SEMPERIT

2018

Report on the first three quarters

Key performance figures

in EUR million	Q1-3 2018	Change	Q1-3 2017	Q3 2018	Change	Q3 2017	2017
Revenue	670.3	+0.0%	670.0	221.7	+6.4%	208.4	874.2
EBITDA	41.9	–57.1%	97.8	13.1	>100%	0.5	100.2
EBITDA margin	6.3%	–8.3 PP	14.6%	5.9%	+5.7 PP	0.2%	11.5%
EBIT	–45.5	–	46.1	4.3	–	–8.2	37.6
EBIT margin	–6.8%	–13.7 PP	6.9%	1.9%	+5.8 PP	–3.9%	4.3%
Earnings after tax	–72.9	–	4.9	–5.5	–66.6%	–16.4	–26.3
Earnings per share (EPS)[1], in EUR	–3.68	–	0.24	–0.35	–55.3%	–0.79	–1.25
Gross cash flow	24.8	–23.9%	32.7	9.6	–52.8%	20.3	32.2
Return on equity[2]	–28.5%	–41.7 PP	13.2%	–6.6%	+45.1 PP	–51.7%	–9.2%

Balance sheet key figures

in EUR million	30.09.2018	Change	30.09.2017	30.06.2018	Change	30.06.2017	31.12.2017
Balance sheet total	851.9	–3.9%	886.0	872.3	–1.6%	886.0	853.2
Equity	338.2	+5.1%	321.9	343.7	+6.8%	321.9	278.5
Equity ratio	39.7%	+3.4 PP	36.3%	39.4%	+3.1 PP	36.3%	32.6%
Investments in tangible and intangible assets	57.7	+3.4%	55.8	42.1	+17.5%	35.8	74.5
Employees (at balance sheet date)	6,746	+3.1%	6,542	6,874	+5.2%	6,532	6,838

Sector and segment key figures

in EUR million	Q1-3 2018	Change	Q1-3 2017	Q3 2018	Change	Q3 2017	2017
Industrial Sector = Semperflex + Sempertrans + Semperform							
Revenue	432.7	+5.6%	409.8	141.3	+9.1%	129.5	537.0
EBITDA	55.8	+79.9%	31.0	17.9	>100%	4.6	42.9
EBIT	35.3	>100%	16.5	12.7	–	–0.1	22.4
Semperflex							
Revenue	175.0	+14.0%	153.5	53.4	+14.1%	46.8	206.1
EBITDA	38.0	+26.3%	30.1	9.3	+18.8%	7.8	40.4
EBIT	30.3	+25.6%	24.1	6.9	+16.0%	5.9	31.8
Sempertrans							
Revenue	109.3	–4.0%	113.9	37.6	+5.2%	35.7	146.0
EBITDA	–0.2	–98.5%	–14.8	2.4	–	–6.2	–16.7
EBIT	–6.7	–61.5%	–17.4	1.6	–	–7.0	–20.3
Semperform							
Revenue	148.5	+4.3%	142.3	50.3	+7.1%	46.9	185.0
EBITDA	18.0	+14.6%	15.7	6.2	>100%	3.0	19.2
EBIT	11.7	+19.6%	9.8	4.2	>100%	1.0	11.0
Medical Sector = Sempermed							
Revenue	237.5	–8.7%	260.2	80.4	+2.0%	78.8	337.1
EBITDA	–0.8	–	79.4	–0.9	>100%	–0.4	77.9
EBIT	–66.4	–	44.7	–3.9	+14.0%	–3.4	38.0

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.

Management Report

Economic environment

The International Monetary Fund (IMF) has made a downward adjustment for its growth forecast for 2018 published in October 2018 in comparison with the version of July 2018. Global economic growth – forecast at 3.7% for 2018 and 2019, respectively, instead of previously 3.9% – is still regarded as solid in comparison with the beginning of this decade, although it has obviously peaked. 4.7% are forecast for emerging and developing countries (2019: 4.7%), followed by the USA with 2.9% (2019: 2.5%) and the euro zone with 2.0% (2019: 1.9%).

Growth expectations for the euro zone are lower than in the World Economic Outlook published by the IMF in April and July 2018. Forecasts for the three large economies in the euro zone, that is Germany, France and Italy, were lowered over the past half-year. With that, economic activities will enter rough waters.

The new uncertainties compared with the previously more optimistic economic outlook are among other things due to the US trade policy threatening sanctions (including steel and aluminium), more volatile financial markets in developed industrialised countries as well as emerging countries and higher interest rates in the USA with a direct impact on the debts of China and other emerging countries.

Developments in the raw material markets

The markets for natural rubber/natural latex as well as synthetic rubber/synthetic latex and carbon black are very important for the rubber industry. The development of these markets in the natural rubber field is influenced, among other things, by production 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 influenced primarily by the main buyers of rubber products, the tyre and automotive industry.

For some raw materials, including synthetic latex (nitrile), carbon black and EPDM rubbers, availability has been limited.

Since the third quarter of 2017, price indices for natural rubber and natural latex as well as synthetic latex and synthetic rubber showed a sideways movement that continued in 2018. The average price indices of the first three quarters of 2018 were below the average values of the first three quarters of 2017. It should be noted that the first half of 2017 was influenced by increased prices that declined in the second half of 2017. In a comparison of the average values of the first three quarters of 2018 with the average values of the whole year of 2017, there was a decline, although an increase was recorded compared with the values at the end of 2017.

Development of raw materials used primarily in the Industrial Sector was somewhat differentiated. The filling material carbon black is important for all three segments of the Industrial Sector. The price index for this raw material has shown a continuous rise since the third quarter of 2017. Therefore, the average prices for carbon black in the first three quarters of 2018 were above the average of the first three quarters of 2017 (more than 30%) and also the average for 2017 (around 30%).

In the first three quarters of 2018, the prices for wire, which is used primarily in the Semperflex and Sempertrans segments, rose compared with the average prices of the first three quarters of 2017 and also with the annual average of 2017 due to the price increase for wire rods.

Revenue and earnings of Semperit Group

First to third quarter of 2018

In the first three quarters of 2018, the Semperit Group recorded an increase in revenue to EUR 670.3 million compared with the first three quarters of 2017. The Medical Sector recorded a decrease of 8.7%. In contrast to this, the Industrial Sector achieved an increase in revenue of 5.6% (for details on the development of sectors and segments see page 10f). The increase in the Industrial Sector was characterised primarily by higher volumes sold in the Semperflex segment. The decrease in revenue in the Medical Sector, i.e. the Sempermed segment, is primarily based on the decrease in volumes sold.

Therefore, the distribution of revenues shifted in favour of the Industrial Sector. In the first three quarters of 2018, the Industrial Sector accounted for 65% and the Medical Sector for 35% of revenue of the Semperit Group (first three quarters of 2017: 61% to 39%).

In the first three quarters of 2018, inventories increased by EUR 1.0 million compared with an increase of EUR 2.1 million in the first three quarters of 2017.

Other operating income amounted to EUR 3.2 million in the first three quarters of 2018. The value of the first three quarters of 2017, adjusted for the positive one-off effect (from last year's joint venture transaction, see below), totalled EUR 3.5 million. The reported value of the first three quarters of 2017 amounted to EUR 91.5 million, including around EUR 88 million of positive one-off effects relating to the termination of almost all joint activities with the Thai joint venture partner Sri Trang Agro-Industry Public Co Ltd. Group ("joint venture transaction") of which around EUR 78 million were recorded as other operating income in the Sempermed segment and around EUR 10 million in the Corporate Center segment in the first three quarters of 2017. These positive one-off effects were up against transaction-related legal and consulting expenses of around EUR 3 million, which were included in other operating expenses. In addition to the positive one-off effect from the joint venture transaction, there were also negative one-off effects in the first three quarters of 2017, for example those resulting from the shutdown of the Sempertrans site in France, the value adjustment for already capitalised IT expenses as well as expenses relating to the tax audit for Austria (primarily energy tax rebate).

The positive one-off effect, which had an impact on EBITDA, totalled around EUR 65 million, while the effect which had an impact on EBIT amounted to around EUR 38 million in the first three quarters of 2017.

Cost of materials decreased by EUR 17.1 million or 4.2% to EUR 391.4 million. The change was influenced primarily by lower sales (see first paragraph on this page) and therefore by fewer expenses for material and purchased services, but also inversely by partially higher raw material prices and their limited availability.

Personnel expenses decreased to EUR 133.8 million (–6.1%) despite increases in salaries and wages. In a comparison of both periods it should be noted that in the first three quarters of 2017 one-time expenses included special compensations for employees, payments to resigned board members, executives and employees as well as the shutdown of the Sempertrans site in France.

At EUR 109.5 million, other operating expenses remained almost unchanged compared with last year's period. In the first three quarters of 2018, consulting expenses relating to Semperit's restructuring and transformation are included. In the first three quarters of 2017, there were higher legal and consulting expenses (among other things due to the joint venture transaction).

The item "Share of profits from associated companies" at EUR 0.4 million included the earnings contribution of the relatively small company Synergy Health Allershausen GmbH, which is headquartered in Germany and sterilises surgical gloves for the Sempermed segment.

EBITDA (earnings before interest, tax, depreciation and amortisation) rose from EUR 32.9 million (adjusted value for the first three quarters of 2017) to EUR 45.8 million (value for the first three quarters of 2018, adjusted for the negative one-off effect of EUR 3.9 million from the shutdown of the Sempertrans site in China), while the adjusted EBITDA margin increased from 4.9% to 6.8%. The reported EBITDA amounted to EUR 41.9 million in the first three quarters of 2018 after EUR 97.8 million in the first three quarters of 2017.

Depreciation increased to EUR 28.1 million (+9.3%), which was primarily due to the investments carried out. In the first three quarters of 2018, impairments totalling EUR 59.4 million were recorded. In the second quarter of 2018, the Sempermed segment basically reported an impairment of EUR 55.2 million (see interim financial report page 30f), while the Sempertrans segment reported an impairment of EUR 3.9 million relating to the shutdown of the site in China.

EBIT (earnings before interest and tax) rose from EUR 7.9 million (adjusted value for the first three quarters of 2017) to EUR 17.5 million (value for the first three quarters of 2018, adjusted for the reported one-off effects), while the adjusted EBIT margin increased from 1.2% to 2.6%. The reported EBIT amounted to EUR 46.1 million in the first three quarters of 2017 and EUR –45.5 million in the first three quarters of 2018.

Key figures Semperit Group

in EUR million	Q1-3 2018[1)]	Q1-3 2017[2)]	Change	Change in EUR million	2017
Revenue	670.3	670.0	+0.0%	+0.3	874.2
EBITDA	41.9	97.8	–57.1%	–55.8	100.2
EBITDA margin	6.3%	14.6%	–8.3 PP	–	11.5%
EBIT	–45.5	46.1	–	–91.6	37.6
EBIT margin	–6.8%	6.9%	–13.7 PP	–	4.3%
Earnings after tax	–72.9	4.9	–	–77.8	–26.3
Investments in tangible and intangible assets	57.7	55.8	+3.4%	+1.9	74.5
Employees (at balance sheet date)	6,746	6,542	+3.1%	+204	6,838

1) EBITDA for the first three quarters of 2018, adjusted for the one-off effect of the shutdown of the Sempertrans site in China, amounted to EUR 45.8 million. EBIT, additionally adjusted for, among other things, the impairments (EUR 55.2 million for the Sempermed segment), amounted to EUR 17.5 million and adjusted earnings after tax to EUR –9.9 million.

2) EBITDA for the first three quarters of 2017, adjusted for the positive one-off effect of around EUR 85 million (EUR 65 million for earnings after tax) from the joint venture transaction as well as the negative one-off effect (closing of the Sempertrans site in France, value adjustment for IT, expense relating to the tax audit for Austria (most of all energy tax rebate)) amounted to EUR 32.9 million, while EBIT, additionally primarily adjusted for the impairments (EUR 26.0 million for the Sempermed segment, among other things), amounted to EUR 7.9 million and adjusted earnings after tax to EUR –13.6 million.

The negative financial result totalled EUR 11.4 million in the first three quarters of 2018 after EUR 20.6 million in the same period last year. Financial income, which includes foreign currency gains, amounted to EUR 24.1 million and was below the previous year's period. Financial expenses, which also include foreign currency losses, decreased by EUR 11.8 million to EUR 32.6 million compared with the first three quarters of 2017. The reasons for this are primarily repayment expenses for the acquisition of redeemable non-controlling interests within the context of the joint venture transaction, which was recognised as profit or loss in the item "Financial expenses" and caused higher financial expenses.

At EUR 2.9 million, the item "Profit/loss attributable to redeemable non-controlling interests" was lower compared with the first three quarters of 2017. Since the beginning of the second quarter of 2017 it has included only two companies: Semperflex Asia Corp. Ltd., which produces hydraulic hoses in Thailand and continues to be operated with the joint venture partner Sri Trang, and Sempertrans Best (ShanDong) Belting Co. Ltd. in China in the Sempertrans segment. The shares in this company are held with the Chinese energy company Shandong Wang Chao Coal & Electricity Group Co., Ltd.

Income tax expenses decreased by EUR 4.7 million to EUR 15.9 million in the first three quarters of 2018. In the first three quarters of 2017 this item included one-off effects relating to the joint venture transaction.

Adjusted earnings after tax totalled EUR –9.9 million in the first three quarters of 2018 compared with the adjusted value of EUR –13.6 million for the first three quarters of 2017. The reported value for the first three quarters of 2018 amounted to EUR –72.9 million after EUR 4.9 million for the first three quarters of 2017.

Adjusted earnings per share amounted to EUR –0.48 in the first three quarters of 2018 after EUR –0.66 in the first three quarters of 2017 (adjusted). The reported values amounted to EUR –3.68 after EUR 0.24.

Third quarter of 2018

In a comparison of the third quarters of 2018 and 2017, the Semperit Group recorded an increase in revenue to EUR 221.7 million (+6.4%) to which all segments contributed in varying degrees.

Other operating income and cost of material and purchased services increased, while personnel expenses as well as other operating expenses decreased.

EBITDA (earnings before interest, tax, depreciation and amortisation) rose from EUR 10.4 million (adjusted value for the third quarter of 2017) to EUR 13.1 million; the EBITDA margin increased from 5.0% (adjusted value for the third quarter of 2017) to 5.9%. The reported EBITDA was EUR 0.5 million in the third quarter of 2017.

In the third quarter of 2017, the tax audit for Austria (primarily energy tax rebate) and the closing of the Sempertrans site in France caused negative one-off effects. EBIT (earnings before interest and tax) rose from EUR 1.7 million (adjusted value for the third quarter of 2017) to EUR 4.3 million, while the EBIT margin increased from 0.8% (adjusted value) to 1.9%. The reported EBIT for the third quarter of 2017 was EUR –8.2 million; in the third quarter of 2018 there were no one-off effects.

Earnings after tax totalled EUR –5.6 million (adjusted value for the third quarter of 2017) and EUR –5.5 million for the third quarter of 2018. The reported value for the third quarter of 2017 amounted to EUR –16.4 million. Earnings per share were EUR –0.27 in the second quarter of 2017 (adjusted value) and EUR –0.27 in the third quarter of 2018. The reported value for the third quarter of 2017 was EUR –0.79.

Key figures Semperit Group / Third quarter

in EUR million	Q3 2018	Q3 2017[1)]	Change	Change in EUR million
Revenue	221.7	208.4	+6.4%	+13.4
EBITDA	13.1	0.5	>100%	+12.6
EBITDA margin	5.9%	0.2%	+5.7 PP	–
EBIT	4.3	–8.2	–	+12.5
EBIT margin	1.9%	–3.9%	+5.8 PP	–
Earnings after tax	–5.5	–16.4	–66.6%	+10.9
Investments in tangible and intangible assets	15.5	19.9	–22.1%	–4.4
Employees (at balance sheet date)	6,746	6,542	+3.1%	+204

1) EBITDA for the third quarter of 2017, adjusted for the negative one-off effects (closing of the Sempertrans site in France, value adjustment for IT, expenses relating to the tax audit for Austria (particularly energy tax rebate)) amounted to EUR 10.4 million, while adjusted EBIT was EUR 1.7 million and adjusted earnings after tax were EUR –5.6 million.

Dividend and treasure 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. Due to negative earnings after tax in 2017 and the continued restructuring and transformation process, the Management Board and the Supervisory Board did not propose a dividend for 2017 (2016: EUR 0.70 per share) at the Annual General Meeting on 25 April 2018. This was decided by a majority at the Annual General Meeting.

Semperit AG Holding does not own treasury shares as of 30 September 2018.

Assets and financial position

Compared with the balance as of 31 December 2017, the balance sheet total fell by 0.2% to EUR 851.9 million as of 30 September 2018. On the asset side, an increase in trade receivables as well as cash and cash equivalents was up against a decrease in tangible assets (primarily due to the impairment in the Sempermed segment). The other items on the asset side remained almost unchanged.

On the liabilities side, basically three items changed: The equity ratio was positively influenced by EUR 130.0 million raised from hybrid capital in March 2018. This was up against a decrease in revenue reserves as a result of declining earnings after tax, which was primarily due to the impairment in the Sempermed segment, as well as in non-current liabilities to banks by around EUR 50 million and the repayment of the corporate Schuldschein loan amounting to around EUR 13.5 million. In November 2018, an early repayment of one tranche of a corporate Schuldschein loan denominated US dollars of USD 37 million was made.

Trade working capital (inventories plus trade receivables minus trade payables) increased from EUR 152.4 million at the end of 2017 to EUR 181.2 million, and therefore constituted 20.7% of the revenues of the last four quarters (year-end 2017: 17.4%). The change is primarily attributable to an increase in trade receivables (+19.4%) and the inventories (+1.9%) while trade payables declined (–5.0%).

Cash and cash equivalents were EUR 185.3 million at the end of September 2018 and were therefore above the level of the end of 2017 (EUR 165.5 million). The reason for this was primarily the raising of funds from hybrid capital. The repayment of financial liabilities had an opposite effect.

As of 30 September 2018, the Semperit Group's equity (without non-controlling interests) stood at EUR 338.2 million, EUR 59.7 million higher than at the end of 2017 (EUR 278.5 million). The change resulted basically from having raised funds from hybrid capital as well as the reduction of revenue reserves as a result of declining earnings after tax mainly due to impairment in the Sempermed segment.

As of 30 September 2018, the group's reported equity ratio amounted to 39.7% (year-end 2017: 32.6%). The return on equity was –3.9% after –6.0% (adjusted values). The reported value for the first three quarters of 2018 was –28.5%, while the value for the first three quarters of 2017 was 13.2%. The return on equity is calculated based on the earnings after tax (excl. remuneration from hybrid capital) in relation to equity attributable to the shareholders of Semperit AG Holding of EUR 338.2 million.

Debt is lower at EUR 512.5 million compared with the end of 2017 at EUR 572.9 million. Liabilities from the corporate Schuldschein loan and liabilities to banks decreased from EUR 326.6 million at the end of 2017 to EUR 265.5 million as of 30 September 2018. Taking into consideration cash and cash equivalents, this resulted in a net debt of EUR 80.3 million (net debt at the end of 2017: EUR 161.1 million). The net debt/EBITDA ratio (net debt in relation to EBITDA) as of 30 September 2018 is therefore 1.81 (year-end 2017: 1.61).

The liabilities from redeemable non-controlling interests at EUR 16.7 million increased compared with the end of 2017 and affected primarily Semperflex Asia Corp. Ltd. Provisions including social capital amounted to EUR 72.1 million and were therefore below the value at the end of 2017. Other liabilities and deferred taxes increased to EUR 158.2 million.

Hybrid capital

On 12 December 2017, the Management Board of Semperit AG Holding signed an agreement regarding a hybrid capital line amounting to up to EUR 150 million with B & C Holding GmbH, a wholly owned subsidiary of the core shareholder B & C Industrieholding GmbH. According to IFRS, the hybrid capital line is classified as equity (see page 37 in the notes). In March 2018, EUR 130.0 million were drawn from the hybrid capital.

Cash flow

The gross cash flow in the first three quarters of 2018 amounted to EUR 24.8 million after EUR 32.7 million in the first three quarters of 2017. This was caused primarily by the low level of operating earnings.

Cash flow from operating activities decreased to EUR 9.6 million in the first three quarters of 2018, which was due to the changes (increase) in trade receivables, the change of other liabilities and current provisions as well as the decrease in trade payables, among other things.

In the first three quarters of 2018, cash flow from investing activities amounted to EUR –57.4 million and was therefore above the previous year's value which was positive due to the payments from the joint venture transaction.

In the first three quarters of 2018, cash flow from financing activities was in total positively influenced by the payment from the funds raised from the hybrid capital and the repayment of liabilities to banks and amounted to plus EUR 67.2 million, while the value was negative in the first three quarters of 2017 due to the repayment of liabilities to banks as well as payments for the acquisition of redeemable non-controlling interests.

Investments

At EUR 57.7 million, cash-relevant investments in tangible and intangible assets in the first three quarters of 2018 were higher than in the previous year (EUR 55.8 million). The investment priorities were on expansion and improvement in the segments Semperflex (expansion of the hydraulic hose production at the plant in Odry, Czech Republic) as well as Sempertrans (primarily for the expansion of mixing and an additional press for conveyor belts in Bełchatów, Poland).

Related-party transactions with companies and individuals

With regard to the related-party transactions with companies and individuals please refer to the interim consolidated financial statements.

Performance of sectors and segments

Industrial Sector

The Industrial Sector comprises the segments Semperflex, Sempertrans and Semperform and developed in a differentiated way. The sales volumes in Semperflex increased, while they remained approximately on the same level in Semperform and declined in Sempertrans. Revenue increased by 5.6% to EUR 432.7 million. The by far largest share of the increase was in the Semperflex segment, followed by Semperform, while Sempertrans recorded declining revenues.

Profitability in the segments developed well causing an increase in profitability in the Industrial Sector. The Semperflex segment contributed by far the largest share to EBITDA in the Industrial Sector, followed by Semperform and Sempertrans.

A comparison of the first three quarters of 2018 with the same period of the previous year showed increases in revenue and EBITDA in all segments.

Key figures Industrial Sector

in EUR million	Q1-3 2018	Change	Q1-3 2017	Q3 2018	Change	Q3 2017	2017
Revenue	432.7	+5.6%	409.8	141.3	+9.1%	129.5	537.0
EBITDA	55.8	+79.9%	31.0	17.9	>100%	4.6	42.9
EBITDA margin	12.9%	+5.3 PP	7.6%	12.6%	+9.0 PP	3.6%	8.0%
EBIT	35.3	>100%	16.5	12.7	–	–0.1	22.4
EBIT margin	8.2%	+4.2 PP	4.0%	9.0%	+9.1 PP	–0.1%	4.2%
Investments in tangible and intangible assets	47.1	+27.7%	36.9	13.6	–8.1%	14.8	48.5
Employees (at balance sheet date)	3,672	+2.3%	3,591	3,672	+2.3%	3,591	3,648

Semperflex segment

The Semperflex segment increased sales as well as revenue thanks to higher production and sales performances. Profitability also increased. However, demand in the global market has further cooled off, which also shows in declining incoming orders. Due to the continued good order situation, capacities are still well utilised.

The business unit for hydraulic hoses achieved sales and revenue successes primarily in Europe and China, also due to newly available capacities. Revenue for industrial hoses also increased due to customer acquisitions inside and outside Europe.

The expansion of the production capacities for hydraulic hoses at the site in Odry, Czech Republic, was completed in November 2018. They will be available step by step.

In the first three quarters of 2018 compared with the same period of the previous year, the increase in revenue, EBITDA and EBIT was based primarily on the additionally available capacities and the sales increase related to it. In a comparison of the third quarters of 2018 and 2017, the picture was similar.

Sempertrans segment

In the first three quarters of 2018, revenue declined compared with the first three quarters of 2017 due to decreasing volumes. This was attributable, among other things, to an increased focus on profitability and the shutdown of the Sempertrans sites in France and China.

The raw material prices that are relevant for production have partly increased for several quarters, primarily for steel cord wires. These increases could only be passed on to the customers with a delay.

The restructuring and transformation programme resulted in improvements of EBITDA and EBIT with regard to the adjusted values. In a comparison of the third quarters of 2018 and 2017, revenue, EBITDA and EBIT developed positively.

The expansion of the mixing capacities at the site in Bełchatów, Poland, was completed.

Semperform segment

The Semperform segment profited from a slightly increased demand, primarily from the construction industry with different effects on the individual business units.

Sales of window and door profiles were increased in the first three quarters of 2017, due to an increased expansion into the segment for aluminium windows as well as the market entry in the USA.

Demand for products of the business units Semperit Engineered Solutions, Handrails as well as Sheeting was below the previous year's period. Special Applications recorded increased sales due to higher market demands.

In a comparison of the first three quarters of 2018 with the previous year's period, an increase in revenue, EBITDA and EBIT was recorded. The comparison of the third quarters of 2018 and 2017 showed a similar picture for revenue, EBITDA and EBIT.

Key figures Semperflex

in EUR million	Q1-3 2018	Change	Q1-3 2017	Q3 2018	Change	Q3 2017	2017
Revenue	175.0	+14.0%	153.5	53.4	+14.1%	46.8	206.1
EBITDA	38.0	+26.3%	30.1	9.3	+18.8%	7.8	40.4
EBITDA margin	21.7%	+2.1 PP	19.6%	17.4%	+0.7 PP	16.7%	19.6%
EBIT	30.3	+25.6%	24.1	6.9	+16.0%	5.9	31.8
EBIT margin	17.3%	+1.6 PP	15.7%	12.9%	+0.3 PP	12.6%	15.4%
Investments in tangible and intangible assets	23.5	+8.8%	21.6	6.4	–45.4%	11.8	30.1
Employees (at balance sheet date)	1,811	+6.1%	1,707	1,811	+6.1%	1,707	1,732

Key figures Sempertrans

in EUR million	Q1-3 2018[1]	Change	Q1-3 2017[2]	Q3 2018	Change	Q3 2017[3]	2017
Revenue	109.3	–4.0%	113.9	37.6	+5.2%	35.7	146.0
EBITDA	–0.2	–98.5%	–14.8	2.4	–	–6.2	–16.7
EBITDA margin	–0.2%	+12.8 PP	–13.0%	6.4%	+23.8 PP	–17.4%	–11.5%
EBIT	–6.7	–61.5%	–17.4	1.6	–	–7.0	–20.3
EBIT margin	–6.1%	+9.2 PP	–15.3%	4.3%	+24.0 PP	–19.7%	–13.9%
Investments in tangible and intangible assets	18.1	>100%	4.4	6.6	>100%	1.5	5.9
Employees (at balance sheet date)	863	–12.1%	982	863	–12.1%	982	991

[1] EBITDA for the first three quarters of 2018, adjusted for the negative one-off effects of the closure costs for China, amounted to EUR 3.6 million, while the adjusted EBIT was EUR 1.1 million.
[2] EBITDA for the first three quarters of 2017, adjusted for the negative one-off effects of the closure costs for France, amounted to EUR –3.2 million, while the adjusted EBIT was EUR –5.9 million.
[3] EBITDA for the third quarter of 2017, adjusted for the negative one-off effects of the closure costs for France, amounted to EUR –1.4 million, while the adjusted EBIT was EUR –2.2 million.

Key figures Semperform

in EUR million	Q1-3 2018	Change	Q1-3 2017	Q3 2018	Change	Q3 2017	2017
Revenue	148.5	+4.3%	142.3	50.3	+7.1%	46.9	185.0
EBITDA	18.0	+14.6%	15.7	6.2	>100%	3.0	19.2
EBITDA margin	12.1%	+1.1 PP	11.0%	12.2%	+5.8 PP	6.4%	10.4%
EBIT	11.7	+19.6%	9.8	4.2	>100%	1.0	11.0
EBIT margin	7.9%	+1.0 PP	6.9%	8.4%	+6.2 PP	2.2%	5.9%
Investments in tangible and intangible assets	5.4	–50.0%	10.9	0.6	–60.5%	1.5	12.5
Employees (at balance sheet date)	998	+10.7%	901	998	+10.7%	901	925

Medical Sector: Sempermed segment

The development of the Sempermed segment was characterised by the increasing competitive and price pressure, particularly in North America, as well as the focus on sales of gloves from our own production and therefore lower sales of trade goods. This resulted in a declining sales and revenue development.

Sales of examination and protective gloves, which are primarily sold in North America and Europe, was below the previous year's period. Sales of surgical gloves, which are produced in the core production facility in Wimpassing, Austria, was also below the prior year period.

The expansion of the new plant, and consequently the expansion of the own production capacities for examination and protective gloves in Malaysia, was completed and is in the optimisation phase.

In total, the earnings development in the first three quarters of 2018 was characterised by a competitive and price pressure, the temporarily limited availability of synthetic latex (nitrile) and production inefficiencies. In the results of the first three quarters of 2018, an impairment of EUR 55.2 million (only relevant for EBIT) is included. In a year-on-year comparison it should be noted that in the first three quarters of 2017 a positive one-off effect of around EUR 78 million resulting from the termination of the joint venture for the glove production in Thailand as well as the negative one-off effect of the impairment of EUR 26.0 million (only relevant for EBIT) was recorded. EBITDA for the first three quarters of 2017 amounted to EUR –0.8 million compared with EUR 3.3 million in the first three quarters of 2017. An increase in revenue and a decrease in EBITDA and EBIT are shown in a comparison of the third quarters of 2018 and 2017.

Key figures Sempermed

in EUR million	Q1-3 2018[1]	Change	Q1-3 2017[2]	Q3 2018	Change	Q3 2017[3]	2017
Revenue	237.5	–8.7%	260.2	80.4	+2.0%	78.8	337.1
EBITDA	–0.8	–	79.4	–0.9	>100%	–0.4	77.9
EBITDA margin	–0.3%	–30.8 PP	30.5%	–1.1%	–0.6 PP	–0.5%	23.1%
EBIT	–66.4	–	44.7	–3.9	+14.0%	–3.4	38.0
EBIT margin	–27.9%	–45.1 PP	17.2%	–4.8%	–0.5 PP	–4.3%	11.3%
Investments in tangible and intangible assets	9.9	–45.9%	18.3	1.9	–63.7%	5.1	25.3
Employees (at balance sheet date)	2,948	+4.8%	2,813	2,948	+4.8%	2,813	3,051

[1] EBIT for the first three quarters of 2018, adjusted for the negative one-off effect of the impairment of EUR 55.2 million, amounted to EUR –11.2 million. There was no adjustment for EBITDA.
[2] EBITDA for the three quarters of 2017, adjusted for the positive effects of the joint venture transaction, amounted to EUR 3.3 million. EBIT, additionally adjusted for the impairment of EUR 26.0 million, was EUR –5.4 million.
[3] EBITDA for the third quarter of 2017, adjusted for the negative one-off effect (expenses relating to the tax audit for Austria (primarily energy tax rebate), amounted to EUR 1.6 million, while adjusted EBIT was EUR –1.5 million.

Employees

As of 30 September 2018, the number of employees was 6,746 which is 3.1% below the level of 30 September 2017. The employee headcount rose in the Semperflex, Semperform and Sempermed segments and fell in the Sempertrans segment in a comparison by period. The analysis by segments shows that as of 30 September 2018 around 45% of all employees work in the Sempermed segment, while around 25% work in the Semperflex segment and less than about 15% in the Sempertrans and Semperform segments respectively.

Management Board matters

On 10 September 2018, the Supervisory Board of Semperit AG Holding gave its consent to the request of Michele Melchiorre, COO and responsible for the Medical Sector in the Management Board, to terminate his Management Board contract. Until reappointment of the Management Board position, Semperit Supervisory Board member Felix Fremerey and CEO Martin Füllenbach temporarily take over the Management Board responsibilities which were previously held by Michaele Melchiorre. In this transition phase, the Supervisory Board mandate of Felix Fremerey is suspended.

Outlook

In the further course of the restructuring and transformation process, the Management Board will decide step by step whether there will be changes in the portfolio of existing segments as well as further adaptations in the manufacturing footprint. Continuous and potentially new measures to increase profitability remain right at the top of the Management Board's agenda. For 2018, no further significant one-off charges are expected, although they cannot be excluded for 2019. Therefore, 2018 and also 2019 should continue to be viewed as transition years. Due to the above-mentioned developments, the outlook remains suspended for the coming quarters.

Initially, Semperit will focus on organic growth, particularly in the Industrial Sector. In addition to the ongoing optimisation measures in the Sempermed segment, Semperit has started further implementation steps for Sempertrans and Semperform at the beginning of the year. Semperflex is also part of the transformation process. Here, like in Mixing, the focus is on accelerating organic growth following completion of the investment projects. Total capital expenditures (CAPEX) of around EUR 80 million (2017: EUR 74.5 million) have been planned for 2018, while capital expenditures of EUR 50 to 60 million are expected for 2019.

Since the beginning of the analysis and transformation process in autumn 2017, the Management Board has identified significant potentials for earnings improvement and initiated appropriate implementation measures. The conclusion of the transformation of the Semperit Group is scheduled for the end of 2020. From this point of time, the Semperit Group aims to achieve an EBITDA margin of around 10% as central key performance indicator.

Note

This outlook is based on the assessments of the Management Board as of 20 November 2018 and does not take into account the effects of possible acquisitions, divestments or other unforeseeable structural or economic changes during the further course of 2018. 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.

Vienna, 20 November 2018

The Management Board

Martin Füllenbach
Chairman

Frank Gumbinger
CFO

Felix Fremerey
Member of the Management Board

Interim Consolidated Financial Statements and Notes

Consolidated income statement

in EUR thousand	Q1-3 2018	Q1-3 2017	Q3 2018	Q3 2017
Revenue	670,283	670,008	221,741	208,369
Changes in inventories	954	2,086	–3,292	3,355
Own work capitalised	1,861	3,093	134	1,008
Operating revenue	**673,097**	**675,188**	**218,584**	**212,732**
Other operating income	3,207	91,512	1,200	191
Cost of material and purchased services	–391,411	–408,519	–129,281	–127,096
Personnel expenses	–133,816	–142,475	–42,231	–42,922
Other operating expenses	–109,507	–118,260	–35,311	–42,539
Share of profits from associated companies	375	347	99	126
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**41,944**	**97,792**	**13,059**	**492**
Depreciation and amortisation of tangible and intangible assets	–28,062	–25,675	–8,693	–8,667
Impairment of tangible and intangible assets	–59,383	–25,976	–44	0
Earnings before interest and tax (EBIT)	**–45,500**	**46,142**	**4,321**	**–8,175**
Financial income	24,087	27,452	5,424	6,493
Financial expenses	–32,588	–44,345	–8,819	–11,141
Profit / loss attributable to redeemable non-controlling interests	–2,924	–3,753	–1,406	–1,447
Financial result	**–11,425**	**–20,646**	**–4,801**	**–6,095**
Earnings before tax	**–56,925**	**25,496**	**–480**	**–14,270**
Income taxes	–15,937	–20,608	–4,984	–2,089
Earnings after tax	**–72,863**	**4,888**	**–5,463**	**–16,359**
thereof attributable to the shareholders of Semperit AG Holding – from ordinary shares	–75,763	4,906	–7,303	–16,327
thereof attributable to the shareholders of Semperit AG Holding – from hybrid capital	3,583	0	1,744	0
thereof attributable to non-controlling interests	–683	–18	96	–32
Earnings per share in EUR (diluted and undiluted)[1]	**–3.68**	**0.24**	**–0.35**	**–0.79**

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

Consolidated statement of comprehensive income

in EUR thousand	Q1-3 2018	Q1-3 2018	Q3 2018	Q3 2017
Earnings after tax	**–72,863**	**4,888**	**–5,463**	**–16,359**
Other comprehensive income that will not be recognised through profit and loss in future periods	**–4**	**–44**	**40**	**8**
Remeasurements of defined benefit plans	–4	7	1	–1
thereof Revaluation gains / losses for the period	–4	7	1	–1
Davon related income tax	0	–51	39	9
Other comprehensive income that will potentially be recognised through profit and loss in future periods	**1,540**	**–16,529**	**92**	**–2,271**
Available-for-sale financial assets	0	–145	0	–39
thereof Revaluation gains / losses for the period	0	–145	0	–39
Cash flow hedges	980	–11	–1,013	–2
thereof Revaluation gains / losses for the period	1,090	239	–926	64
thereof Reclassification to profit / loss for the period	–110	–250	–87	–65
Other comprehensive income from joint ventures / non-current assets held for sale	0	–14,033	0	0
thereof Reclassification to profit / loss for the period	0	–14,033	0	0
Currency translation differences	764	–2,367	782	–2,230
thereof currency translation differences for the period	764	–2,367	782	–2,230
Davon related income tax	–204	27	324	0
Other comprehensive income	**1,536**	**–16,573**	**133**	**–2,263**
Comprehensive income	**–71,327**	**–11,685**	**–5,330**	**–18,622**
thereof on earnings attributable to the shareholders of Semperit AG Holding – from ordinary shares	–74,275	–11,600	–7,181	–18,576
thereof attributable to the shareholders of Semperit AG Holding – from hybrid capital	3,583	0	1,744	0
thereof on earnings attributable to non-controlling interests	–635	–85	106	–46

Consolidated cash flow statement

in EUR thousand	Q1-3 2018	Q1-3 2017
Earnings before tax	–56,925	25,496
Depreciation, amortisation, impairment and write-ups of tangible and intangible assets	87,445	51,650
Profit / loss from disposal of assets (including current and non-current financial assets)	–12	4,924
Change in non-current provisions	–2,115	–7,418
Share of profits from associated companies	–375	–347
Dividends received from non-current assets held for sale (Joint Ventures)	0	47,751
Dividends received from joint ventures and associated companies	0	938
Profit / loss attributable to redeemable non-controlling interests	2,924	3,753
Earnings from sale of non-current assets held for sale and repayment of non-controlling interests	0	–75,369
Net interest income (including income from securities)	4,975	5,599
Interest paid	–6,090	–6,684
Interest received	682	681
Taxes paid on income	–5,782	–18,305
Other non-cash expense/income	120	0
Gross cash flow	24,848	32,668
Change in inventories	–3,085	–9,015
Change in trade receivables	–19,520	1,069
Change in other receivables and assets	1,751	5,312
Change in trade payables	–1,641	–14,811
Change in other liabilities and current provisions	3,035	29,478
Changes in working capital resulting from currency translation adjustments	4,216	–291
Cash flow from operating activities	9,603	44,411
Proceeds from sale of tangible and intangible assets	222	227
Proceeds from sale of current and non-current financial assets	0	6
Investments in tangible and intangible assets	–57,651	–55,779
Proceeds from sale of non-current assets held for sale	0	168,627
Taxes in connection with disposal of non-current assets held for sale	0	–25,078
Cash flow from investing activities	–57,429	88,002
Cash receipts from current and non-current financing liabilities	825	0
Repayment of current and non-current financing liabilities	–63,559	–86,286
Dividend to shareholders of Semperit AG Holding	0	–14,401
Dividends to non-controlling shareholders of subsidiaries	0	–14,775
Cash outflow for purchased non-controlling interests in subsidiaries	0	–25,842
Acquisition of non-controlling interests	–33	–25
Cash receipts from hybrid capital	130.000	0
Cash flow from financing activities	67,232	–141,329
Net increase / decrease in cash and cash equivalents	19,406	–8,916
Effects resulting from currency translation	359	–5,016
Cash and cash equivalents at the beginning of the period	165,530	190,208
Cash and cash equivalents at the end of the period	185,296	176,275

Consolidated balance sheet

in EUR thousand	30.09.2018	31.12.2017
ASSETS		
Non-current assets		
Intangible assets	12,597	17,513
Tangible assets	325,976	356,040
Investments in joint ventures and associated companies	2,499	2,124
Other financial assets	13,653	13,298
Other assets	1,049	2,183
Deferred taxes	3,436	8,164
	359,210	**399,322**
Current assets		
Inventories	162,821	159,736
Trade receivables	123,678	103,577
Other financial assets	3,078	2,373
Other assets	14,181	15,165
Current tax receivables	3,615	7,509
Cash and cash equivalents	185,296	165,530
	492,669	**453,891**
ASSETS	**851,879**	**853,212**
EQUITY AND LIABILITIES		
Equity		
Share capital	21,359	21,359
Capital reserves	21,503	21,503
Hybrid capital	130.000	0
Revenue reserves	173,478	244,464
Currency translation reserve	–8,104	–8,820
Equity attributable to the shareholders of Semperit AG Holding	**338,236**	**278,506**
Non-controlling interests	1,116	1,784
	339,352	**280,291**
Non-current provisions and liabilities		
Provisions for pension and severance payments	34,674	35,815
Other provisions	11,864	12,837
Liabilities from redeemable non-controlling interests	16,656	13,276
Corporate Schuldschein loan	256,196	254,168
Liabilities to banks	1,224	51,310
Other financial liabilities	960	936
Other liabilities	595	701
Deferred taxes	6,051	5,218
	328,221	**374,261**
Current provisions and liabilities		
Provisions for pension and severance payments	2,645	2,489
Other provisions	22,936	24,870
Corporate Schuldschein loan	1,749	15,542
Liabilities to banks	6,419	5,578
Trade payables	105,325	110,913
Other financial liabilities	23,411	17,076
Other liabilities	19,186	20,631
Current tax liabilities	2,635	1,562
	184,306	**198,660**
EQUITY AND LIABILITIES	**851,879**	**853,212**

Consolidated Statement of Changes in Equity

				Revenue reserves						
in EUR thousand	Share capital	Capital reserves	Hybrid capital	Revaluation reserves	Other revenue reserves	Total	Currency translation reserve	Total	Non-controlling interests	Total equity
At 01.01.2017	**21,359**	**21,503**	**0**	**209**	**283,870**	**284,079**	**2,363**	**329,304**	**1,675**	**330,979**
Earnings after tax	0	0	0	0	4,906	4,906	0	4,906	–18	4,888
Other comprehensive income	0	0	0	–109	–64	–173	–16,333	–16,506	–67	–16,573
Comprehensive income	0	0	0	–109	4,841	4,733	–16,333	–11,600	–85	–11,685
Dividends	0	0	0	0	–14,401	–14,401	0	–14,401	0	–14,401
Acquisition of non-controlling interests	0	0	0	0	51	51	0	51	–76	–25
Other	0	0	0	0	0	0	0	0	848	848
At 30.09.2017	**21,359**	**21,503**	**0**	**100**	**274,361**	**274,462**	**–13,970**	**303,353**	**2,363**	**305,716**
At 01.01.2018	**21,359**	**21,503**	**0**	**117**	**244,347**	**244,464**	**–8,820**	**278,506**	**1,784**	**280,291**
Initial adjustment under IFRS 9	**0**	**0**	**0**	**–117**	**538**	**422**	**0**	**422**	**0**	**422**
Adjusted at 01.01.2018	**21,359**	**21,503**	**0**	**0**	**244,886**	**244,886**	**–8,820**	**278,928**	**1,784**	**280,712**
Earnings after tax	0	0	0	0	–72,179	–72,179	0	–72,179	–683	–72,863
Other comprehensive income	0	0	0	0	771	771	716	1,487	49	1,536
Comprehensive income	0	0	0	0	–71,408	–71,408	716	–70,692	–635	–71,327
Acquisition of non-controlling interests	0	0	0	0	0	0	0	0	–34	–33
Hybrid capital	0	0	130.000	0	0	0	0	130.000	0	130.000
At 30.09.2018	**21,359**	**21,503**	**130.000**	**0**	**173,478**	**173,478**	**–8,104**	**338,236**	**1,116**	**339,352**

Notes to the interim consolidated financial statements

Preparation and presentation of the interim consolidated financial statements

These interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as well as IAS 34 for interim financial statements.

For more information on accounting and valuation methods of the Semperit Group, please see the consolidated financial statements at 31 December 2017, which in this regard form the basis for these interim consolidated financial statements.

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.

These interim consolidated financial statements of the Semperit Group at 30 September 2018 have not been fully audited or reviewed by the Group's auditor.

Principles and methods of consolidation

The Semperit Group prepared these interim consolidated financial statements using the same accounting policies – with the exception of the IASB's new accounting regulations as described below – that it applied in its consolidated financial statements at 31 December 2017.

Standards and interpretations to be adopted for the first time

The following amended standards and interpretations were applicable for the first time in the first three quarters of 2018.

First-time adoption of standards and interpretations		Effective date	Endorsement
New standards and interpretations			
IFRS 9	Financial Instruments	1 January 2018	22 November 2016
IFRS 15	Revenue from Contracts with Customers	1 January 2018	22 September 2016
IFRIC 22	Foreign Currency Transactions and Advance Consideration	1 January 2018	28 March 2018
Amended standards and interpretations			
IFRS 15	Clarifications to IFRS 15 Revenue from Contracts with Customers	1 January 2018	22 September 2016
IFRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018	26 February 2018
IFRS 4	Insurance contracts related to the first-time adoption of IFRS 9	1 January 2018	3 November 2017
IAS 40	Transfers of Investment Property	1 January 2018	14 March 2018
Misc.	Annual Improvements to IFRS, cycle 2014-2016	1 January 2018	7 February 2018

IFRS 9 Financial instruments

In July 2014, the IASB issued new standard IFRS 9 Financial Instruments, which is effective for financial years beginning on or after 1 January 2018 and replaces IAS 39. IFRS 9 specifies the requirements for recognition, measurement and derecognition of financial assets and financial liabilities, as well as general hedge accounting. IFRS 9 changes concern three areas: classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

IFRS 9 also provides a new classification model for assets, whereby assets are classified on initial recognition based on the characteristics of the cash flows associated with the financial asset (cash flow conditions) but also the company's business model for managing its financial assets (business model conditions). The subsequent measurement of the asset based on this classification is either at amortised cost or at fair value (under other comprehensive income or through profit or loss). The Semperit Group classified its assets at 1 January 2018 according to these new categories.

From 1 January 2018, shares in funds are classified according to IFRS 9. Under this new classification, shares in funds are no longer measured at fair value in other comprehensive income, but rather at fair value through profit or loss. To fulfil this new accounting requirement, the group reclassified its entire revaluation reserves within equity at 1 January 2018 to other revenue reserves in the amount of EUR 117 thousand. The measurement of the shares in funds at fair value led to the recognition of unrealised gains in the income statement at 30 September 2018 in the amount of EUR –82 thousand, which under IAS 39 would have been recognised in other comprehensive income. The first-time adoption of IFRS 9 did not cause any conversion effects in financial liabilities.

Due to the modifications under IFRS 9 a new 3-stage impairment model for financial assets was introduced. Under this general approach, entities must recognise a risk provision for expected credit losses based on two steps: in the case of financial instruments with credit risk that has not increased significantly since initial recognition, and which were not classified as impaired from the beginning, the entity must recognise a risk provision for the amount of the credit losses expected to occur within the next twelve months. In the case of financial instruments for which the credit risk has increased significantly since initial recognition, an entity must recognise a risk provision for the amount of the credit losses expected over the residual term. This is irrespective of when the default event occurs. In the case of trade receivables, lease receivables and contractual assets, IFRS 9 permits the use of a simplified impairment model, under which the impairment is always the amount of the credit loss expected over the residual term of the financial instrument. The Semperit Group also exercises its right to choose this option. To that end, the group analysed the payment defaults over the past four financial years by segment and region, and used this analysis to create an impairment matrix based on timeframes. For all other financial assets (particularly bank deposits, deposits receivable, travel advances to employees), the group uses the 3-stage impairment model.

The impairment of trade receivables has decreased by EUR 581 thousand from 31 December 2017 to 1 January 2018 as a result of the first-time adoption of IFRS 9.

The requirements for hedge accounting under IFRS 9 continue to include the same types of hedge accounting as under IAS 39, so the accounting for hedging relationships has not changed compared with 31 December 2017. The hedges established in the Semperit Group at 31 December 2017 (cash flow hedges and fair value hedges) were carried forward unchanged from 1 January 2018 in accordance with the transitional provisions.

The first-time adoption of IFRS 9 results in the following values and adjusted figures of the opening balances at 1 January 2018:

in EUR thousand	31.12.2017	Adjustment IFRS 9	01.01.2018
Non-current assets			
Financial assets at fair value through OCI	6,376	–6,376	0
Financial assets at fair value through profit or loss	0	6,376	6,376
Current assets			
Trade receivables	103,577	581	104,158
Assets	**109,953**	**581**	**110,534**
Equity			
Revaluation reserves	117	–117	0
Other revenue reserves	244,347	538	244,886
Non-current provisions and liabilities			
Deferred tax	5,218	159	5,377
Equity and liabilities	**244,464**	**581**	**244,886**

The impact on revenue reserves at 1 January 2018 from the adoption of IFRS 9 is as follows:

in EUR thousand	Revaluation reserves	Other revenue reserves
Revenue reserves at 31.12.2017 (reported)	**117**	**244,347**
Reclassification non-current shares from AFS[1] to category FVPL[2]	–117	117
Adoption allowance for trade receivables	0	581
Adoption deferred taxes	0	–159
Revenue reserves at 01.01.2018	**0**	**244,886**

[1] AFS (Available for Sale).
[2] FVPL (Fair Value through Profit and Loss).

The impact of the new IFRS 9 classification requirements on financial assets and financial liabilities in the Semperit Group is shown in the table below.

in EUR thousand	Classification IAS 39[1)]	Classification IFRS 9[2)]	Carrying amount at 31.12.2017 IAS 39	Carrying amount at 01.01.2018 IFRS 9
Other non-current financial assets	**diverse**	**diverse**	**13,297**	**13,297**
Long-term derivatives with positive fair value	HFT	FVPL	5,610	5,610
Securities available for sale	AFS	FVPL	6,376	6,376
Other non-current assets	LAR	AC	1,311	1,311
Trade receivables	**LAR**	**AC**	**103,577**	**104,158**
Other current financial assets	**diverse**	**diverse**	**2,373**	**2,373**
Current derivatives with a positive market value	HFT	FVPL	95	95
Other current assets	LAR	AC	2,279	2,279
Cash and cash equivalents	**LAR**	**AC**	**165,530**	**165,530**
Corporate Schuldschein loans and liabilities to banks	**AC**	**AC**	**326,598**	**326,598**
Liabilities from redeemable non-controlling interests	**AC**	**AC**	**13,276**	**13,276**
Other non-current financial liabilities	**AC**	**AC**	**936**	**936**
Trade payables	**AC**	**AC**	**110,913**	**110,913**
Other current financial liabilities	**diverse**	**diverse**	**17,076**	**17,076**
Current derivatives with a negative market value	HFT	FVPL	908	908
Other current liabilities	LAR	AC	16,168	16,168

1) HFT (Held for Trading); AFS (Available for Sale); LAR (Loans and Receivables); AC (At cost).
2) FVPL (Fair Value through Profit and Loss); FVOCI (Fair Value through OCI); AC (At cost).

IFRS 15 Revenue from contracts with customers

IFRS 15 replaces IAS 18 Revenue and IAS 11 Construction Contracts as well as the corresponding interpretations. The Semperit Group applied the regulations of IFRS 15 by selecting the modified retrospective approach with effect from 1 January 2018. This would generally provide for the cumulative conversion effect to be recognised in equity without any adjustment of the previous year; however, the cumulative conversion effect was insignificant. The first-time adoption of IFRS 15 resulted in only an insignificant change in the disclosure of current liabilities for the Semperit Group, because expected contractual penalties were previously recognised as provisions, but are now to be recognised as variable consideration and thus as contract liabilities. This means that an amount of EUR 1,571 thousand was posted at 30 September 2018. In the first half of 2018, revenue recognition in accordance with IFRS 15 had an insignificant impact on the accounting of tool costs, product returns, extensive guarantee or warranty commitments (service type warranties) and commissions for long-term supply contracts. The amendment to IFRS 15 concerns an immaterial clarification.

Other

The standard amendments to IFRS 2, IFRS 4 and IAS 40 have no effect on the consolidated financial statements of the Semperit Group. The effects of the first-time application of IFRIC 22 are immaterial. The annual improvements to the IFRSs, cycle 2014-2016 relate to IFRS 1, IFRS 12 and IAS 28 and have no effect on the consolidated financial statements of the Semperit Group.

Standards and interpretations to be applied in the future

IFRS 16 Leasing

IFRS 16 will replace the existing rules for accounting for leases (in particular concerning lessees) as of 1 January 2019. The new standard no longer distinguishes on the lessee side between operating and finance leases. With a few exceptions, all leases and the rights and obligations associated with them will have to be recognised in the lessee's balance sheet. This will lead to an increase in assets and liabilities, which will result in higher depreciation and interest expenses, while rental and leasing expenses will decrease. EBITDA and EBIT will therefore improve as a result of the first-time adoption of IFRS 16. Cash flows from operating activities will also improve, as rental and lease payments will become interest and principal payments, and the principal payments will be allocated to cash flows from financing activities in the future.

The Semperit Group is not applying IFRS 16 prematurely. The modified retrospective approach will be applied for the first time without adjusting the previous year. Lease liabilities will be recognised as liabilities at the cash value of the remaining lease payments; the rights of use can be capitalised either at the value that would have resulted from retrograde accounting or alternatively at the amount of the lease liability to be recognised. The Semperit Group will exercise the option provided for in IFRS 16 of not applying the leasing accounting rules to leasing contracts with a short term (i.e. less than 12 months), to leased assets of low value, or to intangible assets.

The impact of the first-time adoption of IFRS 16 in terms of amount is currently being evaluated as part of a project. The Semperit Group has about 250 leasing contracts, 48% of which relate to leased assets of low value. The Semperit Group is in particular a lessee in respect to rights of use to land and buildings, office equipment and motor vehicles.

IFRIC 23 Uncertainty over income tax treatments

IFRIC 23 clarifies the accounting for probabilities and uncertainties in income taxes. The new rule applies to taxable profits or tax losses, tax bases, unused tax losses and unused tax credits and tax rates if there is uncertainty about the treatment of income tax in measuring them in accordance with IAS 12. The Semperit Group is currently evaluating the possible effects of the new regulation.

Segment reporting

in EUR thousand	Sempermed	Semperflex	Sempertrans	Semperform	Corporate Center and Group eliminations	Group
Q1-3 2018						
Revenue	237,537	174,962	109,303	148,481	0	670,283
EBITDA	–807	37,978	–218	17,994	–13,004	41,944
EBIT = segment result	–66,357	30,298	–6,714	11,735	–14,463	–45,500
Depreciation and amortisation of tangible and intangible assets	–10,322	–7,494	–2,532	–6,255	–1,459	–28,062
Impairment of tangible and intangible assets	–55,228	–186	–3,964	–4	0	–59,383
Q1-3 2017						
Revenue	260,237	153,540	113,906	142,325	0	670,008
EBITDA	79,440	30,060	–14,761	15,699	–12,645	97,792
EBIT = segment result	44,720	24,118	–17,433	9,810	–15,073	46,142
Depreciation and amortisation of tangible and intangible assets	–8,744	–5,942	–2,671	–5,889	–2,428	–25,675
Impairment of tangible and intangible assets	–25,976	0	0	0	0	–25,976

The income and expenses of subsidiaries involved in production and distribution in more than one segment are subdivided and allocated to the appropriate segments accordingly so that no further eliminations are necessary. The Corporate Center consists of Semperit AG Holding, which is not involved in operating activities, and those portions of a management company in China and a service company in Singapore that are allocated to the Corporate Center. Internal charging and the allocation of Corporate Center costs have already been attributed to the segments as much as possible.

Notes to the consolidated income statement

Revenue

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

in EUR thousand	Sempermed	Semperflex	Sempertrans	Semperform	Group
Q1-3 2018					
Western Europe	124,454	103,040	36,328	105,775	369,597
Eastern Europe	28,444	35,454	21,363	19,411	104,673
North America	50,032	17,481	8,588	7,063	83,164
Central and South America	7,254	1,375	5,889	947	15,466
Africa	1,389	2,012	7,012	162	10,574
Asia	23,913	14,450	20,066	15,083	73,511
Australia	2,050	1,150	10,058	40	13,299
Revenue [1]	**237,537**	**174,962**	**109,303**	**148,481**	**670,283**
Q1-3 2017					
Western Europe	122,752	89,828	34,538	99,529	346,648
Eastern Europe	30,452	32,655	28,366	20,312	111,785
North America	73,596	14,292	2,433	5,668	95,989
Central and South America	10,581	2,463	7,516	886	21,446
Africa	890	687	4,266	469	6,312
Asia	19,264	12,399	29,675	15,347	76,684
Australia	2,701	1,216	7,112	115	11,144
Revenue	**260,237**	**153,540**	**113,906**	**142,325**	**670,008**

[1] in accordance with IFRS 15

Other operating income

The change to other operating income as compared with the same period of the previous year is mainly attributable to the termination of almost all joint business activities with Thai joint venture partner Sri Trang Agro-Industry Public Co Ltd. in the first half of 2017. Positive extraordinary effects in the comparable period totalled EUR 87,381 thousand (excl. legal and consulting costs), of which EUR 78,109 thousand was recognised in the Sempermed segment and EUR 9,273 thousand in the Corporate Center segment as other operating income.

Closure of Sempertrans' Chinese production plant

In June 2018 the Management Board at Semperit AG Holding, in agreement with the Supervisory Board, decided to close the conveyor belt production plant of the Semperit Group in Taierzhuang, China and the associated production company, Sempertrans Best (ShanDong) Belting Co. Ltd. Sempertrans Best (ShanDong) Belting Co Ltd. is fully consolidated; the state-affiliated Chinese Shandong Wang Chao Coal & Electricity Group Co., Ltd. currently holds 16.1% of the shares. Production was stopped immediately. Appropriate social measures were prepared for the approximately 120 employees; the severance payments have since been basically made.

The closure of the plant is part of the ongoing restructuring and transformation process of the Semperit Group and burdened the result for the first half of 2018 with a total of EUR 7,709 thousand. This includes the formation of a restructuring provision (for social measures and consulting costs) in the amount of EUR 1,651 thousand, impairment of intangible assets, technical equipment and machinery in the amount of EUR 3,964 thousand, impairment and losses from disposal of inventories in the amount of EUR 667 thousand, current payments for social measures in the amount of EUR 927 thousand, and current other operating expenses in the amount of EUR 500 thousand. The reimbursement claims against the Shandong Wang Chao Coal & Electricity Group Co., Ltd in the amount of EUR 371 thousand represent contingent assets that cannot be recognised in the balance sheet in management's view; they remained off balance sheet at 30 September 2018.

The liquidation committee, consisting of representatives of the Semperit Group and the Shandong Wang Chao Coal & Electricity Group Co., Ltd, is responsible for the liquidation of the company. The district government is ensuring the legality of the procedure. The search for a buyer for tangible assets and certain inventories has already begun. The limited reusability of the plants and the fact that the boards have not yet made the final decisions concerning the sale are currently preventing the long-term assets from being classified as held for sale.

Personnel expenses

in EUR thousand	Q1-3 2018	Q1-3 2017
Wages	50,210	47,360
Salaries	54,824	61,414
Severance payments	2,222	7,618
Retirement benefit expenses	712	826
Statutory social security expenses and other compulsory wage-related payments	22,583	22,454
Other social security expenses	3,263	2,803
Total	**133,816**	**142,475**

Other operating expenses

in EUR thousand	Q1-3 2018	Q1-3 2017
Maintenance and services	31,238	30,776
Outgoing freight	23,551	23,151
Legal, consulting and auditing fees	18,540	15,658
Travel expenses	5,351	6,127
Commission and advertising costs	4,317	5,245
Rental and leasing expenses	4,202	4,208
Other taxes	3,076	3,382
Insurance premiums	3,688	3,521
Waste disposal	1,568	1,380
Complaint costs	2,110	30
Energy costs not for production	869	2,625
Communications	907	1,138
Office equipment	829	873
Training and education expenditures	855	757
Fees, subscriptions and donations	884	1,334
Bank expenses	471	494
Other	7,050	17,562
Total	**109,507**	**118,260**

Consulting expenses in the first three quarters of 2018 are primarily linked to the restructuring- and transformation process.

Energy costs not for production in the first three quarters of 2017 include a denial of the refund for the energy resulting from a tax audit in Austria.

Impairment losses in the Sempermed segment

The results of the Sempermed segment declined in the second quarter of 2018: there were and are indications of increasing competitive and price pressure on the market. In addition, gas price increases, a shortage of the raw material nitrile (nitrile butadiene rubber, NBR), and related production inefficiencies are weighing on current business development. The weighted average cost of capital (WACC) also increased from 7.13% (before tax: 8.12%) at 30 June 2017 to 7.65% (before tax: 8.93%) at 30 June 2018, mainly due to the increased market risk premium and the beta factor.

Against this background, management determined the recoverable amount for the cash-generating unit of the Sempermed segment at 30 June 2018. The recoverable amount was calculated as value in use. The calculation was based on the most recent medium-term planning using updated cash flow forecasts for 5 years from the end of 2018, which take into account both the status quo of the ongoing restructuring and transformation process and the uncertainties in business development that can be observed. The cash flows after the 5-year period were determined according to a sustainable growth rate of 0.75% (30 June 2017: 0.75%). The growth rate reflects competitive and price pressure in the market as well as an assumption of moderate market growth.

The main assumptions used in determining the recoverable amount of the Sempermed segment relate to the future development of the EBITDA margin in view of the ongoing restructuring and transformation process and the uncertainties in business development that can be observed. In the detailed planning phase, the margin is expected to gradually improve in order to achieve an EBITDA margin of around 9% in the bond phase (i.e. from 2024). In the bond phase, the return on invested capital (ROIC) of the Sempermed segment is oriented towards the lower end of the peer group and the WACC. The planning is initially based on management's assumptions regarding market development, the market shares of the Sempermed segment along with strategic product and customer initiatives. In addition, planned measures to improve earnings from the current restructuring and transformation process have been taken into account, which, however, are provided with empirically observed melting rates depending on their degree of implementation. Planned earnings-enhancing measures that require capacity expansion or infrastructure improvement and have a low implementation level were not taken into account when determining the value in use. The uncertainties in the business development of the Sempermed segment that have arisen in the past and can currently be observed are accordingly accounted for by planned deductions based on what has happened at the company in the past. These will be decreasing almost completely as the restructuring and transformation progresses. The changes in net working capital were planned depending on sales and are based on a 3-year average. Investments in property, plant and equipment maintain capacity and were planned explicitly until 2022 and thereafter at 4.5% of sales and derived from the peer group; they roughly correspond to the planned depreciation.

At 30 June 2018, the recoverable amount for the cash-generating unit of the Sempermed segment was EUR 126,532 thousand and was thus below the carrying amount of EUR 182,312 thousand at the reporting date (thereof net working capital: EUR 69,075 thousand). The resulting impairment loss of EUR 55,780 thousand at 30 June 2018 was allocated to non-current segment assets as follows, recognised in the functional currencies of the subsidiaries belonging to the Sempermed segment and translated into euros at the respective average exchange rates of the first nine months of 2018:

in EUR thousand	Q1-3 2018	Q1-3 2017
Goodwill	0	–25,154
Other intangible assets	–1,490	0
Tangible assets	–53,738	–821
Investments in associated companies	0	0
Impairment expense	**–55,228**	**–25,976**
Currency translation differences in OCI	–552	46
Impairment of tangible and intangible assets as of 30.06.2018 resp. as of 30.06.2017	**–55,780**	**–25,930**

Financial result

in EUR thousand	Q1-3 2018	Q1-3 2017
Financial income		
Income from securities	4	3
Exchange rate gains	23,337	26,611
Interest and related income	746	839
	24,087	**27,452**
Financial expenses		
Write-downs of available-for-sale financial assets	–120	0
Repayment of liabilites from redeemable non-controlling interests concerning the Joint Venture transaction	0	–4,224
Exchange rate losses	–24,584	–32,273
Interest and other financial expenses	–7,885	–7,848
	–32,588	**–44,345**
Profit / loss attributable to redeemable non-controlling interests	**–2,924**	**–3,753**
Financial result	**–11,425**	**–20,646**

Income taxes

The tax expense in the third quarter of 2018 is mainly due to the impairment of deferred tax assets in the amount of EUR 5,286 thousand. In the comparable period, the tax expense included withholding tax of EUR 16,061 thousand resulting from the joint venture transaction.

Notes to the consolidated balance sheet

Investments in associates

The carrying amount of the investment in Synergy Health Allershausen GmbH at 30 September 2018 amounted to EUR 2,499 thousand (31 December 2017: EUR 2,124 thousand).

The change in the investments in joint ventures and associates is as follows:

in EUR thousand	Q1-3 2018	Q1-3 2017
As at 1.1.	2,124	2,608
Proportionate period result	375	221
Dividends	0	–938
As at 30.9.	**2,499**	**1,892**

Acquisition and disposal of tangible and intangible assets

In the first three quarters of 2018 the Semperit Group made investments in tangible and intangible assets totalling EUR 57,651 thousand (Q1-3 2017: EUR 55,779 thousand). In contrast, tangible assets with a carrying amount of EUR 210 thousand (Q1-3 2017: EUR 531 thousand) were sold, resulting in proceeds from the sale in the amount of EUR 12 thousand (Q1-3 2017: loss on disposal EUR 4,924 thousand). The loss on disposal in the first three quarters of 2017 includes the derecognition of intangible and tangible assets with a net carrying amount of EUR 4,619 thousand due to the lack of future economic benefits.

Disclosures on financial instruments

The trade receivables not yet due are primarily owed by long-term business partners. The group assesses their creditworthiness based on internal valuation guidelines. In determining the extent of the impairment, the Semperit Group, as part of the transition to IFRS 9, evaluated the defaults from the past four years by segment. Using this analysis, the Group created an impairment matrix based on timeframes. The analysis showed that a material risk does not exist for receivables that are slightly overdue. A significant proportion of the trade receivables (30 September 2018: 77.3%; 31 December 2017: 72.4%) is covered by credit insurance. This insurance coverage includes an excess if a loss occurs. For such receivables, the maximum impairment recognised for a credit loss is the retained amount of the defaulted receivable. The analysis of the past did not identify an elevated default risk for receivables that are past due by more than 90 days. As a result, the group does not deem an overdue period of more than 90 days to be an indicator that a loss event has occurred, which would imply an allocation to Stage 3 of the impairment model according to IFRS 9.

The following tables show the carrying amounts of the individual financial assets and liabilities classified in accordance with the valuation categories under IFRS 9.

Assets

in EUR thousand	Valuation category IFRS 9[1)]	Carrying amount 30.09.2018	Carrying amount 31.12.2017
Trade receivables	AC	123,678	103,577
Other financial assets			
Securities	FVPL	6,256	6,376
Loans to associated companies	AC	563	563
Other loans	AC	8	10
Derivative financial instruments	FVPL	4,820	5,076
Derivative financial instruments	Fair Value - Hedging Instrument	1,393	629
Other financial assets	AC	3,692	3,017
Cash and cash equivalents			
Cash on hand, cheques and cash deposits in banks	–	185,296	165,530

1) FVPL (Fair Value through Profit and Loss); FVOCI (Fair Value through OCI); AC (At cost).

Liabilities

in EUR thousand	Valuation category IFRS 9[1)]	Carrying amount 30.09.2018	Carrying amount 31.12.2017
Corporate Schuldschein loan	AC	257,945	269,710
Liabilities from redeemable non-controlling interests	AC	16,656	13,276
Trade payables	AC	105,325	110,913
Liabilities to banks	AC	7,643	56,888
Other financial liabilities			
Derivative financial liabilities	FVPL	504	845
Derivative financial liabilities	Fair Value - Hedging Instrument	0	62
Liabilities from finance leases	AC	79	0
Remaining other financial liabilities	AC	23,788	17,104

1) FVPL (Fair Value through Profit and Loss); FVOCI (Fair Value through OCI); AC (At cost).

Fair value

The three levels in the fair value hierarchy are defined as follows:

Level 1: measurement based on quoted prices on an active market for a specific financial instrument

Level 2: measurement based on quoted market prices for similar instruments or on the basis of valuation models based exclusively on inputs that are observable on the market

Level 3: measurement based on models with significant inputs that are not observable on the market

Assets and liabilities at fair value

Financial instruments at fair value include securities and derivative financial instruments.

in EUR thousand	Valuation category IFRS 9[1)]	Fair Value 30.09.2018	Fair Value 31.12.2017	Level
Assets				
Securities	FVPL	6,256	6,376	1
Derivative financial instruments	FVPL	4,820	5,076	2
Derivative financial instruments	Fair Value - Hedging Instrument	1,393	629	2
Liabilities				
Derivative financial liabilities	FVPL	504	845	2
Derivative financial liabilities	Fair Value - Hedging Instrument	0	62	2

1) FVPL (Fair Value through Profit and Loss); FVOCI (Fair Value through OCI).

The fair values of secursities are determined using publicly available prices.

The derivative financial instruments at fair value through profit and loss are foreign exchange forward contracts, a cross currency swap and an interest floor.

The derivative financial instruments designated as hedges are foreign exchange forward contracts and cross currency swaps, which in turn are backed by interest rate floors.

The fair values of the foreign exchange forward contracts and cross currency swaps are determined using accepted actuarial valuation models. Future payment flows are simulated using the yield curves published at the reporting date. In addition, the carrying amount is adjusted to take into account the credit risk of the respective counterparty. When doing so, positive exposures are measured considering the default risk of the counterparty, while negative exposures are measured considering the group's own default risk.

Assets and liabilities not measured at fair value

The fair values correspond with the carrying amounts for all other financial assets and liabilities, with the exception of those stated below and the liabilities from redeemable non-controlling interests.

in EUR thousand	Valuation category IFRS 9[1)]	Fair Value 30.09.2018	Fair Value 31.12.2017	Level
Liabilities				
Corporate Schuldschein loan	AC	275,905	281,728	3
Liabilities from finance leases	AC	77	0	3

1) AC (At cost).

The fair value of the corporate Schuldschein loan was determined by discounting the contractual payment streams with current interest rates. The comparable interest rates at the reporting date were derived from capital market yields with matching maturities and then adjusted for current risk and liquidity costs that are observable on the market. These comparable interest rates were derived based on management's current assessment of the rating of the Semperit Group.

For existing fixed-interest finance lease liabilities, current third-party interest rates were queried and then compared with the contractually agreed interest rates. As a result, the difference between the carrying amount and the fair value shows the margin between the contractually agreed historical return and the return currently available on the market. The finance lease liabilities are shown under other financial liabilities.

For information on the valuation of liabilities from redeemable non-controlling interests, please refer to the explanations in the consolidated financial statements at 31 December 2017.

Debt capital structure of the Semperit Group

In 2014 the Semperit Group concluded a framework credit agreement of EUR 250,000 thousand with a consortium of six banks. On the one hand, this consists of a loan originally amounting to EUR 100,000 thousand (31 December 2017: EUR 50,000 thousand used) and a revolving credit line of up to a maximum of EUR 150,000 thousand (31 December 2017: EUR 0 thousand were used). With the hybrid capital made available in the first half of 2018, the loan of EUR 50,000 thousand was repaid; it is therefore no longer available. The revolving credit line was not utilised in the first half of 2018.

The Semperit Group also has three corporate Schuldschein loans from 2013, 2015 and 2016 with a total nominal value of EUR 274,000 thousand. The corporate Schuldschein loans from 2013 and from 2015 were issued in euros, the corporate Schuldschein loan from 2016 in US dollars, Polish zlotys and Czech korunas.

in EUR thousand	30.09.2018	Thereof non-current	Thereof current	31.12.2017	Thereof non-current	Thereof current
Corporate Schuldschein loan	257,945	256,196	1,749	269,710	254,168	15,542
Liabilities to banks	7,643	1,224	6,419	56,888	51,310	5,578
	265,589	**257,420**	**8,168**	**326,598**	**305,478**	**21,120**

Effective on 25 July 2018 EUR 13,500 thousand of corporate Schuldschein loans in EUR were due and were paid back on time.

Cross currency swaps and foreign exchange forward contracts

Cross currency swaps exist for financing to a subsidiary in Malaysian ringgit. These cross currency swaps converted the variable refinancing into fixed interest rates, and pegged the exchange rate of the euro and the Malaysian ringgit. These cross currency swaps are accounted for in accordance with IFRS 9 as both – cash flow hedges (with respect to interest rate risks) and fair value hedges (with respect to exchange rate risks). These cross currency swaps are matched by interest rate floors.

In the first half of 2018, two cross currency swaps were concluded to hedge the risk of the corporate Schuldschein loan issued in Polish zlotys. These cross currency swaps will be used to hedge all future cash flows, i.e. both interest and principal payments. The foreign exchange forward contracts are classified as cash flow hedges in accordance with IFRS 9.

Foreign exchange forward contracts were used by Semperit Investments Asia Pte. Ltd. to hedge a transaction in British pounds. These foreign exchange forward contracts were used to fix the exchange rate between the US dollar and British pound. These foreign exchange forward contracts are classified as cash flow hedges in accordance with IFRS 9 and are accounted for at fair value.

The Semperit Group also has various foreign exchange forward contracts in place to hedge large-volume transactions. These are recognised at fair value through profit or loss. The fair values are shown in the consolidated balance sheet as other financial assets or other financial liabilities.

Hybrid capital

On 12 December 2017, the Management Board of Semperit AG Holding concluded an agreement regarding a hybrid capital of up to EUR 150,000 thousand with B & C Holding GmbH, a wholly owned subsidiary of the core shareholder B & C Industrieholding GmbH. The agreed interest rate is 5.25% p.a. and the commitment fee is 1.75% p.a.

The hybrid capital is a subordinated source of financing with an unlimited term. If necessary, Semperit Group can use the hybrid capital until 31 December 2018 in multiple tranches. Under the agreement, the creditor does not have a redemption or conversion right. In March 2018, EUR 130,000 thousand were drawn from the hybrid capital.

Due to the contractual terms and conditions, the hybrid capital is reported as equity capital in accordance with IAS 32. Since the hybrid capital is categorised as equity, corresponding payments are treated as distributions to shareholders. The payment of interest is triggered by dividend payments and is also recognised as such in equity.

The agreement governing the hybrid capital does not set a maturity date for repayment. Semperit AG Holding reserves right to repay EUR 5,000 thousand or a multiple of that amount, plus prorata interest, at the end of each quarter.

Dividends

No dividend for the full 2017 year was distributed in the first three quarters of 2018. On 23 May 2017, a dividend of EUR 0.70 per share for the entire 2016 financial year was approved by the Annual General Meeting. A total of EUR 14.4 million was distributed in the first three quarters of 2017.

Equity transactions

In the first three quarters of 2018, an additional 0.22% (third quarter of 2017: 0.07%) of the shares in Latexx Partners Berhad were acquired for EUR 33 thousand (third quarter of 2017: EUR 25 thousand). The Group's holding at 30 September 2018 thereby amounted to 98.85% following 98.63% at 31 December 2017.

Related-party transactions with companies and individuals

Outstanding balances and transactions between Semperit AG Holding and its subsidiaries were eliminated in the course of consolidation and are not further discussed here.

B & C Semperit Holding GmbH is the direct majority shareholder of Semperit AG Holding, and the private foundation B & C Privatstiftung is the dominant legal entity. B & C Holding Österreich GmbH is the indirect majority shareholder that draws up and publishes consolidated financial statements which include the Semperit Group. According to IAS 24, B & C Privatstiftung and all its subsidiaries, joint ventures and associates are related parties of the Semperit Group.

Related parties of the Semperit Group include the members of the Management and Supervisory Boards of Semperit AG Holding, the managing directors and Supervisory Board members of all companies which directly or indirectly hold a majority stake in Semperit AG Holding, and finally the members of the Management Board of B & C Privatstiftung and the close family members of these Management and Supervisory Board members and managing directors.

Business relations with related companies in the first three quarters of 2018 are as follows:

The group conducted transactions with unit-it GmbH in the amount of EUR 479 thousand in the first three quarters of 2018 (Q1-3 2017: EUR 360 thousand). These transactions relate to the maintenance and purchase of SAP licences and were conducted at arm's length conditions. There are no liabilities at 30 September 2018 (31 December 2017: EUR 0 thousand) to unit-it GmbH.

Transactions amounting to EUR 19 thousand were completed with Grohs Hofer Rechtsanwälte GmbH & Co KG in the first three quarters of 2018 (Q1-3 2017: EUR 1,226 thousand). These transactions relate to consulting services and were conducted at arm's length conditions. There are no liabilities at 30 September 2018 (31 December 2017: EUR 5 thousand) towards Grohs Hofer Rechtsanwälte GmbH & Co KG.

Transactions amounting to EUR 29 thousand were completed with B & C Industrieholding GmbH in the first three quarters of 2018 (Q1-3 2017: EUR 86 thousand). These transactions relate to management and other services, and internal charging, and were conducted at arm's length conditions. There are no liabilities at 30 September 2018 (31 December 2017: EUR 35 thousand) to B & C Industrieholding GmbH.

The group conducted transactions with B & C Holding GmbH in the amount of EUR 796 thousand in the third quarter of 2018 (Q1-3 2017: EUR 0 thousand). These transactions relate to the commitment fee for the hybrid capital line and were conducted at arm's length conditions. The group raised EUR 130 million in hybrid capital from B & C Holding GmbH in March 2018 (for further information, see page 35). There are no liabilities at 30 September 2018 (31 December 2017: EUR 146 thousand) to B & C Holding GmbH. The total unpaid interest from the hybrid capital accrued up to 30 September 2018 amounts to EUR 3,583 thousand.

The group conducted transactions with associated company Synergy Health Allershausen GmbH that resulted in the following assets and liabilities at 30 September 2018 and at 31 December 2017, as well as the following income and expenses in the first three quarters of 2018 and 2017:

in EUR thousand	Q1-3 2018	Q1-3 2017
Other operating expenses	93	228
Financial income	6	6
	30.09.2018	**31.12.2017**
Other financial assets	563	563
Trade payables	13	25

The remaining business relationships with other related parties are, where applicable, insignificant and are conducted on normal business terms and conditions.

Legal disputes

Proceedings with the Austrian Federal Competition Authority (BWB)

Following the successful closing of the joint venture transaction in March 2017, all pending arbitration proceedings between the Semperit Group and Sri Trang Agro-Industry Public Co. Ltd. Group or Siam Sempermed Corporation Ltd. (SSC, now Sri Trang Gloves (Thailand) Co. Ltd.) were resolved by mutual agreement. The proceedings before the Thai courts were also resolved by the third quarter of 2017 as a result of the successful closing of the joint venture transaction.

In October 2015 the Austrian Federal Competition Authority (BWB) – acting on a petition from Sri-Trang companies, which were Semperit's joint venture partners in SSC – had initiated a proceeding against Semperit and these Sri-Trang companies at the Austrian Cartel Court in Vienna. The proceeding relates to exclusive distribution rights in Europe.

The Austrian Supreme Court (OGH) issued a ruling in September 2017 that Semperit's previous exclusivity arrangement in Europe for the sale and marketing of gloves which were produced in the former joint venture company in Thailand did not comply with competition law and decided not to refer the matter to the European Court of Justice.

Further discussions took place with the Federal Competition Authority in the first quarter of 2018 regarding a settlement of the yet-unanswered question of a fine in order to avoid further lengthy proceedings, and in July the Cartel Court ruled on the BWB's application and imposed a fine of EUR 1.6 million. This amount has already been paid on the basis of the legally binding decision. A corresponding amount had already been provided for, based on an estimate.

Procedure for transaction taxes in Brazil

A subsidiary of the Semperit Group is currently conducting tax proceedings in Brazil on transaction taxes for the assessment years 2008 to 2010. The duty (PIS/COFINS) is levied on the import and resale of goods in Brazil.

With regard to the import PIS/COFINS, there are indications in the lengthy administrative instances that the decision may ultimately be positive. However, until a final decision is reached, due to the legal uncertainties management continues to assume that the levy will be due until further notice. At 30 September 2018 the provision for this Brazilian transaction tax amounted to EUR 3,670 thousand (31 December 2017: EUR 4,144 thousand). For the resale PIS/COFINS, a deposit was made in the 2017 financial year after unsuccessful appeals in the administrative proceedings for the further handling of the case in the courts. In management's view, any reimbursement claims represent contingent assets that cannot be recognised in the balance sheet; they remained off balance sheet at 30 September 2018. Furthermore, at 30 September 2018, provisions were made for expected litigation costs in connection with the tax proceedings in Brazil in the amount of EUR 1,142 thousand (31 December 2017: EUR 1,546 thousand).

For the assessment years 2011 and 2012, management is assuming that the period of limitation has expired. Management continues to strive to take all necessary measures to successfully assert the legal position of the subsidiary.

Events after the reporting date

Effective on 5 November 2018 EUR 37,000 thousand of a corporate Schuldschein loan in US-Dollar were paid back prematurely.

Vienna, 20 November 2018

The Management Board

Martin Füllenbach
Chairman

Frank Gumbinger
CFO

Felix Fremerey
Member of the Management Board

Statement of all legal representatives

We confirm to the best of our knowledge that the consolidated half-year financial statements at 30 September 2018 prepared in accordance with the regulations for half-year reports in the International Financial Reporting Standards (IFRS) as applicable in the European Union (EU) reflect the Group's financial position as faithfully as possible, and that the interim Group management report reflects the Group's financial position as faithfully as possible with respect to the significant events during the first nine months of the financial year and their impact on the interim consolidated financial statements, with respect to the material risks and uncertainties in the remaining three months of the financial year, and with respect to the material transactions to be disclosed with related entities and individuals.

Vienna, 20 November 2018

The Management Board

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Chairman

Frank Gumbinger
CFO

Felix Fremerey
Member of the Management Board

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Financial Calendar 2018

21.11.2018	Report on the first three quarters 2018

Financial Calendar 2019

22.03.2019	Publication of 2018 annual financial statements
28.04.2019	Record Date Annual General Meeting
08.05.2019	Annual general meeting, Vienna
09.05.2019	Last day at which shares can be bought with dividend entitlement
10.05.2019	Ex-dividend day
13.05.2019	Record Date Dividend (= day, on which settled positions are struck at CSD Austria at close of business to determine the entitlement)
14.05.2019	Dividend payment day
28.05.2019	Report on Q1 2019
22.08.2019	Half-year financial report 2019
21.11.2019	Report on Q1-3 2019

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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: 20 November 2018). 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.