


DEAR SHAREHOLDERS,

The Semperit Group developed satisfactorily again in the third quarter despite an upsurge in oil prices and the slowdown it caused in the global economy. In the first nine months of 2005, consolidated sales grew year-on-year by 5.4 % to €384.6 million. The profit before tax (PBT) rose by 0.6 % to €40.3 million. Third quarter operating profit (EBIT) topped the 2004 figure by 2.9 % to total €38.8 million while the financial result fell short of the previous year's. The net profit as of 30 September totaled €26.3 million in 2005, a figure 9.4 % higher than the year before.

SEMPERIT AT A GLANCE



	1-9/2001	1-9/2002	1-9/2003	1-9/2004	1-9/2005	Diff. 05 to 04
Sales in € millions	301.0	335.1	350.7	364.8	384.6	+ 5.4 %
Profit before tax (PBT) in € millions	30.2	31.9	33.5	40.1	40.3	+ 0.6 %
Number of employees as of 30 th Sept.	5,044	5,821	5,997	5,604	6,285	+ 12.2 %

Although the dollar recovered somewhat against the euro, the group continued to face competitive disadvantages from foreign exchange rates. The sharp rise in purchase prices for natural rubber and latex, however, had a considerably stronger impact in the third quarter of the business year. Raw materials produced from crude oil in particular became much more expensive, as did energy costs. These dramatic upsurges in price were reflected in materials as a percentage of operating revenues in the third quarter of the year (52.5 % v 48.5 % last year). Owing to longer-term agreements on fixed selling prices and the persistence of fierce price competition, these higher prices could not be passed on only partially in sales prices and with a delay. All group companies consistently worked on improving productivity, increasing the efficiency of production processes and cutting back on the consumption of materials in order to assure the competitiveness of our products.

To sustain its steady growth, the group invested substantially in its production locations in Europe and Asia in order to modernize facilities and considerably enlarge capacities.

Good Utilization of Capacity at Sempermed

Orders remained at a good level at Sempermed, allowing capacities in the division to be well-utilized worldwide. Expansion was recorded in particular for business in examination gloves. The market environment for surgical gloves from the parent plant in Wimpassing, Austria, continued to be difficult, as competing products from dollar countries pushed onto the European market. The market campaign launched in Europe did trigger growth in sales volume for the higher grade Supreme products as well as the Classic surgical gloves, depending on the market situation.

Although Siam Sempermed operated its Thai glove factories at the full limit of their capacities, it was able to increase the output again thanks to continual gains in productivity. Strong price pressure put a damper on profits and the value of sales, as did the higher raw material prices. In September 2005, the first dip lines went on stream in the glove factory being built to expand capacity.

Shanghai Foremost, the Chinese production facility, achieved satisfactory increases in the sales volume of vinyl gloves. Pressure on earnings was felt from the still tense situation with energy costs and the sharp increase in prices for primary materials.

Hydraulic Hose Business Dominated Business Activities at Semperflex

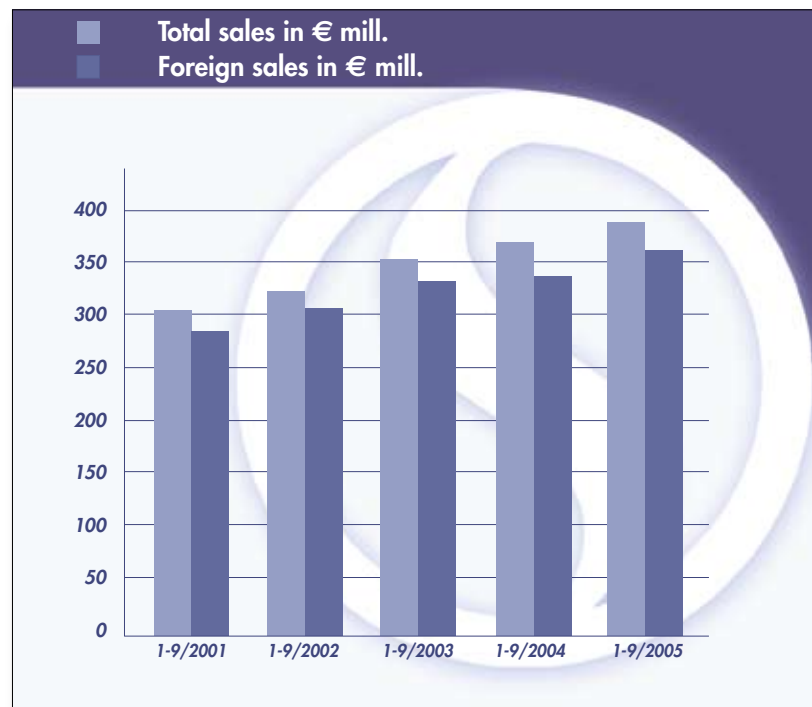
Growth in hydraulic and industrial hose continued at Semperflex. The production capacity for hydraulic hose was fully utilized at all locations. The elastomer sheeting made in Wimpassing, Austria, increased its regional market share in the face of stiff competition from Asia.

Sales increased robustly in volume and value at Wimpassing from the start of the year onwards, especially for hydraulic and spiral hose, with capacity utilized in full. The Czech hose factory Semperflex Optimitt stabilized its pace of production at a much higher level of capacity than at the same time the year before, but increased raw material prices could only be passed on to customers partially. Roiter, the Italian subsidiary, improved its sales thanks largely to gains made on the home market.

At Semperflex Asia in Thailand, the project to expand capacity to 20 million meters of hydraulic hose was completed and the first spiral hose production machine went into operation. It will produce top-grade hose designed to withstand pressure and stress. Here, too, the higher raw material expenses were offset only in part through price increases. In Shanghai, planning work got underway on the construction of the first Chinese hose factory.

Diverging Trends at Semperform

Semperform recorded a slight overall increase in sales in terms of value and volume in the third quarter of 2005. Trends diverged quite markedly in certain segments, however, especially at the



parent factory in Wimpassing, Austria. Aerial ropeway rings and railway superstructure grew at above average rates, as did wagon construction, membranes and pipe gaskets. Business in cellular and sponge rubber, for its part, was impaired by competitors from Asia and Southeast Europe. New handrail orders in Europe were put at a disadvantage from the increased concentration among

elevator escalator makers in China, but replacement business did expand thanks to consistent marketing efforts.

The German rubber factory in Deggendorf expanded its sales volume considerably and regained market share thanks to increased capacity and an aggressive pricing policy. The situation at Semperform Hungary remained difficult.

Preparations were made in Shanghai to move the handrail production to the new Semperflex premises. This step will also involve a modernization of equipment and an increase in capacity.

Sempertrans Records Strongest Growth

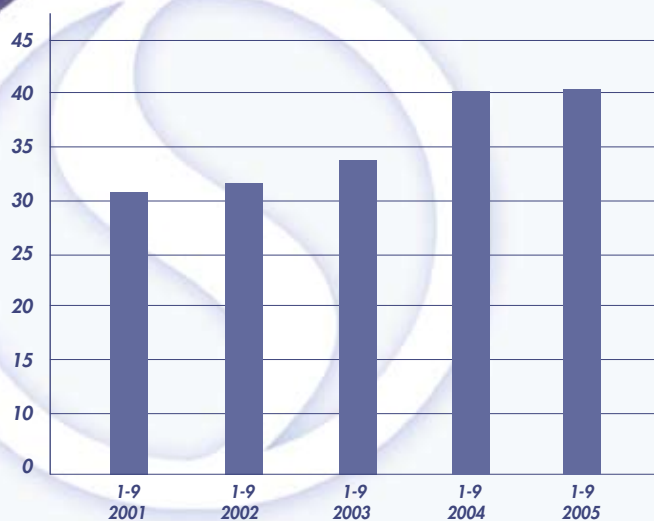
Sempertrans posted the biggest growth in the group in the period under review while utilizing capacity in full at all locations. The Polish conveyor

belt factory Sempertrans Belchatow confirmed its dominant position and made significant gains in nearly all markets and segments. A new press line has been online since early September. With this vulcanization press, the factory is able to produce widths of up to 3.2 meters for the first time. Consistent cost management also did its part to boost profits above par. The performance of the French production subsidiary Sempertrans France Belting Technology (SFBT) remained unsatisfactory. The effects of further far-reaching restructuring will be felt but only in successive stages. Work was resumed at Sempertrans Nirlon following a lengthy strike in November 2005.

Outlook for 2005: Group Expected to Stay on Growth Course

Although the overall economic climate remains difficult for the Semperit Group, further growth in sales value and volume is expected for 2005 as a whole. The Managing Board anticipates the profit before tax figure to be at the same level as last year and another increase in the consolidated net profit. The earnings situation will depend in large part on how raw material costs continue to develop in the short term and on whether these increases can be passed on in the selling prices. Rising purchase prices, especially for oil-based products and for natural rubber and latex could put

Profit before tax (PBT) as of the 3rd Quarter in € mill.



a damper on these expectations, as could the highly volatile foreign exchange parities, particularly between the US dollar and the euro.

This prediction applies especially to Sempermed, where despite the full utilization of capacities, the development of Siam Sempermed in particular is under pressure from the high price of latex. Capacity utilization at Shanghai Foremost is assured till year end. Surgical gloves from Wimpassing are expected to see no change in the previous course of business and the difficult market situation.

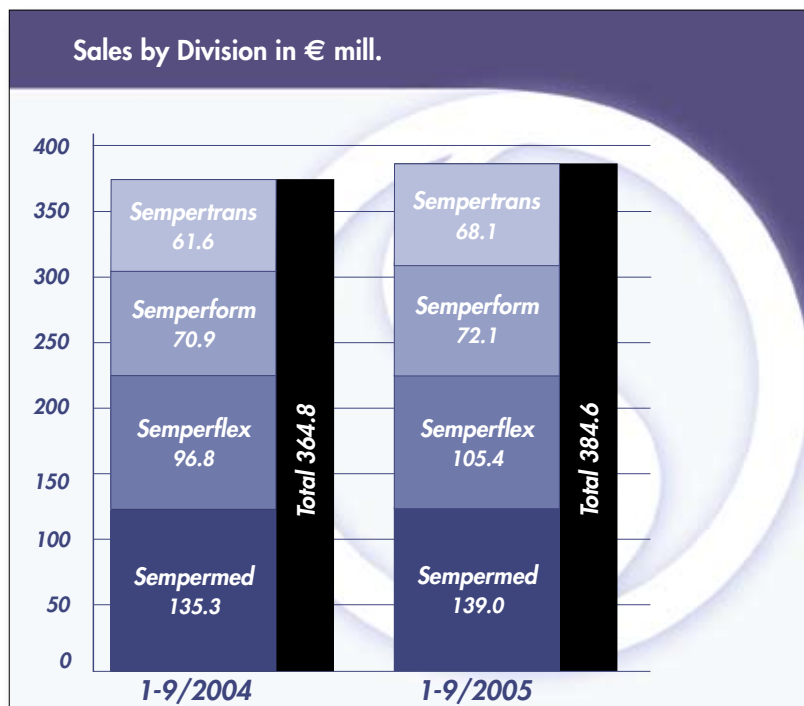
Growth at Semperflex is also assured, thanks to a good level of orders and full utilization of capacity. Hydraulic hose production will be the biggest beneficiary again. Semperflex Optimitt will therefore enjoy a substantial increase in volume sales and sales revenues. In keeping with this trend, hydraulic hose capacity will be increased considerably.

Semperform will also record a moderate increase in sales for the year as a whole. The declines in handrail business with original manufacturers could be offset by satisfactory development of aerial ropeway rings and molded articles. In Deggendorf the improved figure for sales volume should result in a considerable increase in the sales revenues.

The positive trend overall at Sempertrans will continue in the fourth quarter. The start up of the new large-scale press at Sempertrans Belchatow increases capacity substantially and should give fresh impetus to growth in sales and earnings. Productivity remains poor at SFBT in France. No improvement in the operating result is expected until the effects of restructuring begin to be felt.

Semperit Stock

The price of Semperit shares stood at €22.59 as of 30 September 2005, an increase of about 13 percent year-on-year. It is important to keep in mind the distribution of a dividend of 70 euro-cents a share on 6 June 2005, which resulted in a corresponding markdown.



BALANCE SHEET

Assets

in kEUR	31.12.2004	30.09.2005
Intangible assets	-5,342.4	3,964.9
Property, plant and equipment	120,838.5	130,914.4
Financial assets	23,746.3	36,229.0
Non-current trade receivables	28.6	0.0
Other non-current receivables	969.8	839.9
Deferred tax	7,987.5	8,288.8
NON-CURRENT ASSETS	148,228.3	180,237.0
Inventories	67,197.6	78,469.2
Current trade receivables	65,100.3	79,204.0
Other current receivables	9,674.0	13,527.2
Cash and cash equivalents	64,859.3	54,954.4
Prepaid expenses and deferred charges	791.6	2,504.2
CURRENT ASSETS	207,622.8	228,659.0
TOTAL ASSETS	355,851.1	408,896.0

Equity and liabilities

Issued capital	21,359.0	21,359.0
Share premium	21,503.2	21,503.2
Retained earnings	148,274.9	170,265.2
Treasury shares	-1,349.9	0.0
Currency translation	-7,679.3	-1,130.0
Minority interest	35,570.8	41,897.6
EQUITY	217,678.7	253,895.0
Provisions for pensions and severance payments	51,971.0	50,655.8
Provisions for deferred taxes	1,294.9	1,438.6
Other non-current provisions	11,503.1	12,071.5
Long-term liabilities due to banks	5,878.1	4,275.1
Non-current trade payables	284.5	8.1
Other non-current liabilities	175.5	93.6
NON-CURRENT PROVISIONS AND LIABILITIES	71,107.1	68,542.7
Provisions for current taxes	992.9	1,538.7
Other current provisions	14,949.2	14,282.7
Short-term liabilities to banks	7,398.1	8,836.6
Current trade payables	28,017.9	36,664.2
Prepayments	448.0	466.7
Other current liabilities	14,517.2	23,967.5
Prepaid expenses and deferred charges	742.0	701.9
CURRENT PROVISIONS AND LIABILITIES	67,065.3	86,458.3
EQUITY AND LIABILITIES	355,851.1	408,896.0

STATEMENT OF CASH FLOWS

in kEUR	1.1. - 30.09.2004	1.1. - 30.09.2005
Cash-flow from result	46,901.4	51,950.7
Changes in working capital	3,889.1	-13,487.4
Cash-flow from operating activities	50,790.5	38,463.3
Cash-flow from investing activities	-12,923.4	-34,609.2
Cash-flow from financing activities	-15,637.4	-13,758.9
CHANGES IN CASH AND CASH EQUIVALENTS	22,229.7	-9,904.8
Cash and cash equivalents at the beginning of the period	40,301.4	64,859.3
Cash and cash equivalents at the end of the period	62,531.1	54,954.5

PROFIT AND LOSS ACCOUNT

in kEUR	1.7.-30.9.2004	1.7.-30.9.2005	1.1.-30.9.2004	1.1.-30.9.2005
SALES	120,147.7	127,472.8	364,769.4	384,571.3
Differences between opening and closing stocks	-836.7	1,798.0	-309.8	4,223.8
Own work capitalised	130.7	359.7	212.8	489.3
OPERATING REVENUES	119,441.7	129,630.5	364,672.4	389,284.4
Other operating income	5,493.5	2,224.8	10,990.9	8,973.4
Cost of materials	-57,897.7	-68,100.1	-176,758.3	-200,183.9
Staff costs	-22,489.8	-22,098.9	-71,034.6	-69,682.1
Depreciation	-5,495.0	-5,516.3	-16,720.9	-17,346.3
Other operating expenses	-27,720.0	-24,358.2	-73,502.4	-72,292.0
OPERATING PROFIT (EBIT)	11,332.7	11,781.8	37,647.1	38,753.5
Income from companies in which group has a participating interest	0.0	0.0	89.8	0.0
Interest results	176.8	61.4	390.4	488.2
Other financial results	1,454.5	351.0	1,950.3	1,064.9
FINANCIAL RESULTS	1,631.3	412.4	2,430.5	1,553.1
PROFIT BEFORE TAX (PBT)	12,964.0	12,194.2	40,077.6	40,306.6
Taxes on income	-3,017.2	-2,477.5	-9,064.2	-8,082.2
PROFIT AFTER TAX	9,946.8	9,716.7	31,013.4	32,224.4
Minority interests	-2,892.1	-2,239.1	-6,963.6	-5,919.2
NET PROFIT FOR THE PERIOD	7,054.7	7,477.6	24,049.8	26,305.2
Earnings per share in EUR	0.35	0.36	1.18	1.28
Weighted average number of shares	20,403.277	20,573.434	20,372.052	20,513.580

CAPITAL AND RESERVES

in kEUR	Issued-capital	Share premium	Retained earnings	Treasury shares	Currency-transl. reserve	Minority Interest	Total
Balance on 31.12.2003	21,359.0	21,503.2	128,484.8	-2,460.0	-13,685.0	34,427.7	189,629.7
Net profit			24,049.8			6,963.6	31,013.4
Change in treasury shares				600.2			600.2
Dividend			-11,011.0			-4,062.4	-15,073.4
Currency translation adjustments					3,710.7	-755.4	2,955.3
Balance on 30.09.2004	21,359.0	21,503.2	141,523.6	-1,859.8	-9,974.3	36,573.5	209,125.2

in kEUR	Issued-capital	Share premium	Retained earnings	Treasury shares	Currency-transl. reserve	Minority Interest	Total
Balance on 31.12.2004	21,359.0	21,503.2	148,274.9	-1,349.9	-7,679.3	35,570.8	217,678.7
Net profit			26,305.2			5,919.2	32,224.4
Change in treasury shares				1,349.9			1,349.9
Transfer negativ goodwill			10,086.2				10,086.2
Dividend			-14,401.1			-2,587.6	-16,988.7
Currency translation adjustments					6,549.3	2,995.2	9,544.5
Balance on 30.09.2005	21,359.0	21,503.2	170,265.2	0.0	-1,130.0	41,897.6	253,895.0

FINANCIAL CALENDAR

Preliminary results 2005
10th week of 2006

For more information on the Semperit Group,
please contact:

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Letter to Shareholders 3rd Quarter 2005

2005