1. Segment reporting

The sealing profiles and elastomer sheeting business has been separated from the Semperform segment since the 2020 financial year and is now managed as a self-contained segment under the name 'Semperseal'. The Semperform segment is concentrating on the business involving handrails, sheave liners, ski foils and engineered solutions. The comparative figures have been adjusted accordingly.

On 28 January 2020, the Management Board and Supervisory Board of the Semperit-Group decided to divest themselves of the Sempermed segment. The requirements for the presentation of Sempermed as a discontinued operation had not yet been fulfilled as at 30 September 2020.

Q1-3 2020 in TEUR	Semper-med	Semper-flex	Semper-trans	Semper-seal	Semper-form	Corporate Center	Group Eliminations	Total
Revenue	288,192	144,950	90,336	71,458	62,216	0	0	657,152
EBITDA	67,329	34,767	8,741	9,363	12,434	-14,098	0	118,537
EBIT	147,451	26,367	-14,041	4,896	9,692	-14,895	0	159,470
Trade Working Capital	61,972	45,424	20,263	14,865	15,663	-1,965	0	156,222
Additions to tangible and intangible assets ¹⁾	3,114	2,232	2,648	5,285	2,402	350	0	16,030

Q1-3 2019 in TEUR	Semper-med	Semper-flex	Semper-trans	Semper-seal	Semper-form	Corporate Center	Group Eliminations	Total
Revenue	226,012	174,651	103,347	78,929	69,282	0	0	652,222
EBITDA	5,558	39,257	12,734	9,824	12,896	-19,976	155	60,448
EBIT	-47,250	30,279	9,240	5,199	10,278	-21,644	155	-13,742
Trade Working Capital	58,405	51,763	27,681	13,743	16,999	-5,174	-11	163,406
Additions to tangible and intangible assets ¹⁾	4,626	7,699	3,561	3,045	2,231	212	0	21,374

¹⁾ Exclusive rights of use in accordance with IFRS 16

2.2. Revenue

Revenue from contracts with customers is broken down by segment and geographical region as follows:

in EUR thousand	Semper-med	Semper-flex	Semper-trans	Semper-seal	Semper-form	Group
Q1-3 2020						
Western Europe	158,643	78,879	26,579	56,333	38,521	358,954
Eastern Europe	34,948	31,939	14,941	9,576	5,752	97,156
North America	49,936	18,562	17,422	4,967	2,584	93,471
Asia	26,803	14,028	21,319	573	14,409	77,131
Central and South America	9,220	744	6,713	9	653	17,339
Australia	7,285	264	1,224	0	39	8,812
Africa	1,358	535	2,138	0	259	4,290
Revenue	288,192	144,950	90,336	71,458	62,216	657,152

in EUR thousand	Semper-med	Semper-flex	Semper-trans	Semper-seal	Semper-form	Group
Q1-3 2019						
Western Europe	122,028	98,865	28,249	63,121	43,313	355,576
Eastern Europe	27,052	36,435	20,262	11,131	6,675	101,555
North America	43,614	21,031	11,499	4,420	2,890	83,454
Asia	22,707	15,396	33,930	193	15,182	87,408
Central and South America	6,195	1,988	2,917	65	796	11,960
Australia	2,502	234	1,221	0	82	4,039
Africa	1,914	702	5,269	0	344	8,229
Revenue	226,012	174,651	103,347	78,929	69,282	652,222

2.3. Other operating income

Other operating income in the comparable period included income of EUR 1,288 thousand from the sale of tangible assets from the production site of Sempertrans Best (ShanDong) Belting Co. Ltd., which was closed in 2018.

Other operating income in the period under review includes government grants in the amount of EUR 1,535 thousand (Q1-3 2019: EUR 0 thousand) that the Semperit-Group received in the form of support payments (e.g. grants for short-time working, subsidies from job support schemes, etc.) for the first three quarters of 2020 in the wake of the corona crisis. These grants were awarded in Germany, France, Malaysia, Austria, Poland and Singapore.

2.4. Other operating expenses

The legal, consulting and auditing expenses of the first three quarters 2020 added up to EUR 8,656 thousand (Q1-3 2019: EUR 15,037 thousand); the comparative period included in particular costs in connection with strategic projects.

In the first three quarters of 2020, the scope of the commercial agent's activities shrank as a result of the corona crisis, resulting in a decrease of commission and advertising expenses to

EUR 2,491 thousand (Q1-3 2019: EUR 4,034 thousand). Furthermore, travel expenses also decreased to EUR 1,964 thousand (Q1-3 2019: EUR 5,191 thousand).

With regard to the valuation allowance for trade receivables, no adjustment of the provision matrix (level 2 of the expected loss model in accordance with IFRS 9) has been necessary to date due to the corona crisis: There were no significant defaults in the first three quarters of 2020 as a result of the corona crisis. The Group continues to have credit insurance coverage for 88.6% of the trade receivables (previous year 88.4%). Although credit limits were reduced or cancelled on the part of the credit insurers, the Semperit-Group was able to counteract this through efficient credit management and by agreeing on alternative, secure payment terms.

2.5. Financial result

in EUR thousand

	Q1-3 2020	Q1-3 2019
Other financial result		
Net foreign exchange result	-1,678	1,949
Net result from the valuation categories FVPL and FV – Hedging instruments	-227	-386
Other	-555	-1,358
Total	-2,461	206

3. Non-current assets

3.1. Tangible and intangible assets

Impairment need in the Sempertrans segment

As at 30 June 2020, the total recoverable amount for Sempertrans amounted to EUR 64,578 thousand and was therefore below the carrying amount of EUR 84,418 thousand (including Trade Working Capital, not including trade payables related to investments in plant and equipment: EUR 25,807 thousand). The resulting impairment need of EUR 19,840 thousand as at 30 June 2020 was allocated to the assets of the material non-current segment and recognised in the functional currencies of the subsidiaries belonging to the Sempertrans segment following conversion at the closing rate as at 30 June 2020. This resulted in an impairment expense in the amount of EUR 19,873 thousand based on the average foreign exchange rates for the first three quarters of 2020.

Reversal of impairment in the Sempermed segment

As at 30 June 2020, the total recoverable amount for Sempermed amounted to just under EUR 200,000 thousand and was therefore above the carrying amount of EUR 70,696 thousand (including trade working capital, not including trade payables related to investments in plant and equipment: EUR 54,771 thousand) and also above amortised cost. The resulting reversal of impairment of EUR 86,870 thousand as at 30 June 2020 was allocated to the segment's material non-current assets and recognised in the functional currencies of the subsidiaries belonging to the Sempermed segment following conversion at the closing rate as at 30 June 2020. After conversion using the average foreign exchange rates for the first three quarters of 2020, the reversal of impairment amounted to EUR 86,733 thousand.

4. Non-current assets held for sale

In August 2020 the Management Board of the Semperit Group decided to sell the minority interest of 37.5% in the German Synergy Health Allershausen GmbH. As a result, the interest in the associated company with a book value of EUR 2,932 thousand has been classified as non-current assets held for sale for the first time as of 30 September 2020. The impairment test which had to be made due to the reclassification resulted in no impairment need. With effective date as of 06 November 2020 the interest in Synergy Health Allershausen GmbH was sold with a profit of EUR 318 thousand.

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Disclaimer

The terms "Semperit" or "Semperit Group" in this report refer to the group; "Semperit AG Holding" or "Semperit Aktiengesellschaft Holding" is used to refer to the parent company (individual company).

We have prepared this report and verified the information it contains with the greatest possible care. Nevertheless, rounding, typesetting and printing errors cannot be ruled out. Rounding of differences in the summation rounded amounts and percentages may arise from the automatic processing of data.

The forecasts, plans and forward-looking statements contained in this report are based on the knowledge and information available and the assessments made at the time that this report was prepared (editorial deadline: 18th November 2020). As is true of all forward-looking statements, these statements are subject to risk and uncertainties. As a result, actual events may deviate significantly from these expectations. No liability whatsoever is assumed for the accuracy of projections or for the achievement of planned targets or for any other forward-looking statements. Words such as "expect," "want," "believe," "anticipate," "includes," "plan," "assumes," "estimate," "projects," "intends," "should," "will," "shall," or variations of such words are generally part of forward-looking statements.

Furthermore, there is no guarantee that the contents are complete.

Statements referring to people are valid for both men and women.

This report has been written in German and English. In case of doubt, the German version shall take precedence.

Financial Calendar 2021

18.3.2021	Publication of 2020 annual financial statements
17.4.2021	Record Date Annual General Meeting
27.4.2021	Annual general meeting, Vienna
29.4.2021	Ex-dividend day
30.4.2021	Record Date Dividend (= day, on which settled positions are struck at CSD Austria at close of business to determine the entitlement)
3.5.2021	Dividend payment day
19.5.2021	Report on Q1 2021
19.8.2021	Half-year financial report 2021
17.11.2021	Report on Q1-3 2021