

# Half-year financial report | 2020



**SEMPERIT** 

## Key performance figures

in EUR million	H1 2020	Change	H1 2019	Q2 2020	Change	Q2 2019	2019
Revenue	418.9	-4.2%	437.3	219.8	-2.0%	224.4	840.6
EBITDA	57.6	+47.2%	39.1	40.7	-	22.7	67.8
EBITDA margin	13.7%	+4.7 PP	9.0%	18.5%	+8.4 PP	10.1%	8.1%
EBIT	112.2	>100%	20.9	102.5	>100%	13.1	-16.5
EBIT margin	26.8%	+22.0 PP	4.8%	46.6%	+40.8 PP	5.8%	-2.0%
Earnings after tax	101.7	>100%	5.8	103.5	>100%	2.6	-44.9
Earnings per share (EPS) <sup>1)</sup> , in EUR	4.73	>100%	0.11	4.90	>100%	0.04	-2.50
Gross cashflow	49.6	+57.2%	31.5	35.1	>100%	15.5	46.7
Return on equity <sup>2)</sup>	55,0%	+51,6 PP	3.4%	112,0%	+112,4 PP	-0,4%	-16,3%

## Balance sheet key figures

in EUR million	30.06.2020	Change	30.06.2019	31.03.2020	Change	31.03.2019	31.12.2019
Balance sheet total	801.0	-1.7%	815.1	706.2	-12,8%	810.1	701.8
Equity	365.8	+8.3%	337.7	265.1	-20,8%	334.8	273.4
Equity ratio	45.7%	+4.3 PP	41.4%	37.5%	-3,8 PP	41.3%	39.0%
Additions to tangible and intangible assets	10.6	-32.9%	15.8	4.8	-52.8%	10.2	31.4
Employees (at balance sheet date)	7,047	-1.4%	7,147	7,046	+1.9%	6,914	6,902

## Sector and segment key figures

in EUR million	H1 2020	Change	H1 2019	Q2 2020	Change	Q2 2019	2019
<b>Industrial Sector = Semperflex + Sempertrans + Semperform + Semperseal</b>							
Revenue	249.2	-13.9%	289.5	127.6	-13.8%	148.0	547.2
EBITDA	44.8	-14.9%	52.7	27.1	-3.8%	28.2	87.5
EBIT	12.2	-69.1%	39.5	0.9	-95.9%	21.1	60.9
<b>Semperflex</b>							
Revenue	98.4	-18.6%	120.9	51.5	-13.7%	59.7	222.7
EBITDA	23.3	-17.9%	28.4	14.0	-3.5%	14.5	47.9
EBIT	17.7	-21.6%	22.6	11.2	-2.5%	11.5	36.0
<b>Sempertrans</b>							
Revenue	62.0	-9.2%	68.2	32.5	-14.1%	37.8	134.0
EBITDA	6.6	-19.0%	8.1	5.0	-7.7%	5.4	13.5
EBIT	-15.6	-	5.6	-16.1	-	3.8	8.9
<b>Semperform<sup>3)</sup></b>							
Revenue	41.8	-11.1%	47.0	21.9	-10.9%	24.6	91.1
EBITDA	8.4	-4.1%	8.8	5.0	+2.8%	4.8	15.6
EBIT	6.6	-6.7%	7.1	4.1	+2.2%	4.0	12.0
<b>Semperseal</b>							
Revenue	47.1	-11.8%	53.4	21.7	-16.1%	25.8	99.5
EBITDA	6.4	-11.8%	7.3	3.2	-7.0%	3.4	10.4
EBIT	3.5	-17.2%	4.2	1.7	-8.3%	1.9	4.0
<b>Medical Sector = Sempermed</b>							
Revenue	169.7	+14.8%	147.8	92.2	+20.7%	76.4	293.3
EBITDA	23.0	-	-0.3	18.2	>100%	0.6	5.5
EBIT	110.7	-	-4.2	106.4	-	-1.4	-50.2

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

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

<sup>2)</sup> Based on a full-year projection.

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

# Group Management Report

## Economic environment

The International Monetary Fund (IMF) has made another downward adjustment for its growth forecast for 2020 published in June 2020 in comparison with the version of April 2020, significantly reduced as a result of the global corona pandemic (SARS-CoV-2). Global economic growth in 2020 is estimated to be -4.9%, instead of -3.0% forecast in April 2020 (2019: 2.8%). For 2020, the forecast for emerging and developing countries now stands at -3.0% (so far -1.0%) after 3.9% in 2019, followed by the USA at -8.0% (so far -5.9%) after 2.3% in 2019 and the euro zone at -10.2% (so far -7.5%) after 1.0% in 2019. Growth expectations for the euro zone are therefore 2.7 percentage points lower than for the World Economic Outlook published by the IMF in April 2020. Forecasts have also been further lowered for the three major European economies Germany, France, and Italy. Growth expectations for Germany will fall by 0.8, for France by 5.3 and for Italy by 3.7 percentage points.<sup>1</sup>

In its forecast published in July 2020, the Institute for Economic Research (ifo) speaks of a decline in the German GDP growth rate of 6 to 9%.<sup>2</sup> However, according to the ifo business climate index, which was also published in July 2020, German companies are optimistic, albeit cautious, about a gradual recovery of the German economy in the coming months. The German federal government is also trying to support these expectations with an economic stimulus package amounting to EUR 130 billion. The ifo President, Clemens Fuest, analysed the economic situation in an interview and does not see a return to economic normality before the second half of 2021.<sup>3</sup>

The global economic crisis caused by the corona pandemic remains at the forefront of the greatest burdens on global economic development in the first half of 2020 and overshadows other economic factors such as trade conflicts (USA, China). The effect of the general economic slowdown starting in the second half of 2019 can no longer be seen independently of the corona effects. The effects on the Semperit Group are explained in more detail in the chapter "Corona".

## Development in the raw materials markets

The markets for rubber (natural and synthetic rubber), carbon black, wires as well as a variety of chemicals with various markets (that is why these are not discussed here in more detail) are very important for the rubber industry. The development of these markets in the natural rubber field is influenced, among other things, by weather conditions, while the fields of synthetic rubber and carbon black are impacted by supplier behaviour and costs for basic raw materials, which are affected by the price of crude oil. Demand is partially influenced by the main buyers of rubber products, the tyre and automotive industry.

In the course of the first half of 2020, the prices on the relevant raw material exchanges for natural rubber and natural latex in Asia declined to varying degrees. While there was a significant decline in natural rubber prices, in particular due to the lower demand from the tyre industry, the average prices for natural latex remained almost unchanged compared to the previous quarter and showed a strong upward trend from May onwards, caused above all by strong demand for gloves.

The prices for butadiene, an essential raw material for the production of synthetic rubber and synthetic latex, were also down in Europe and Asia. The prices for butadiene, which is particularly relevant as a basic raw material in the Semperflex, Sempertrans and Sempermed segments, were therefore lower in the first half of 2020 than in the same period last year. This trend was also reflected in lower prices for solid rubber, whereas the prices for nitrile latex rose due to strong demand.

<sup>1</sup> <https://www.imf.org/en/Publications/WEO/Issues/2020/06/24/WEOUpdateJune2020>

<sup>2</sup> <https://www.ifo.de/DocDL/sd-2020-07-ifo-vorschlaege-corona-recovery-2020-07-15.pdf>

<sup>3</sup> <https://www.ifo.de/node/57061>

The price development of "Heavy Fuel Oil (HFO)" is significant for the filler carbon black, which is relevant for all four segments of the Industrial Sector. HFO prices continued to decline over the course of the second quarter, which in turn led to lower carbon black prices compared to the first quarter. Since mid-May, HFO prices have strongly increased again following crude oil. As expected, this will lead to higher carbon black prices over the course of the third quarter.

In the first half of 2020, the prices for wire rod, a preliminary product for wires, which are used primarily in the Semperflex and Sempertrans segments, were at the same low level in the first half year of 2020 as in the fourth quarter of 2019.

## Corona

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

To protect the health of employees, all persons not involved in the operational production processes worked from home between mid-March and mid-May. Comprehensive measures to protect health were introduced for this purpose, as well as for production employees. Office operations – in two separate teams – were gradually resumed as of the second half of May. In addition, the body temperature of all employees has been measured at all locations since the end of July. By the end of the first half of 2020, a total of 3 people had fallen ill with corona (all independent cases), none of them showed a severe course.

With regard to the general demand situation, the first uncertainties in the Industrial Sector became noticeable at the end of March. In the second quarter there were different market reactions in the segments: initially, on the one hand, safety stocks were built up, on the other hand, closings or order reductions were observed on the customer side. Meanwhile, the overall decrease in demand is clearly noticeable. In the Medical Sector, on the other hand, demand has increased significantly as a result of the pandemic, and market prices have also increased noticeably due to the high demand: around 20-30% above the average level of 2019.

The provision of the raw materials required for production was guaranteed by alternative raw material suppliers. In the first half of the year apart from the shutdown in China in February and in India, there was above all in April no major negative impacts. In the Medical Sector, the increased market dynamics made it increasingly challenging to reliably secure the required quantities of raw materials resulting in shifts in quantities within the supplier portfolio. In the Medical Sector, strong demand for the synthetic raw material nitrile latex is also a factor, which could make it increasingly difficult to secure the quantities required for production.

The management implemented operational countermeasures to deal with the corona crisis in the first quarter. On the one hand, these aim at a correspondingly flexible control of production in the face of uncertain market demand; on the other hand, they place an even stricter focus on an adequate cost level. Added to this is the positive effect of the corona crisis on the restructuring measures that have been running since 2018: These have been accelerated by corona and can in some cases develop their positive effects early. In total, this enabled approx. 5% of the cost level reduction (excluding material) compared to the previous year. However, it should be noted that parts of these measures were exclusively caused by corona and therefore do not represent a sustainable reduction for future development.

The restructuring and transformation process initiated by the Semperit Group at the beginning of 2018, which has led to significant improvements at various levels, was further accelerated by the

corona crisis and will continue in the future: In this context the focus on cost-cutting measures will be further sharpened in the coming months.

The company's efforts to reduce costs are complemented by support measures of the local governments and authorities. Governments around the world have reacted to the corona crisis. Essentially, in the countries where the Semperit Group is operating, packages of measures have been implemented aiming on the one hand at adequately reducing personnel costs. In Austria, for example, the short-time work allowance was used for approx. 140 employees. Furthermore, similar models or measures to increase the flexibility of working time were partially used in Germany, Poland, the Czech Republic, France and Great Britain. On the other hand, significant government measures aim at deferring tax liabilities for periods of varying length in order to support companies in distress in the event of liquidity problems. Only a few of these measures have a real monetary impact on the results of the Semperit Group. Even though the support measures were used to a small extent, Semperit was able to implement the significant savings potential and the decisive countermeasures on its own.

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

The recent successful development of the Sempertrans segment was slowed down by the outbreak of the corona pandemic and the timing of its implementation was affected in the long term. On the one hand, the demand for mining industry products fell as a result of the recessive developments in downstream industries (above all the automotive and construction industries). On the other hand, suspensions and severe restrictions on mining activities reduced supply. The competitive and price pressure on the market as well as a probably moderate market growth therefore resulted in an impairment loss of EUR 20.0 million.

At the same time, the current value in use of the Sempermed segment was calculated. In the corona pandemic, market dynamics are characterised by a considerable excess demand and a price rally, while the previous buyer's market for examination and protective gloves has become a seller's market. The operational efficiency increases resulting from successful restructuring measures also had a positive impact. As a result, an impairment reversal of EUR 88.8 million was recognised (for details see notes 3.1).

On balance, the effects of corona on the evaluations of the Sempertrans and Sempermed segments had a clearly positive impact on the results for the first half of the year. In this context, the corresponding positive outlook for EBITDA and EBIT was communicated in an ad hoc announcement on 3 July 2020.

Inventories increased in the course of the first half of the year despite strict working capital management. On the one hand, this can be attributed to the necessary safety stocks that must be guaranteed in times of crisis. On the other hand, it is also due to the customer behaviour, as smaller quantities were sold due to the uncertainties associated with corona. The management continues to place a strong focus on adequate control and management of working capital even though the special circumstances and necessary safety precautions currently thwart these efforts.

The effects of corona had no significant negative impact on the company's liquidity in the first half of the year. Cash and cash equivalents increased by approx. 18%. Net debt even fell by more than half. With regard to maintaining a stable financial position, the management has placed a strong focus on securing liquidity while at the same time optimising financing expenses.

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

## Revenue and earnings development

### First half of 2020

In the first half of 2020, the Semperit-Group recorded a decrease in revenue by 4.2% to EUR 418.9 million compared with the same period in the previous year. In the Industrial Sector revenue declined by 13.9%, while the Medical Sector recorded an increase of +14.8% (details on the development of the Sectors and segments see page 12). The Industrial Sector – above all the Semperflex segment – was shaped on the one hand by the economic downturn that began in 2019 and on the other hand by the negative impact of the corona crisis. The increase in sales in the Medical Sector, i.e. the Sempermed segment, is based on the increase in volumes sold, which were achieved in particular through higher production volumes resulting from the improved capacity utilization, as well as an on an extraordinarily high demand for gloves as a result of the corona pandemic and the associated increase in market prices.

In the first half of 2020, the Industrial Sector accounted for 59% and the Medical Sector for 41% of the Semperit-Group's revenue, which is a shift compared to the first quarter of 2019 when the ratio was 66% to 34%.

In the first half of 2020, inventories increased by EUR 4.9 million compared with an increase of EUR 1.4 million in the first half of 2019. The increase is mainly due to lower sales volumes due to the corona crisis.

Other operating income amounted to EUR 3.4 million in the first half of 2020. In comparison, the value in the first half of 2019 was EUR 4.4 million, which also included earnings of EUR 1.3 million from the sale of tangible assets from the Sempertrans production site in China, which was closed in 2018.

In the first half of 2020, cost of materials decreased by EUR 30.2 million or 12.1% to EUR 219.7 million. The change was partly due to the decline in volumes sold in the Industry segment despite higher production volumes in the Sempermed segment; in some cases, lower raw material prices also had a positive effect.

Personnel expenses rose slightly in the first half of 2020 to EUR 103.9 million (+ 3.1%) despite the slight reduction (-1.4%) in employees (FTE). The reasons for this were the general increase in the salary level, higher provisions for bonuses for the successful year 2019, as well as changes at the board level (instead of three now four board members and additional board changes). Short-time working in Austria (for only around 140 employees starting in May) and models for flexible working hours during the crisis in the second quarter had an opposite effect.

Other operating expenses were EUR 48.2 million lower than in the same period of the previous year (EUR 54.5 million) due to significantly lower legal and consulting expenses as well as lower travel activities. EBITDA rose from EUR 39.1 million in the first half of 2019 to EUR 57.6 million in the first half of the year 2020 due to the good results in the Medical Sector following increases in market prices as well as higher volumes resulting from higher demand, further enhanced by the successful restructuring measures. The EBITDA margin rose accordingly from 9.0% to 13.7%.

Depreciation decreased to EUR 14.2 million (-18.2%), mainly due to the reduced depreciation basis as a result of the impairment in the Sempermed segment, which was recorded in the third quarter of 2019.

The outbreak of the corona pandemic in a phase of global economic slowdown made it necessary to review all segments of the Semperit Group for the existence of visible indications of a change in the value of the segment assets. This review resulted in an impairment reversal of EUR 88.8 million for the Sempermed segment and impairment losses of EUR 20.0 million for the Sempertrans segment (for more details see notes 3.1).

EBIT improved to EUR 112.2 million in the first half of 2020 compared to EUR 20.9 million in the first half of 2019. The EBIT margin rose from 4.8% to 26.8%. The adjusted EBIT was EUR 43.4 million, more than twice as high as in the first half of 2019. The adjusted EBIT margin was 10.4%, also more than twice as high as in the comparable period.

### Key figures Semperit Group

in EUR million	H1 2020 <sup>1)</sup>	H1 2019	Change	Change in EUR million	2019
Revenue	418.9	437.3	-4.2%	-18.4	840.6
EBITDA	57.6	39.1	+47.2%	+18.5	67.8
EBITDA margin	13.7%	9.0%	+4.8 PP	-	8.1%
EBIT adjusted	43.4	20.9	>100%	+22.5	28.2
EBIT margin adjusted	10.4%	4.8%	+5.6 PP	-	3.4%
EBIT	112.2	20.9	>100%	+91.3	-16.5
EBIT margin	26.8%	4.8%	+22.0 PP	-	-2.0%
Earnings after tax adjusted	23.9	5.8	>100%	+18.1	-0.2
Earnings after tax	101.7	5.8	>100%	+95.9	-44.9
Additions to tangible and intangible assets	10.6	15.8	-32.9%	-5.2	31.4
Employees (at balance sheet date)	7,047	7,147	-1.4%	-100	6,902

<sup>1)</sup> H1 2020: adjusted for the positive one-off effect from the reversal of impairment in the Sempermed segment (EBIT: EUR 88.8 million; earnings after taxes: EUR 91.4 million) and the negative one-off effect from the impairment in the Sempertrans segment (EBIT effect EUR -20.0 million; earnings after taxes: EUR -16.3 million)

The financial result totalled EUR -8.7 million in the first half of 2020 after EUR -6.6 million in the first half of 2019. Financing expenses (primarily interest expenses for loans and credits) amounted to EUR 3.2 million in the first half of 2020 and were therefore below the previous year's value of EUR 4.3 million – due to the repayment of Schuldschein loans.

At EUR -3.6 million, the other financial result was negative in the first half of 2020, while in the first half of 2019 the value had been EUR -0.3 million. This item includes primarily the balance from foreign exchange gains and losses (net foreign exchange results). The negative net foreign currency result is mainly due to the decline in the exchange rate of the Czech koruna and Polish zloty in March 2020. This led to unrealised foreign currency losses from the foreign currency valuation of intra-group loan financing.

Income tax expenses decreased by EUR 6.7 million to EUR 1.8 million in the first half of 2020. Current income tax expenses rose from EUR 6.4 million to EUR 9.3 million. Deferred taxes developed in the opposite direction. Due to the development of the Sempermed segment, loss carryforwards and unused tax credits became recoverable. In addition, latency effects arose from the impairment of the Sempertrans segment. In total, this resulted in a positive effect of EUR 7.4 million.

Earnings after tax totalled EUR 101.7 million for the first half of 2020 compared with EUR 5.8 million in the first half of 2019. Earnings per share amounted to EUR 4.73 in the first half of 2020 after EUR 0.11 in the first half of 2019. The adjusted earning after tax totalled EUR 23.9 million.

## Second quarter of 2020

In the second quarter of 2020, the Semperit Group only recorded a decline in sales of 2.0% to EUR 219.8 million compared to the same period of the previous year (second quarter of 2019: EUR 224.4 million). In the Industrial Sector, sales decreased by 13.8% in the second quarter of 2020 back, the Medical Sector, however, recorded an increase of 20.7%.

The cost of materials fell in the second quarter of 2020 by EUR 20.2 million or 15.9% to EUR 107.1 million. The change was largely due to the decline in volumes sold in the industrial segment, but also to the partially lower raw material prices.

Personnel expenses rose by 4.9% to EUR 53.4 million in the second quarter of 2020. The reasons for this were the general increase in salary levels, higher provisions for bonuses for the successful year 2019, as well as changes at Executive Board level (four instead of three board members and additional board changes). This was counteracted by short-time working in Austria (for only around 140 employees starting in May) and models for flexible working hours during the crisis in the second quarter.

At EUR 21.5 million, other operating expenses were 19.2% below the previous year's period (EUR 26.6 million) due to significantly lower legal and consulting expenses as well as lower travel activities.

EBITDA rose due to the good results in the Medical Sector following increases in market prices as well as higher volumes resulting from higher demand, further enhanced by the successful restructuring measures. The lower revenues in the Industrial Sector were partially offset by the increase in profitability as a result of the restructuring measures and the significantly reduced expense level as a result of the countermeasures compared to the second quarter of 2019. The Group's EBITDA therefore rose from EUR 22.7 million in the second quarter of 2019 to EUR 40.7 million in the second quarter of 2020. The EBITDA margin rose accordingly from 10.1% to 18.5%.

Depreciation decreased by EUR 1.6 million, mainly due to the reduced depreciation basis as a result of the impairment in the Sempermed segment, which was recorded in the third quarter of 2019.

Due to the impairment reversal in the Sempermed segment (EUR 88.8 million) and the impairment in the Sempertrans segment (EUR 20.0 million) in the second quarter of 2020, EBIT improved to EUR 102.5 million in the second quarter (second quarter of 2019: EUR 13.1 million) and the EBIT margin to 46.6% after 5.8% in the second quarter of 2019. The adjusted EBIT was also due in particular to the successful restructuring measures implemented in recent years as well as the immediately introduced corona countermeasures above the previous year's level of EUR 33.6 million, as well as the adjusted EBIT margin of 15.3%, which was well above the value of the second quarter of 2019.

Income tax expenses were positive in the individual quarter at EUR 2.1 million compared to a tax expense of EUR 5.2 million in the second quarter of 2019. The current income tax expense amounted to EUR 6.6 million. Deferred taxes developed in the opposite direction. Due to the development in the Sempermed segment, loss carryforwards and unused tax credits became recoverable. Furthermore, latency effects arose from the impairment of the Sempertrans segment. In total, this resulted in a positive effect of EUR 8.7 million.

In total, earnings after taxes in the second quarter came to EUR 103.4 million (adjusted EUR 25.6 million) compared to EUR 2.6 million in the second quarter of 2019. Earnings per share were EUR 4.9 in the second quarter of 2020 after EUR 0.04 in the second quarter of 2019.



**Key figures Semperit Group / Second quarter**

in EUR million	Q2 2020 <sup>1)</sup>	Q2 2019	Change	Change in EUR million
Revenue	219.8	224.4	-2.0%	-4.5
EBITDA	40.7	22.7	+79.7%	+18.1
EBITDA margin	18.5%	10.1%	+8.4 PP	-
EBIT adjusted	33.6	13.1	>100%	+20.6
EBIT margin adjusted	15.3%	5.8%	+9.5 PP	-
EBIT	102.5	13.1	>100%	+89.4
EBIT margin	46.6%	5.8%	+40.8 PP	-
Earnings after tax adjusted	25.6	2.6	>100%	+23.0
Earnings after tax	103.5	2.6	>100%	+100.9
Additions to tangible and intangible assets	5.8	5.6	+3.2%	+0.2
Employees (at balance sheet date)	7,047	7,147	-1.4%	-100

<sup>1)</sup> Q2 2020: adjusted for the positive one-off effect from the reversal of impairment in the Sempermed segment (EBIT: EUR 88.8 million; earnings after taxes: EUR 91.4 million) and the negative one-off effect from the impairment in the Sempertrans segment (EBIT effect EUR -20.0 million; earnings after taxes: EUR -16.3 million)

**Dividend and treasury shares**

Semperit's dividend policy is, in principle: the pay-out ratio to shareholders is around 50% of earnings after tax assuming continued successful performance and that no unusual circumstances occur. Currently, however, the corona crisis is an exceptional circumstance that requires careful action with regard to the company's liquidity situation. In addition, the dividend potential is ultimately limited by the retained earnings in the individual financial statements of Semperit AG Holding. Any decision regarding dividends for 2020 therefore requires clarity about the final corona effects.

## Assets and financial position

As of June 30, 2020, the balance sheet total increased by 14.1% to EUR 801.0 million compared with December 31, 2019.

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

On the liabilities side, two main items increased: Equity increased as a result of an increase in retained earnings, but also due to trade payables, there was an increase. The reduction in short-term financial liabilities due to the early repayment of promissory note loans at the beginning of the year had the opposite effect.

Trade working capital increased from EUR 155.2 million to EUR 160.4 million since the end of 2019 and was therefore 19.5% of revenue (year-end 2019: 18.5%). The change is primarily attributable to increased trade receivables (+13.7%) and inventories (+4.3%) in contrast to an increase in trade payables (+21.2%).

The change in property, plant and equipment results on the one hand from the reversal of impairment losses of EUR 86.9 million in the Sempermed segment and the impairment of EUR 19.8 million in the Sempertrans segment.

Deferred taxes increased significantly. As a result of the development in the Sempermed segment, loss carryforwards and unused tax credits became recoverable. In addition, there were latency effects from the impairment of the Sempertrans segment.

As of June 30, 2020, cash and cash equivalents were EUR 166.8 million, above the level as of end of 2019 with EUR 141.4 million. The increase resulted from the higher profitability especially in the Sempermed segment.

As of June 30, 2020, the equity (excluding non-controlling interests) of the Semperit Group rose to EUR 365.8 million by EUR 92.4 million above the value at the end of 2019 at EUR 273.4 million. This was mainly due to the increase in earnings in the first half of 2020.

As of June 30, 2020, the equity ratio was 45.7% (year-end 2019: 39.0%).

The return on equity for the first half of 2020 was 55.0% (first half of 2019: 3.4%). This is calculated from earnings after taxes of EUR 101.7 million (first half of 2019: EUR 5.7 million) based on the equity of EUR 365.8 million attributable to the shareholders of Semperit AG Holding (first half of 2019: EUR 337.7 million).

Debt capital increased slightly to EUR 433.4 million compared to the end of 2019 at EUR 427.7 million, an increase of EUR 5.8 million, mainly due to the increase in current trade payables (+13.0 million EUR) despite the decline in current financial liabilities (-10.4 million EUR).

Financial liabilities as of June 30, 2020 were EUR 202.5 million after EUR 214.8 million at the end of 2019. Including liquid funds of EUR 166.8 million (2019 year-end: EUR 141.4 million) this resulted in net debt of EUR 35.7 million as of June 30, 2020 (net debt at the end of 2019: EUR 73.5 million). The key figure net debt / EBITDA as of June 30, 2020 was 0.41 (year-end 2019: 1.08).

Provisions including social capital amounted to EUR 62.7 million and were EUR 4.7 million below the value at the end of 2019. The other liabilities (other liabilities, deferred taxes, current taxes on income and other financial liabilities) increased to EUR 77.5 million after EUR 65.3 million at the end of 2019.

The existing and completely unused credit line was renegotiated at the beginning of the year. Improvements in key conditions were achieved, the credit line was reduced from EUR 150 million to EUR 75 million. As a complementary measure to strengthen liquidity, a credit line amounting to EUR 15.0 million was concluded in August 2020 as part of the Kontrollbank refinancing framework of

Oesterreichische Kontrollbank AG (OeKB). In order to optimise financing expenses, Semperit decided to terminate the outstanding, undrawn part of the hybrid capital in the amount of EUR 20 million in July. Part of the Schuldschein loan plus interest amounting to EUR 27.5 million was also repaid as scheduled in July 2020.

## Cash flow

Due to the good operating results, the gross cash flow in the first half of 2020 amounted EUR 49.6 million after EUR 31.5 million in the first half year of 2019.

The cash flow from operating activities amounted to EUR 53.6 million in the first half of 2020 (first half of 2019: EUR 59.4 million), which was partly due to higher profitability and the development of the trade working capital.

The cash flow from investing activities was EUR –6.6 million in the first half of 2020 and therefore in relative terms below the previous year's value of EUR –19.6 million, which was primarily due to reduced investment activities. The focus was on maintenance investments. Therefore, the free cash flow was significantly positive at EUR 47.1 million, around 18.3% more than EUR 39.8 million in the first quarter of 2019.

The cash flow from financing activities of EUR –19.4 million in the first half of 2020 was below the value of the first half of 2019 at EUR –6.9 million. The value in the first half of 2020 was impacted by the early repayment of Schuldschein loans and the repayment of short-term bank loans.

## Investments

At EUR 11.9 million, cash-relevant investments in tangible and intangible assets in the first half year of 2020 were below the previous year's level at EUR 21.4 million. The focus was mainly on capacity-maintaining investments and only to a lesser extent on expansion investments. The largest investments were made in Germany (EUR 3.7 million), in Malaysia (EUR 2.1 million), Poland (EUR 2.0 million), Austria (EUR 1.9 million) and the Czech Republic (EUR 1.1 million).

## 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

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

However, the steps taken by the management had a positive effect. The planned measures of the ongoing restructuring programme have been accelerated by the crisis. In addition, the ongoing analysis supported the management's quick response. The negative effects were partially offset by newly implemented countermeasures, both through increased customer proximity in the crisis situation and through strict cost management to counteract the crisis.

Overall, the sector's revenue therefore declined by 13.9% from EUR 289.5 million to EUR 249.2 million.

The Industrial Sector was already prepared for an economic slowdown in 2020 and was therefore able to take measures in time to counteract the corona-related crisis. As a result, profitability was only slightly below the previous year's level. Although EBITDA decreased by 14.9% to EUR 44.8 million due to the revenue decline, the EBITDA margin remained almost unchanged at 18.0% in the first half of 2020, after 18.2% in the first half of 2019. Due to the current market developments, an impairment of EUR 20.0 million had to be recognised in the Sempertrans segment. EBIT decreased by 69.1% to EUR 12.2 million and the EBIT margin from 13.6% to 4.9%. The adjusted EBIT in the sector was EUR 32.2 million in the first half of 2020, which is 18.4% below the previous year's level, while the adjusted EBIT margin was 12.9%

Considering the absolute contribution to EBITDA, by far the largest share came from the Semperflex segment, followed by Semperform, Sempertrans and Semperseal.

### Key figures Industrial Sector

in EUR million	H1 2020 <sup>1)</sup>	Change	H1 2019	Q2 2020 <sup>1)</sup>	Change	Q2 2019	2019
Revenue	249.2	-13.9%	289.5	127.6	-13.8%	148.0	547.2
EBITDA	44.8	-14.9%	52.7	27.1	-3.8%	28.2	87.5
EBITDA margin	18.0%	-0.2 PP	18.2%	21.3%	+2.3 PP	19.0%	16.0%
EBIT adjusted	32.2	-18.4%	39.5	20.9	-1.1%	21.1	60.9
EBIT margin adjusted	12.9%	-0.7 PP	13.6%	16.3%	+2.0 PP	14.3%	11.1%
EBIT	12.2	-69.1%	39.5	0.9	-95.9%	21.1	60.9
EBIT margin	4.9%	-8.7 PP	13.6%	0.7%	-13.6 PP	14.3%	11.1%
Additions to tangible and intangible assets	8.6	-30.6%	12.5	4.8	+19.3%	4.0	22.7
Employees (at balance sheet date)	3,550	-3.8%	3,691	3,550	-3.8%	3,691	3,602

<sup>1)</sup> H1 and Q2 2020: adjusted for the negative one-off effect from the impairment in the Sempertrans segment (EBIT: EUR 20.0 million)

### Semperflex segment

The general downturn in the market development due to the economic slowdown, which has been increasing since 2019, together with the negative effects of the corona crisis, characterised the result of the Semperflex segment in the first half of 2020. A first slight effect of the corona crisis was noticeable due to the ten-day shutdown in China after the Chinese New Year. The reduced market demand was also reflected in a low order intake in the first half of the year and in the order book below the level of the first half of 2019. This applies to hydraulic hoses as well as industrial hoses. Capacity utilisation was lower than in the previous year due to lower demand. The newly implemented corona countermeasures, however, partially offset the negative effects. Revenue was therefore –18.6% below the first half of 2019. Due to the high efficiency of the countermeasures profitability was nevertheless kept more or less constant. The EBITDA margin was 23.7% in the first half of 2020 (first half of 2019: 23.5%), while the EBIT margin was 18.0% (first half of 2019: 18.7%).

The second quarter clearly reflects the successful implementation of the corona countermeasures: while revenue was 13.7% below the level of the second quarter of 2019, EBITDA remained almost constant.

### Key figures Semperflex

in EUR million	H1 2020	Change	H1 2019	Q2 2020	Change	Q2 2019	2019
Revenue	98.4	–18.6%	120.9	51.5	–13.7%	59.7	222.7
EBITDA	23.3	–17.9%	28.4	14.0	–3.5%	14.5	47.9
EBITDA margin	23.7%	+0.2 PP	23.5%	27.2%	+2.9 PP	24.3%	21.5%
EBIT	17.7	–21.6%	22.6	11.2	–2.5%	11.5	36.0
EBIT margin	18.0%	–0.7 PP	18.7%	21.8%	+2.6 PP	19.2%	16.2%
Additions to tangible and intangible assets	1.2	–82.0%	6.6	0.7	–52.8%	1.4	10.2
Employees (at balance sheet date)	1.620	–8.9%	1.777	1.620	–8.9%	1.777	1.672

### Sempertrans segment

The Sempertrans segment reflected on the one hand the economic downturn, which has been already noticeable since the end of last year and on the other hand the uncertainties arising from the corona crisis. At the end of March, the plant in India had to be closed for four weeks due to nationwide corona measures.

After a slight recovery at the beginning of the year, the order books were down due to lower demand. While the global mining industry was affected by local lock-downs particularly in the second quarter, the planned expansion projects were partially reduced in volume or postponed as a consequence. This development will continue to affect business in the coming quarters. Consequently, the necessity of an impairment loss amounting to EUR 20.0 million was identified in the Sempertrans segment due to the tense market situation (for further information see notes 3.1).

Therefore, in the first half of 2020 revenue declined by 9.2% in comparison with the same period of the previous year due to lower volumes resulting from lower demand.

The reported figures in the first half of 2020 included a profit of EUR 1.3 million from the sale of tangible assets from the production site in China, which was closed in 2018. This also affected profitability as it fell below last year's level: in the first half of 2020, the EBITDA margin was 10.6% (11.9% in the first half of 2019). Due to the impairment, negative EBIT was reported, while the EBIT margin

was -25.2% in the first half of 2020 (8.2% in the first half of 2019). In contrast, the EBIT margin adjusted for the impairments is only slightly below last year's level, at 7.1%

In the second quarter of 2020 the decline in revenues was relatively higher than in the first quarter and was 14.1% below the level of the second quarter of 2019. However, the EBITDA margin increased slightly from 14.2% in the second quarter of 2019 to 15.4% in the second quarter of 2020 due to the countermeasures introduced throughout the company. The reported EBIT margin is negative as a result of the impairment. However, the adjusted EBIT margin at 11.9% is even slightly above the level of the second quarter of 2019.

### Key figures Sempertrans

in EUR million	H1 2020 <sup>1)</sup>	Change	H1 2019	Q2 2020 <sup>1)</sup>	Change	Q2 2019	2019
Revenue	62.0	-9.2%	68.2	32.5	-14.1%	37.8	134.0
EBITDA	6.6	-19.0%	8.1	5.0	-7.7%	5.4	13.5
EBITDA margin	10.6%	-1.3 PP	11.9%	15.4%	+1.2 PP	14.2%	10.1%
EBIT adjusted	4.4	-21.2%	5.6	3.9	>100%	3.8	8.9
EBIT margin adjusted	7.1%	-1.1 PP	8.2%	11.9%	+1.9 PP	10.0%	6.7%
EBIT	-15.6	-	5.6	-16.1	-	3.8	8.9
EBIT margin	-25.2%	-33.4 PP	8.2%	-49.8%	-59.8 PP	10.0%	6.7%
Additions to tangible and intangible assets	1.6	+3.0%	1.6	1.0	+38.9%	0.7	4.7
Employees (at balance sheet date)	926	+3.1%	898	926	+3.1%	898	939

<sup>1)</sup> H1 and Q2 2020: adjusted for the negative one-off effect from the impairment in the Sempertrans segment (EBIT: EUR 20.0 million)

### Sempersaal segment

The new Sempersaal segment, which has been managed separately since the beginning of 2020, recorded a decline in revenue compared with the first half of 2019 as a result of the economic situation but also of weaker demand in the European construction industry due to the corona crisis. As a result, the order situation was below the first half of the previous year. In the short term, higher orders to secure the customers' inventories were reduced again due to uncertainties caused by corona. The situation only seemed to ease somewhat towards the end of the period. At the same time, the countermeasures somewhat mitigated the negative effects of corona. Despite the challenging circumstances, all customers were reliably supplied throughout the crisis.

A comparison of the first half of 2020 with the first half of the previous year therefore showed a decline in revenue (-11.8%). As a result of the corona countermeasures, profitability was kept more or less constant: the EBITDA margin remained unchanged at 13.7% (first half of 2019: 13.7%), while the EBIT margin was 14.1% (first half of 2019: 7.9%).

The first steps towards the regional development of the North American markets have brought positive market reactions. However, the expansion project is delayed due to the corona crisis, which is also clearly evident in America.

Revenue tended to be under more pressure in the second quarter of 2020 and was thus 16.2% below the level of the second quarter of 2019. However, as a result of the countermeasures, profitability was slightly increased. The EBITDA margin was 14.7% compared to 13.2% in the same period of the previous year, while the EBIT margin was 8.0% compared to 7.3% in the second quarter of 2019.

**Key figures Semperseal**

in EUR million	H1 2020	Change	H1 2019	Q2 2020	Change	Q2 2019	2019
Revenue	47.1	-11.8%	53.4	21.7	-16.1%	25.8	99.5
EBITDA	6.4	-11.8%	7.3	3.2	-7.0%	3.4	10.4
EBITDA margin	13.7%	+0.0 PP	13.7%	14.7%	+1.4 PP	13.2%	10.5%
EBIT	6.6	+57.1%	4.2	1.7	-8.3%	1.9	4.0
EBIT margin	14.1%	+6.2 PP	7.9%	8.0%	+0.7 PP	7.3%	4.0%
Additions to tangible and intangible assets	4.3	+64.8%	2.6	2.0	+85.4%	1.1	4.7
Employees (at balance sheet date)	455	-4.7%	477	455	-4.7%	477	477

**Semperform segment**

The Semperform segment recorded a decline in demand particularly in the business unit Special Applications as a result of reduced economic activity starting towards the end of last year and the corona crisis. This development was reflected in the year-on-year lower revenue in the first half of 2020. The European markets have stabilised on the customer side following resumption of operations. The Asian market for handrails has recovered very well while the European and US markets for handrails are below the level of the first half of 2019. Visibility with regard to future development is still unclear due to the corona crisis. In a comparison of the first half of 2020 with the previous year, a decrease in revenue (-11.1%) was recorded. Due to the profitability increasing measures taken in the course of the restructuring and transformation programme of the previous years and the corona countermeasures, the EBITDA and EBIT margins have not been under pressure so far: the EBITDA margin was 20.2% (first half of 2019: 18.7%), while the EBIT margin was 15.8% (first quarter of 2019: 15.1%).

During the second quarter, revenue developed similarly to the first quarter and was 10,9% below previous year's level. At the same time, productivity increased due to the corona countermeasures: the EBITDA-margin was 22.6% compared to 19.6% in the second quarter of 2019, while the EBIT margin at 18.5% surpassed last year's level (second quarter of 2019: 16.1%).

**Key figures Semperform<sup>1)</sup>**

in EUR million	H1 2020	Change	H1 2019	Q2 2020	Change	Q2 2019	2019
Revenue	41.8	-11.1%	47.0	21.9	-10.9%	24.6	190.6
EBITDA	8.4	-4.1%	8.8	5.0	+2.8%	4.8	26.0
EBITDA margin	20.2%	+1.5 PP	18.7%	22.6%	+3.0 PP	19.6%	13.6%
EBIT	6.6	-6.7%	7.1	4.1	+2.2%	4.0	16.0
EBIT margin	15.8%	+0.7 PP	15.1%	18.5%	+2.4 PP	16.1%	8.4%
Additions to tangible and intangible assets	1.5	-10.1%	1.7	1.1	+41.6%	0.8	3.2
Employees (at balance sheet date)	550	+1.8%	540	550	+1.8%	540	990

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

### Medical Sector: Sempermed segment

The development of the Sempermed segment was characterised by two key factors in the first half of 2020. On the one hand, production volumes and operational efficiency were increased as a result of the successful restructuring measures. On the other hand, as a result of the corona pandemic, the significant increase in demand for examination and protective gloves as well as surgical gloves – especially in the second quarter – and the market-driven increase in price levels were decisive for the result. Sales volumes therefore rose significantly, resulting in a revenue increase of 14.8% compared to the previous year.

Due to the changed market situation compared to previous years a reversal of impairments amounting to EUR 88.8 million was recorded in the Sempermed segment (for more information see notes 3.1).

In addition to the positive effects of corona on the medical business, the measures of the restructuring and transformation process showed lasting positive effects not only in the production volume and the increase in revenue, but also in productivity and profitability: EBITDA was EUR 23.0 million in the first half of 2020 after EUR –0.3 million in the first half of 2019. EBIT amounted to EUR 110.7 million after EUR –4.2 million in the first half of 2019. EBIT adjusted for the reversal also improved significantly to EUR 21.9 million, while the adjusted EBIT margin at 12.9% was above the previous year's level (first half of 2019: –2.9%).

The second quarter of 2020 was clearly marked by the exceptionally high demand as a result of the corona pandemic. Revenues were 20.7% above the level of the comparable period in 2019. Due to the positive effect of the restructuring measures in combination with the increased market prices, an EBITDA margin of 19.7% was achieved (second quarter 2019: 0.8%). As a result of the reversal of the impairment, the EBIT margin was even 115.4% in the second quarter, adjusted at the remarkable level of 19.1% (second quarter 2019: –1.9%).

### Key figures Sempermed

in EUR million	H1 2020 <sup>1)</sup>	Change	H1 2019	Q2 2020 <sup>1)</sup>	Change	Q2 2019	2019
Revenue	169.7	+14.8%	147.8	92.2	+20.7%	76.4	293.3
EBITDA	23.0	–	–0.3	18.2	>100%	0.6	5.5
EBITDA margin	13.5%	+13.7 PP	–0.2%	19.7%	+18.9 PP	0.8%	1.9%
EBIT adjusted	21.9	–	–4.2	17.6	–	–1.4	–5.5
EBIT margin adjusted	12.9%	+15.8 PP	–2.9%	19.1%	+21.0 PP	–1.9%	–1.9%
EBIT	110.7	–	–4.2	106.4	–	–1.4	–50.2
EBIT margin	65.2%	+68.1 PP	–2.9%	115.4%	>100 PP	–1.9%	–17.1%
Additions to tangible and intangible assets	1.8	–43.6%	3.2	0.9	–41.8%	1.5	8.0
Employees (at balance sheet date)	3,366	+1.4%	3,319	3,366	+1.4%	3,319	3,165

<sup>1)</sup> H1 and Q2 2020: adjusted for the positive one-off effect from the reversal of impairment in the Sempermed segment (EBIT: EUR 88.8 million)



## Employees

The headcount as of 30 June 2020 was 7,047 employees and –1.4% below the level as of 30 June 2019. In the Semperflex and Semperseal segments, the number of employees decreased, while in the other segments the number of employees slightly increased. When looking at segments, around 48% of all employees are employed in the Sempermed segment (first half of 2019: 46%). Around 23% work in the Semperflex segment, 13% in the Sempertrans segment and 8% and 6% in the now separate segments Semperform and Semperseal (first half 2019: Semperflex 25%, Sempertrans 13%, Semperform 8% und Semperseal 7%).

## Supervisory and Management Board matters

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

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

## Outlook

The recessive economic development and the effects of the corona crisis lead to opposing developments in the Industrial and Medical Sectors: In the medical protective gloves business, a significant increase in demand and a sharp rise in prices have been observed since the outbreak of the corona crisis. Against this background and also in view of the improved operational performance, the results of the Medical Sector in the current financial year will be significantly above the previous year's level.

The emerging effects of the global pandemic are considered to be of limited sustainability. For this reason, the fundamental strategic decision of 28 January 2020, according to which Semperit will focus on the industrial rubber business in the future and separate from the medical business, is still valid, regardless of the developments recently observed in the wake of the corona crisis. The implementation of the separation from the medical business will be delayed.

The Industrial Sector was hit by the global recession, which has worsened in recent months due to the global lockdown. The results of the Industrial Sector in the current year will therefore be noticeably below the previous year's level. The positive effects from the medical business for the foreseeable future will, however, more than compensate for this decline.

Overall, based on the current figures, EBITDA of the Semperit Group is currently expected to be significantly higher than in the previous year (2019: EUR 67.8 million) for the full year. However, the currently unpredictable duration of the corona crisis and its consequences for the global economy make it difficult to reliably forecast the financial effects on the Semperit Group.

In view of the developments described above, indications were examined and a reversal of an impairment loss in the Sempermed segment and an impairment in the Sempertrans segment were determined at the end of the second quarter of 2020. Taking this into account, EBIT of the Semperit Group of EUR 110 to 160 million (2019: EUR –16.5 million) is expected for 2020 as a whole – particularly depending on the further development of the price level for medical protective gloves and the sufficient availability of raw materials for their production. These expectations were already communicated in the ad-hoc mailing of the Semperit Group on 3 July 2020.

Against this background, Semperit expects the second half of the year to be characterised by significant challenges. This will be reflected in visibly lower results in the Industrial Sector: the corona crisis and the resulting intensified economic downturn are expected to have a slightly delayed effect on the Semperit Group. However, significant declines in revenues and earnings are expected particularly from the second half of the year. In contrast, the result in the Medical Sector will be positively influenced by the significantly higher demand and price increases in the market.

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

The effects of corona had no significant negative impact on the company's liquidity in the first half of the year. With regard to maintaining a stable financial position, the management has placed a strong focus on securing liquidity while at the same time optimising financing expenses. As a complementary measure to strengthen liquidity, a credit line of EUR 15.0 million was concluded in August 2020 as part of the Kontrollbank refinancing framework of Oesterreichische Kontrollbank AG (OeKB). In order to optimise the costs for the provision of credit lines, the management decided to terminate the outstanding, undrawn part of the hybrid capital amounting to EUR 20 million in July 2020. Part of the Schuldschein loan plus interest amounting to EUR 27.5 million was also repaid as scheduled in July 2020.

Currently, the situation is still monitored very closely. Throughout the company, the greatest threat is the spread of the virus in the production sites, which could have a significant impact on

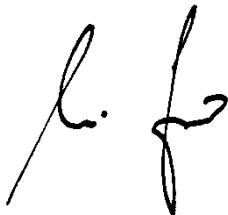
production. In the Industrial Sector, the greatest discernible risk comes from potential further slumps in demand. In the Medical Sector, the early availability of a vaccine, which would slow down market dynamics, as well as potential new market entries by new Chinese competitors pose possible risks for the currently positive business development. In addition, there is the strong demand for the synthetic raw material nitrile latex, which could make it increasingly difficult to secure the quantities required for production. The ongoing monitoring should, however, ensure the ability to respond immediately and flexibly.

#### Note

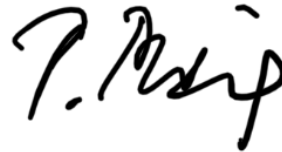
This outlook is based on the assessments of the Management Board as of 13 August 2020. These assessments are subject to both known and unknown risks and uncertainties, which may result in actual events and outcomes differing from the statements made here.

Vienna, 13 August 2020

The Management Board



**Martin Füllenbach**  
Chairman



**Petra Preining**  
Chief Financial Officer



**Felix Fremerey**  
Member of the Management Board



**Kristian Brok**  
Chief Operating Officer

# Half-Year Consolidated Financial Statements

**Consolidated income statement**

in EUR thousand	Note	H1 2020	H1 2019	Q2 2020	Q2 2019
Revenue	2.2	418,949	437,305	219,844	224,367
Changes in inventories		4,851	1,402	-73	1,057
Own work capitalised		1,846	1,091	1,038	456
<b>Operating revenue</b>		<b>425,646</b>	<b>439,797</b>	<b>220,809</b>	<b>225,880</b>
Other operating income	2.3	3,414	4,436	1,818	1,536
Cost of material and purchased services		-219,737	-249,985	-107,148	-127,356
Personnel expenses	2.4	-103,878	-100,785	-53,420	-50,930
Other operating expenses	2.5	-48,209	-54,496	-21,480	-26,593
Share of profits from associated companies		367	178	158	128
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>		<b>57,603</b>	<b>39,146</b>	<b>40,737</b>	<b>22,665</b>
Depreciation and amortisation of tangible and intangible assets		-14,191	-17,357	-7,115	-8,714
Impairment of tangible and intangible assets	3.1	-20,004	-884	-20,004	-884
Reversal of impairment of tangible and intangible assets	3.1	88,834	0	88,834	0
<b>Earnings before interest and tax (EBIT)</b>		<b>112,243</b>	<b>20,905</b>	<b>102,452</b>	<b>13,067</b>
Finance income		190	428	89	183
Finance expenses		-3,171	-4,333	-1,562	-1,964
Profit / loss attributable to redeemable non-controlling interests		-2,101	-2,368	-1,274	-1,112
Other financial result	2.6	-3,621	-293	1,642	-2,385
<b>Financial result</b>		<b>-8,702</b>	<b>-6,566</b>	<b>-1,105</b>	<b>-5,277</b>
<b>Earnings before tax</b>		<b>103,541</b>	<b>14,338</b>	<b>101,347</b>	<b>7,790</b>
Income taxes	2.7	-1,835	-8,524	2,104	-5,195
<b>Earnings after tax</b>		<b>101,706</b>	<b>5,815</b>	<b>103,451</b>	<b>2,594</b>
thereof attributable to the shareholders of Semperit AG Holding – from ordinary shares		97,219	2,294	100,724	815
thereof attributable to the shareholders of Semperit AG Holding – from hybrid capital		3,403	3,450	1,702	1,744
thereof attributable to non-controlling interests		1,084	70	1,025	35
<b>Earnings per share in EUR (undiluted and diluted)<sup>1)</sup></b>		<b>4.73</b>	<b>0.11</b>	<b>4.90</b>	<b>0.04</b>

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

## Consolidated statement of comprehensive income

in EUR thousand	Note	H1 2020	H1 2019	Q2 2020	Q2 2019
<b>Earnings after tax</b>		<b>101,706</b>	<b>5,815</b>	<b>103,451</b>	<b>2,594</b>
<b>Other comprehensive income that will not be recognised through profit and loss in future periods</b>		<b>7</b>	<b>96</b>	<b>-10</b>	<b>48</b>
Remeasurements of defined benefit plans		0	0	0	0
thereof revaluation gains / losses for the period		0	0	0	0
Income tax payable thereon		7	96	-10	48
<b>Other comprehensive income that will be recognised through profit and loss in future periods</b>		<b>-8,241</b>	<b>2,928</b>	<b>-1,654</b>	<b>236</b>
Cash flow hedges		-141	445	-44	-318
thereof revaluation gains / losses for the period		-1,380	585	157	-248
thereof reclassification to profit / loss for the period		1,239	-139	-201	-69
Currency translation differences		-8,181	2,545	-1,614	380
thereof currency translation differences for the period		-8,181	2,545	-1,614	380
thereof reclassification to profit / loss for the period		0	0	0	0
Income tax payable thereon		81	-62	4	173
<b>Other comprehensive income</b>		<b>-8,234</b>	<b>3,024</b>	<b>-1,663</b>	<b>284</b>
<b>Comprehensive income</b>		<b>93,472</b>	<b>8,839</b>	<b>101,787</b>	<b>2,878</b>
thereof on earnings attributable to the shareholders of Semperit AG Holding – from ordinary shares		89,019	5,237	99,068	1,098
thereof attributable to the shareholders of Semperit AG Holding – from hybrid capital		3,403	3,450	1,702	1,744
thereof on earnings attributable to non-controlling interests		1,050	152	1,018	35

**Consolidated cash flow statement**

in EUR thousand	Note	H1 2020	H1 2019
Earnings before tax		103,541	14,338
Depreciation and amortisation, impairment and reversal of impairment of tangible and intangible assets		-54,639	18,241
Profit / loss from disposal of assets (including current and non-current securities and financial investments)		-104	-1,240
Change in non-current provisions		-680	960
Share of profits from associated companies		-367	-178
Profit / loss attributable to redeemable non-controlling interests		2,101	2,368
Net interest income (including income from securities)		2,981	3,537
Taxes paid on income		-6,444	-4,134
Other non-cash expense/income		3,191	-2,357
<b>Gross cash flow</b>		<b>49,580</b>	<b>31,535</b>
Change in inventories		-7,800	5,407
Change in trade receivables		-14,167	-10,792
Change in other receivables and assets		1,618	6,956
Change in trade payables		15,972	24,269
Change in other liabilities and current provisions		8,436	2,062
<b>Cash flow from operating activities</b>		<b>53,639</b>	<b>59,438</b>
Proceeds from the disposal of tangible assets		5,182	1,361
Payments for additions to tangible and intangible assets	3.1	-11,921	-21,408
Interest received		178	415
<b>Cash flow from investing activities</b>		<b>-6,562</b>	<b>-19,633</b>
Repayment of current and non-current financing liabilities	6.2	-12,198	-3,008
Payments of leasing liabilities		-1,497	-1,183
Dividends to redeemable non-controlling interests in subsidiaries		-3,987	-407
Acquisition of non-controlling interests	5.2	-2	-2
Interest paid		-1,695	-2,308
<b>Cash flow from financing activities</b>		<b>-19,379</b>	<b>-6,909</b>
<b>Net increase / decrease in cash and cash equivalents</b>		<b>27,699</b>	<b>32,896</b>
Currency translation differences		-2,216	505
Cash and cash equivalents at the beginning of the period		141,356	121,549
<b>Cash and cash equivalents at the end of the period</b>		<b>166,840</b>	<b>154,950</b>

**Consolidated balance sheet**

in EUR thousand	Note	30.06.2020	31.12.2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets		7,403	8,071
Tangible assets	3.1	350,085	294,544
Investments in associated companies	3.2	2,742	2,375
Other financial assets	6.1	7,923	7,965
Other assets		2,996	4,350
Deferred taxes		9,686	3,212
		<b>380,834</b>	<b>320,517</b>
<b>Current assets</b>			
Inventories		127,409	122,157
Trade receivables	6.1	107,554	94,555
Other financial assets	6.1	4,660	2,816
Other assets		11,880	13,654
Current tax receivables		1,080	1,017
Cash and cash equivalents	6.1	166,840	141,356
		<b>419,422</b>	<b>375,556</b>
<b>Non-current assets held for sale</b>	<b>3.4</b>	<b>759</b>	<b>5,709</b>
		<b>420,182</b>	<b>381,265</b>
<b>ASSETS</b>			
		<b>801,016</b>	<b>701,782</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		21,359	21,359
Capital reserves		21,503	21,503
Hybrid capital		130,000	130,000
Revenue reserves		212,431	111,865
Currency translation reserve		-19,454	-11,307
<b>Equity attributable to the shareholders of Semperit AG Holding</b>		<b>365,839</b>	<b>273,420</b>
Non-controlling interests		1,743	691
		<b>367,581</b>	<b>274,111</b>
<b>Non-current provisions and liabilities</b>			
Provisions		43,537	45,110
Liabilities from redeemable non-controlling interests	6.2	15,222	18,457
Financial liabilities	6.2	171,918	173,763
Trade payables	6.2	123	127
Other financial liabilities	6.2	8,385	7,073
Other liabilities		221	183
Deferred taxes		9,107	10,323
		<b>248,513</b>	<b>255,037</b>
<b>Current provisions and liabilities</b>			
Provisions		19,143	22,316
Liabilities from redeemable non-controlling interests	6.2	843	0
Financial liabilities	6.2	30,607	41,050
Trade payables	6.2	74,548	61,513
Other financial liabilities	6.2	16,141	15,161
Other liabilities		36,942	28,702
Current tax liabilities		6,699	3,892
		<b>184,922</b>	<b>172,634</b>
<b>EQUITY AND LIABILITIES</b>			
		<b>801,016</b>	<b>701,782</b>



**Consolidated statement of the changes in equity**

in EUR thousand	Note	Share capital	Capital reserves	Hybrid capital	Revenue reserves	Currency translation reserve	Total	Non-controlling interests	Total equity
<b>As at 01.01.2019</b>		<b>21,359</b>	<b>21,503</b>	<b>130,000</b>	<b>164,630</b>	<b>-7,999</b>	<b>329,493</b>	<b>904</b>	<b>330,398</b>
Retrospective adjustment from IAS 8 – correction of reserves		0	0	0	4,295	-4,295	0	0	0
<b>Adjusted as at 01.01.2019</b>		<b>21,359</b>	<b>21,503</b>	<b>130,000</b>	<b>168,925</b>	<b>-12,294</b>	<b>329,494</b>	<b>904</b>	<b>330,398</b>
Earnings after tax		0	0	0	5,745	0	5,745	70	5,815
Other comprehensive income		0	0	0	480	2,463	2,942	82	3,024
Comprehensive income		0	0	0	6,224	2,463	8,687	152	8,839
Acquisition of non-controlling interests		0	0	0	-493	0	-493	491	-2
<b>As at 30.06.2019</b>		<b>21,359</b>	<b>21,503</b>	<b>130,000</b>	<b>174,656</b>	<b>-9,831</b>	<b>337,688</b>	<b>1,548</b>	<b>339,235</b>
<b>As at 01.01.2020</b>		<b>21,359</b>	<b>21,503</b>	<b>130,000</b>	<b>111,865</b>	<b>-11,307</b>	<b>273,420</b>	<b>691</b>	<b>274,111</b>
Earnings after tax		0	0	0	100,622	0	100,622	1,084	101,706
Other comprehensive income		0	0	0	-53	-8,147	-8,200	-34	-8,234
Comprehensive income		0	0	0	100,569	-8,147	92,422	1,050	93,472
Acquisition of non-controlling interests		0	0	0	-3	0	-3	1	-2
<b>As at 30.06.2020</b>		<b>21,359</b>	<b>21,503</b>	<b>130,000</b>	<b>212,431</b>	<b>-19,454</b>	<b>365,839</b>	<b>1,743</b>	<b>367,581</b>

# Notes to the half-year consolidated financial statements

## 1. General

### 1.1. Basic compilation principles

The half-year 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 as at 31 December 2019, which in this regard form the basis for these half-year 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.

The half-year consolidated financial statements of the Semperit Group as at 30 June 2020 have not been fully audited or reviewed by the Group's auditor.

### 1.2. New and amended accounting standards

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

		Endorsement	Mandatory application for the Semperit Group	Effects on the Semperit Group
<b>New standards and interpretations</b>				
None				
<b>Amended standards</b>				
IFRS 3	Amendments to business combinations: Definition of a business	21 April 2020	1 January 2020	no
IAS 1/8	Amendments to the definition of materiality	29 November 2019	1 January 2020	no
Misc.	Amendments to references to the framework concept in IFRS standards	29 November 2019	1 January 2020	no
Misc.	Amendments to IFRS 9, IAS 39 and IFRS 7 – reform of LIBOR and other reference interest rates (IBOR reform)	15 January 2020	1 January 2020	no

## 2. Performance

### 2.1. Segment reporting

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

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

H1 2020 in EUR thousand	Semper-med	Semper-flex	Semper-trans	Semper-seal	Semper-form	Corporate Center	Group Eliminations	Total
Revenue	169,746	98,376	61,960	47,082	41,785	0	0	418,949
EBITDA	22,951	23,338	6,592	6,445	8,435	-10,157	0	57,603
EBIT	110,689	17,704	-15,596	3,488	6,615	-10,657	0	112,243
Trade Working Capital	54,234	49,632	24,820	17,070	17,604	-2,946	0	160,414
Additions to tangible and intangible assets <sup>1)</sup>	1,783	1,180	1,644	4,321	1,503	152	0	10,584

H1 2019 in EUR thousand	Semper-med	Semper-flex	Semper-trans	Semper-seal	Semper-form	Corporate Center	Group Eliminations	Total
Revenue	147,844	120,856	68,231	53,368	47,006	0	0	437,305
EBITDA	-289	28,439	8,134	7,310	8,798	-13,391	145	39,146
EBIT	-4,236	22,588	5,596	4,211	7,091	-14,490	145	20,905
Trade Working Capital	59,600	56,447	32,420	13,207	19,891	-3,655	0	177,909
Additions to tangible and intangible assets <sup>1)</sup>	3,159	6,567	1,597	2,622	1,671	164	0	15,779

<sup>1)</sup> Exclusive rights of use in accordance with IFRS 16

## 2.2. Revenue

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

in EUR thousand	Semper-med	Semper-flex	Semper-trans	Semper-seal	Semper-form	Group
<b>H1 2020</b>						
Western Europe	94,753	55,452	18,856	37,624	26,337	233,022
Eastern Europe	18,935	21,313	11,980	5,860	3,737	61,825
North America	29,227	11,815	9,312	3,304	1,810	55,468
Asia	17,304	9,148	16,829	290	9,297	52,867
Central and South America	6,485	476	3,154	4	469	10,588
Australia	2,314	85	838	0	30	3,266
Africa	728	88	991	0	106	1,913
<b>Revenue</b>	<b>169,746</b>	<b>98,376</b>	<b>61,960</b>	<b>47,082</b>	<b>41,785</b>	<b>418,949</b>

in EUR thousand	Semper-med	Semper-flex	Semper-trans	Semper-seal	Semper-form	Group
<b>H1 2019</b>						
Western Europe	79,054	70,973	19,179	42,882	30,038	242,127
Eastern Europe	17,755	24,654	16,688	7,222	4,710	71,030
North America	29,795	12,621	3,465	3,157	1,896	50,935
Asia	14,849	10,805	23,452	73	9,547	58,726
Central and South America	3,855	1,239	2,324	29	605	8,053
Australia	1,340	87	1,013	0	61	2,502
Africa	1,196	475	2,108	0	153	3,932
<b>Revenue</b>	<b>147,844</b>	<b>120,855</b>	<b>68,231</b>	<b>53,364</b>	<b>47,011</b>	<b>437,305</b>

## 2.3. Other operating income

Other operating income in the comparable period included income of EUR 1,270 thousand from the sale of tangible assets from the production site of Sempertrans Best (ShanDong) Belting Co. Ltd., which was closed in 2018.

Other operating income in the period under review includes government grants in the amount of EUR 519 thousand (H1 2019: EUR 0 thousand) that the Semperit Group received in the form of support payments (e.g. grants for short-time working, subsidies from job support schemes, etc.) for the first half of 2020 in the wake of the corona crisis. These grants were awarded in Austria, Germany, France, Malaysia and Singapore.

## 2.4. Personnel expenses

in EUR thousand	H1 2020	H1 2019
Wages	39,079	39,422
Salaries	44,034	41,360
Severance payments	779	728
Retirement benefit expenses	537	768
Statutory social security expenses and other compulsory wage-related payments	16,742	16,458
Other social security expenses	2,707	2,048
<b>Total</b>	<b>103,878</b>	<b>100,785</b>

Taxes, charges and compulsory payments were waived, reduced or deferred by governments during the corona crisis. In the first half of 2020, taxes, charges and compulsory payments totalling EUR 237 thousand (H1 2019: EUR 0) were waived in China and Singapore. In addition, taxes, charges and compulsory payments amounting to EUR 85 thousand (H1 2019: EUR 0 thousand) were reduced in China, Hungary and Thailand. Furthermore, taxes, charges and compulsory payments amounting to EUR 862 thousand (H1 2019: EUR 0 thousand) were deferred in the Czech Republic until the third quarter of 2020.

The Semperit Group also received government grants (e.g. grants for short-time working), which were presented under other operating income (see Chapter 2.3).

## 2.5. Other operating expenses

in EUR thousand	H1 2020	H1 2019
Outgoing freight	16,748	16,010
Legal, consulting and auditing fees	6,169	10,168
Maintenance and services	5,813	3,402
Insurance premiums	2,459	2,049
Commission and advertising expenses	1,663	2,758
Travel expenses	1,628	3,499
Software licence expenses	1,623	1,603
Energy costs not for production	1,013	1,133
Waste disposal	1,008	899
Other taxes	940	1,795
Rental and leasing expenses	932	1,289
Office equipment	553	614
Communications	548	585
Fees, subscriptions and donations	527	681
Complaint costs	343	227
Valuation allowance	329	362
Training and education expenditures	305	650
Bank expenses	235	361
Other	5,371	6,409
<b>Total</b>	<b>48,209</b>	<b>54,496</b>

The legal, consulting and auditing expenses of the comparative period included in particular costs in connection with strategic projects.

In the first half of 2020, the scope of the commercial agent's activities shrank as a result of the corona crisis, resulting in a drop in commission expenses. Travel expenses were also lower in the first half of 2020 on account of the corona crisis.

With regard to the valuation allowance for trade receivables, no adjustment of the provision matrix (level 2 of the expected loss model in accordance with IFRS 9) has been necessary to date due to the corona crisis: There were no significant defaults in the first half of 2020 as a result of the corona crisis. The Group continues to have credit insurance coverage for 89.0% of the trade receivables (previous year 86.7%). Although credit limits were reduced or cancelled on the part of the credit insurers, the Semperit Group was able to counteract this through efficient credit management and by agreeing on alternative, secure payment terms.

## 2.6. Financial result

in EUR thousand

	H1 2020	H1 2019
<b>Other financial result</b>		
Net foreign exchange result	-4,894	-869
Net result from the valuation categories FVPL and FV – Hedging instruments	1,952	273
Other	-679	303
<b>Total</b>	<b>-3,621</b>	<b>-293</b>

The negative net exchange result in the first half of 2020 is mainly due to the sharp falls in the Czech koruna and the Polish zloty in March 2020. This resulted in unrealised foreign exchange losses from the foreign exchange valuation of intercompany loan financing.

## 2.7. Income taxes

in EUR thousand

	H1 2020	H1 2019
Current income taxes	9,295	6,497
Deferred tax expense (+) / deferred tax income (-)	-7,460	2,027
<b>Total</b>	<b>1,835</b>	<b>8,524</b>

The reversal of impairment in the Sempermed segment led to a reassessment of the recognition of deferred tax assets. Deferred tax assets of EUR 5,288 thousand were recognised as at 30 June 2020, as it is now expected that future taxable income in the subsidiaries attributable to Sempermed will allow the realisation of deferred tax assets. Tax risks in connection with the usability of the tax loss carry-forwards were taken into account through appropriate deductions.

The impairment loss in the Sempertrans segment created deductible temporary differences, the recognition of which was supported by forecasts showing sufficient future taxable income. As at 30 June 2020, EUR 3,400 thousand in deferred tax assets were therefore recognised in the subsidiaries attributable to Sempertrans.

In the course of the corona crisis, governments granted various forms of tax relief. These included the carryback of loss carry-forwards, more generous arrangements for deducting tax on expenses, prioritising the payment of tax refunds and reimbursing/deferring tax prepayments. In terms of their amount, however, these tax relief measures are of minor significance for the Semperit Group.

### 3. Non-current assets

#### 3.1. Tangible and intangible assets

In the first half of 2020, the Semperit Group made investments in tangible and intangible assets totalling EUR 11,921 thousand (H1 2019: EUR 21,408 thousand). In contrast, tangible assets with a carrying amount of EUR 104 thousand (H1 2019: EUR 121 thousand) were sold, resulting in income from the sale in the amount of EUR 19 thousand (H1 2019: EUR 1,361 thousand). For the disposal income from non-current assets held for sale, see Chapter 4.

The outbreak of the corona pandemic during a global economic cooldown meant that all the Semperit Group's segments had to be examined for any indications that the value of the segment's assets had changed. This examination resulted in the need for a reversal of impairment in the Sempermed segment and an impairment in the Sempertrans segment.

#### Impairment need in the Sempertrans segment

The Sempertrans segment is active in the production and sale of transport and conveyor belts that are used e.g. in mining to remove coal, ores and rare-earth metals, in the steel and cement industry, in civil engineering and in the transport industry. Sempertrans reinforces its belts with either textile or steel cord carcasses in order to meet the respective industry's requirements. The market for transport and conveyor belts is divided into the replacement business on the one hand and new or expansion projects on the other. The fastest-growing regions for this market are in China, Asia Pacific, Africa and Latin America, with expected annual growth rates (pre-corona) of between 3.8% and 5.0% by 2025. In terms of applications, there is particular potential for growth in the mining sector, for removing ores and rare earth metals, as well as in the metal industry and the waste management industry (recycling). Sempertrans's activities with its plants in Bełchatów in Poland and Roha in India used to be focused primarily on the Western European market and coal mining. The restructuring and transformation process at Sempertrans over the past few years has also included gaining market share in growth regions (excluding China) and in applications for transport and conveyor belts that are set for a promising future. The successful progress made along this strategic path of development was slowed by the outbreak of the corona pandemic, which is also likely to have a lasting impact on the timelines for its completion. Demand for mining products fell as a result of the slump in downstream industries (especially the automotive and construction sectors), while the suspension of and strict restrictions on mining activities reduced supply. In the second quarter of 2020 between 5% and 20% of all the world's mines were closed temporarily, hitting the replacement business for transport and conveyor belts particularly hard. The suspensions and general uncertainty over the future of the mining industry led to major EPCM projects in the sector being postponed all over the world. This led to a reduction in incoming orders in the first half of 2020 (second quarter of 2020) compared with the same period of the previous year of around 32% (around 49%). This situation has made gaining market share and making inroads into new areas of application much tougher. The problem was exacerbated by the fact that the Indian plant lost 30 working days due to a lockdown and a further four due to the cyclone in May 2020. In view of the sharp rise in infection numbers in India at present, more lockdowns that will impact on the plant's production cannot be ruled out. The working time models at both the Indian and Polish plants were adjusted in line with the fall in demand.

Against this background, Sempertrans management determined the recoverable amount for the segment's cash-generating unit as at 30 June 2020. The recoverable amount was determined as the value in use based on updated medium-term planning and using a discounted cash flow (DCF) model. The cash flows for the years after 2025 were extrapolated based on a sustainable growth rate of 0.75%. The growth rate reflects competitive and price pressure in the market as well as an assumption of moderate market growth. The weighted average cost of capital (WACC) was determined as

the discount rate using the capital asset pricing model and based on updated input parameters. The discount rate before tax determined for Sempertrans is 10.9% (previous year: 10.6%). The discount rate after tax stands at 8.81% (previous year: 8.8%).

The planning takes account of the progress made along the strategic development path as well as the ongoing process of restructuring and transformation, which has been stepped up further due to the impact of the corona pandemic. These plans are based on the assumptions made by segment management regarding market development, the market share held and the strategic product and customer initiatives. Past discrepancies between planned and actual figures have been factored into the valuation model in the form of deductions. Measures designed to expand capacity and improve infrastructure were not included with the exception of necessary investments in occupational health and safety and environmental protection. Investments in property, plant and equipment serve exclusively to maintain capacity and are in line with the segment's industrial peer group (in terms of percentage of revenue). The changes in trade working capital were planned depending on sales based on a multi-year average and take account of improvements envisaged in working capital management.

The increased forecasting uncertainty caused by the corona pandemic was managed by factoring in alternative planning scenarios. All three planning scenarios are based on the assumption that mining activities will pick up again from the middle of 2021, although this will only have an impact on the demand for transport and conveyer belts from 2022. The planning scenarios differ essentially in the assumptions regarding revenue growth (expressed in the Compound Annual Growth Rate, CAGR) and development of the EBITDA margin until the perpetual annuity phase (i.e. from 2026):

Planning scenario	Weighting	CAGR revenue (basis: 2019) <sup>1)</sup>	CAGR revenue (basis: 2020) <sup>1)</sup>	EBITDA margin from 2026 onwards
Base case	50%	3.00%	9.80%	11.60%
Downside case	30%	2.00%	8.50%	9.10%
Upside case	20%	3.90%	10.90%	13.70%

<sup>1)</sup> Sales revenues before discounts to account for historical differences between planned and actual figures

As at 30 June 2020, the total recoverable amount weighted across the scenarios for Sempertrans amounted to EUR 64,578 thousand and was therefore below the carrying amount of EUR 84,418 thousand (including Trade Working Capital, not including trade payables related to investments in plant and equipment: EUR 25,807 thousand). The resulting impairment need of EUR 19,840 thousand as at 30 June 2020 was allocated to the assets of the material non-current segment and recognised in the functional currencies of the subsidiaries belonging to the Sempertrans segment following conversion at the closing rate as at 30 June 2020. This resulted in an impairment expense in the amount of EUR 20,004 thousand based on the foreign exchange middle rates for the first half of 2020.

in EUR thousand	H1 2020
Goodwill	71
Other intangible assets	178
Tangible assets	19,755
<b>Impairment expense in the Sempertrans segment</b>	<b>20,004</b>



### Reversal of impairment in the Sempermed segment

The Sempermed segment operates in the production of examination and surgical gloves for the medical sector and protective gloves for the industrial sector. In addition to global sales and distribution for its own goods produced in-house, Sempermed also sells gloves from other producers. There were some indications in the previous year that Sempermed's relative competitive position was deteriorating or had already deteriorated: The investment intensity of the main competitors increased beyond expectation due to capacity expansion and production automation; the market environment was moving at a very dynamic pace. Despite significant progress in improving the operating performance indicators in the second half of 2019, it was expected that overcapacities in the market and the resulting pressure on prices would have a significant and sustained negative impact on profitability compared with previous plans. Impairment loss was therefore recognised once again on the assets in the Sempermed segment in the third quarter of 2019. Against a backdrop of a dramatic intensification in the competitive environment and given the fact that the gap with the market leaders in terms of capacity is constantly widening, the Management Board and Supervisory Board took the decision to separate out the Sempermed segment effective 28 January 2020. However, implementation of the separation decision has been delayed due to the corona pandemic.

The previous buyer's market for examination and protective gloves has become a seller's market as a result of the corona pandemic and the resulting huge increase in the demand for protective equipment, both in the medical and in other sectors (e.g. in the catering and hotel industries). In June 2020, the Malaysian Rubber Glove Manufacturers Association (MARGMA) estimated a global need for gloves for the current year of approximately 330 billion units (+16% on the previous year). It stated that demand would exceed supply by around 5%. Order books for all glove manufacturers have now been filled for a period of more than a year, and lead times have increased from 30-60 days to around 15 months. The average selling price (ASP) for gloves is essentially determined by market and competitor dynamics and fluctuations in input factor prices (in particular the price of raw materials). Market dynamics in the corona pandemic are characterised by significant surplus demand and a genuine price rally. Sempermed is not a price leader on the market but does follow market price developments: With respect to new orders received for examination gloves (surgical gloves), the ASP increased by around +37% (+22%) between January and June 2020; further significant price increases can already be foreseen for Sempermed and are also expected by the market. Order book volumes increased by around 280% between 31 December 2019 and 30 June 2020. Operational Key Performance Indicators (KPIs) for Sempermed also reveal a welcome trend: Overall Equipment Efficiency (OEE) in Malaysia is currently at around 90% (previous year: around 75%). Output for examination glove production is up around 20% on the same period in the previous year due to fewer unscheduled plant downtimes and shorter setup times in the first half of 2020; output is around 14% higher in surgical glove production. The plants for examination glove production in Kamunting (Malaysia) and surgical glove production in Wimpassing (Austria) have not been affected so far by lockdowns due to the corona pandemic.

Against this background, Sempermed management determined the recoverable amount for the segment's cash-generating unit as at 30 June 2020. The recoverable amount was determined as the value in use based on updated medium-term planning and using a discounted cash flow (DCF) model. The current assumption is that the price rally from the corona pandemic will come to an end from around the middle of 2021. From that point it is expected that any new production capacities of competitors will gradually come into service and supply will come close to demand. Prices are expected to fall as a result, with surplus supply also expected once again (although with a higher level of demand) along with a return to pre-corona price levels in 2023. The assumption is that Sempermed's relative competitive situation will then in effect be worse compared with 31 December 2019. Against the background of the decision that still applies by the Management Board and Super-

visory Board to separate out Sempermed, the valuation model is therefore designed as a finite model; the (shortened) detailed planning phase is no longer followed by a perpetual annuity phase. The liquidation values were derived from the balance sheet estimates as of 31 December 2019, which were essentially determined as separate fair values for the individual assets. The weighted average cost of capital (WACC) was determined as the discount rate using the capital asset pricing model and based on updated input parameters. The value in use was calculated after income taxes with a discount rate after tax of 8.35% (previous year: 7.88%). If the value in use is reconciled to an equivalent calculation before income taxes, this results (arithmetically), mainly due to the profile of the cash flows relevant for valuation and the finite nature of the finite planning period, in a discount rate before taxes of 24.5% (previous year: 17.7%).

The planning is based on production volumes which are around 24-30% higher than the output in 2019 for examination gloves and around 11% higher for surgical gloves. There is an assumption that the trade in gloves from other producers will effectively come to a standstill (with the exception of vinyl gloves) and will only pick up speed again once competitors put new production capacities into service. Pricing assumptions follow market price expectations. Past discrepancies between planned and actual figures have been factored into the valuation model in the form of various other deductions. The risk of supply shortages for the raw material nitrile (nitrile butadiene rubber, NBR) has also been explicitly taken into account in planning for the cash flows relevant for valuation purposes. Measures designed to expand capacity and improve infrastructure were not included. Investments in property, plant and equipment are limited to the extent required to maintain capacity in the final planning period. The changes in trade working capital were planned depending on sales revenues and/or production costs.

The increased forecasting uncertainty caused by the corona pandemic was managed by factoring in alternative planning scenarios. All three planning scenarios are based on the market dynamics in the corona pandemic as described above. The planning scenarios essentially differ in their assumptions about the ASP for examination gloves: in the downside case weighted at 30% (upside case 20%), this amounts to 74.7% in 2021 and 88.9% in 2022 (111.9% and 113.4%) of the base case weighted at 50%.

As at 30 June 2020, the total recoverable amount weighted across the scenarios for Sempermed amounted to just under EUR 200,000 thousand and was therefore above the carrying amount of EUR 70,696 thousand (including trade working capital, not including trade payables related to investments in plant and equipment: EUR 54,771 thousand) and also above amortised cost. The resulting reversal of impairment of EUR 86,870 thousand as at 30 June 2020 was allocated to the segment's material non-current assets and recognised in the functional currencies of the subsidiaries belonging to the Sempermed segment following conversion at the closing rate as at 30 June 2020. After conversion using the average foreign exchange rates for the first half of 2020, the reversal of impairment amounted to EUR 88,834 thousand.

in EUR thousand	H1 2020
Other intangible assets	158
Tangible assets	88,676
<b>Income from reversal of impairment in the Sempermed segment</b>	<b>88,834</b>

The market dynamics for examination and protective gloves will depend in particular on the duration and further intensity of the corona pandemic and are therefore subject to a high level of uncertainty. However, experience from previous pandemics shows that the demand for gloves begins to return to normal once a vaccine is available for the virus or the spread of the virus decreases significantly. A certain base effect can be assumed, however, related to increase in demand as a result of increased health awareness. The supply of gloves will increase in any case due to new production capacities. In view of this factor and given that the production facilities are operating at capacity limits, Sempermed's management is currently assuming a shorter economic useful life for the non-current segment assets. The impact on the depreciation charge and therefore on the EBIT for the 2020 financial year and following years cannot yet be estimated with sufficient reliability due to the high level of uncertainty involved and the simulation still outstanding in asset accounting.

According to the current valuation model, the recoverable amount of Sempermed shows a strongly declining trend, which in the coming financial year could result in a further adjustment to the carrying amount of the Sempermed segment assets. However, the actual amounts realised for Sempermed's segment assets may differ – ultimately depending on the mode of realisation – from the amounts recognised in the balance sheet, which are based on the current estimates of Sempermed's management and its assumptions about future market dynamics. Such estimates and assumptions about future market dynamics that are relevant for valuation should be checked regularly, going forward, and valuations adjusted where appropriate.

### 3.2. Investments in associates

The carrying amount of the investment in Synergy Health Allershausen GmbH as at 30 June 2020 amounted to EUR 2,733 thousand (31 December 2019: EUR 2,366 thousand).

## 4. Non-current assets held for sale

Production activities were discontinued in the 2017 financial year at the French plant of Sempertrans France Belting Technology S.A.S. In July 2019, the Management Board approved the conclusion of a purchase option for the property including the building, which runs until October 2020 and is subject to several terms and conditions. A number of key contractual terms and conditions have been fulfilled since the agreement was entered into, which is why as at 31 December 2019 it was deemed highly probable that all conditions will be met and that the property will be sold towards the end of the option term. The purchase price due upon transfer of title is higher than the carrying amount of EUR 759 thousand. Disposal of the land and buildings is expected during the 2020 financial year, although this has been delayed due to the corona crisis.

The conveyor belt production at the Semperit Group plant in Taierzhuang, China, was shut down in the 2018 financial year. Liquidation of the associated production company, Sempertrans Best (ShanDong) Belting Co. Ltd. will be executed by the liquidation committee, which consists of representatives of the Semperit Group and the 16.1% minority shareholder, the state-affiliated Shandong Wang Chao Coal & Electricity Group Co. Ltd. The district government is ensuring the legality of the procedure. The machines and technical equipment were already successfully sold in the first quarter of 2019. Following removal of the machinery and technical equipment, the land and buildings of the former production company were in a condition that enabled an immediate sale under normal and customary terms and conditions, and were therefore stated as held for sale for the first time as at 30 June 2019. The impairment test related to the reclassification resulted in an impairment need in the amount of EUR 855 thousand which was reported in the EBIT of the Sempertrans segment. The land and buildings were auctioned off in the fourth quarter of 2019. The proceeds from the auction were in fact equal to the carrying amount. Ownership was transferred in the second quarter of 2020. The resulting reduction in the carrying amount was EUR 4,646 thousand.

Due to the planned integration of the Dalheim plant into the Hückelhoven/Baal plant, a decision was taken in July 2019 to sell the corresponding properties of Semperit Profiles Leeser GmbH. In line with this, two properties with a combined carrying amount of EUR 347 thousand were stated as non-current assets held for sale for the first time as at 30 September 2019. The impairment test to be carried out in connection with the reclassification did not result in an impairment need. The sale of these properties took place in the second quarter of 2020. Income from this sale amounted to EUR 169 thousand.

## 5. Equity

### 5.1. Dividends

No dividend was distributed for the 2019 financial year in 2020. Nor was a dividend paid out in the previous year.

### 5.2. Non-controlling interests

In the first half of 2020 an additional 0.001% interest in Latexx Partners Berhad (H1 2019: 0.001%) was acquired for EUR 1 thousand (H1 2019: EUR 2 thousand). The Group's holding as at 30 June 2020 therefore remained unchanged from 31 December 2019, at 98.86%.

## 6. Disclosures on financial instruments

### 6.1. Disclosures on financial assets

The following table shows the carrying amounts of the individual financial assets classified in accordance with the valuation categories under IFRS 9.

in EUR thousand	Valuation category IFRS 9 <sup>1)</sup>	Stage	Carrying amount 30.06.2020	Carrying amount 31.12.2019
Trade receivables	AC	–	107,554	94,555
Other financial assets				
Securities	FVPL	1	6,540	6,554
Loans to associated companies	AC	–	563	563
Derivative financial instruments	FVPL	2	1,933	52
Other financial assets	AC	–	3,547	3,611
Cash and cash equivalents				
Cash on hand, cheques and cash deposits in banks	–	–	166,840	141,356

<sup>1)</sup> FVPL (Fair Value through Profit and Loss); AC (At cost)

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

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

in EUR thousand	Valuation category IFRS 9 <sup>1)</sup>	Fair value 30.06.2020	Fair Value 31.12.2019	Stage
<b>Assets</b>				
Securities	FVPL	6,540	6,554	1
Derivative financial instruments	FVPL	1,933	52	2

<sup>1)</sup> FVPL (Fair Value through Profit and Loss)

The derivative financial instruments (freestanding financial instruments) are foreign exchange forward contracts.

The fair values of the foreign exchange forward contracts are determined using accepted actuarial valuation models. Future payment flows are simulated using the yield curves published at the reporting date. The credit risk of the contractual partners is also taken into account in the valuation.

## 6.2. Disclosures on financial liabilities

in EUR thousand	30.06.2020	Thereof non-current	Thereof current	31.12.2019	Thereof non-current	Thereof current
Corporate <i>Schuldschein</i> loan	201,321	170,950	30,372	208,830	172,689	36,142
Liabilities to banks	1,204	969	235	5,983	1,075	4,908
<b>Total</b>	<b>202,525</b>	<b>171,918</b>	<b>30,607</b>	<b>214,813</b>	<b>173,763</b>	<b>41,050</b>

Two fixed-interest tranches of a corporate *Schuldschein* loan from 2013 were repaid prematurely in January 2020 at nominal values of EUR 3,000 thousand and EUR 4,000 thousand.

In March 2020, the existing framework credit line was renegotiated, amended in the results, and extended to 22 December 2023. The framework credit line now amounts to EUR 75 million; as at 30 June 2020 it has not been drawn upon. The new regulations stipulate that credit agreement clauses are only to be observed if the framework credit line is drawn on. The margins were adjusted to the current credit rating of the Semperit Group.

in EUR thousand	Valuation category IFRS 9 <sup>1)</sup>	Stage	Carrying amount 30.06.2020	Carrying amount 31.12.2019
Liabilities from redeemable non-controlling interests	AC	–	16,064	18,457
Corporate <i>Schuldschein</i> loan	AC	3	201,321	208,830
Liabilities to banks	AC	–	1,204	5,983
Trade payables	AC	–	74,671	61,640
Derivative financial liabilities	FVPL	2	3	1,178
Derivative financial liabilities	FV – Hedging Instrument	2	2,103	725
Leasing liabilities	AC	–	8,473	8,606
Remaining other financial liabilities	AC	–	13,947	11,726

<sup>1)</sup> FVPL (Fair Value through Profit and Loss); FVOCI (Fair Value through OCI); AC (At amortised cost)

The financial instruments measured at fair value are derivative financial instruments.

in EUR thousand	Valuation category IFRS 9 <sup>1)</sup>	Fair value 30.06.2020	Fair Value 31.12.2019	Stage
<b>Liabilities</b>				
Derivative financial liabilities	FVPL	3	1,178	2
Derivative financial liabilities	FV – Hedging Instrument	2,103	725	2

The derivative financial instruments (freestanding financial instruments) are foreign exchange forward contracts. The derivative financial instrument held for hedging purposes is a cross currency swap.

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. The credit risk of the contractual partners is also taken into account in the valuation.

The fair values correspond to the carrying amounts for all financial assets and liabilities, with the exception of those stated below and the liabilities from redeemable non-controlling interests. Actuarial valuation methods are used to determine the fair value of financial instruments for which no active market is available. The parameters relevant to valuation for determining fair value are based in part on forward-looking assumptions.

in EUR thousand	Valuation category IFRS 9 <sup>1)</sup>	Fair value 30.06.2020	Fair Value 31.12.2019	Stage
<b>Liabilities</b>				
Corporate <i>Schuldschein</i> loan	AC	199,307	212,461	3

<sup>1)</sup> AC (At amortised 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 the 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 information on the valuation of liabilities from redeemable non-controlling interests, please refer to the explanations in the consolidated financial statements as at 31 December 2019.

## 7. Other

### 7.1. 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 LAG 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 half of 2020 were as follows:

The Group recorded expenses amounting to EUR 278 thousand with unit-it GmbH in the first half of 2020 (H1 2019: EUR 256 thousand). These expenses relate to the maintenance of SAP licences and were conducted at arm's length conditions. There are liabilities amounting to EUR 2 thousand as at 30 June 2020 (31 December 2019: EUR 0 thousand) to unit-it GmbH.

Transactions amounting to EUR 19 thousand were recorded with Grohs Hofer Rechtsanwälte GmbH & Co KG in the first half of 2020 (first half of 2019: EUR 44 thousand). There are liabilities amounting to EUR 25 thousand as at 30 June 2020 (31 December 2019: EUR 28 thousand) towards Grohs Hofer Rechtsanwälte GmbH & Co KG.

Transactions amounting to EUR 26 thousand were recorded with B & C Industrieholding GmbH in the first half of 2020 (first half of 2019: EUR 35 thousand). These transactions relate to management and other services and rental payments, and were conducted at arm's length conditions. There are no liabilities as at 30 June 2020 (31 December 2019: EUR 22 thousand) to B & C Industrieholding GmbH.

Expenses amounting to EUR 177 thousand were recorded with B & C Holding GmbH in the first half of 2020 (H1 2019: EUR 176 thousand). These expenses relate to the commitment fee for the hybrid capital line and were conducted at arm's length conditions. There were liabilities amounting to



EUR 88 thousand as at 30 June 2019 (31 December 2019: EUR 0 thousand) B & C Holding GmbH. The total unpaid interest from the hybrid capital accrued up to 30 June 2020 amounts to EUR 5,123 thousand.

Transactions with the associated company Synergy Health Allershausen GmbH resulted in the following assets and liabilities as at 30 June 2020 and 31 December 2019, and the following income and expenses in the first halves of 2020 and 2019:

in EUR thousand	H1 2020	H1 2019
Other operating expenses	9	48
Finance income	0	3
	<b>30.06.2020</b>	<b>31.12.2019</b>
Other financial assets	563	563
Trade payables	9	16

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

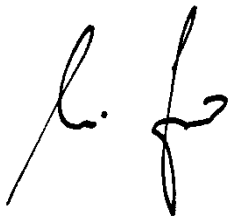
## 7.2. Events after the reporting date

A fixed-interest corporate Schuldschein loan from 2013 was repaid on schedule in July 2020 to the amount of EUR 27,500 thousand (see Chapter 6.2 for information on corporate Schuldschein loans).

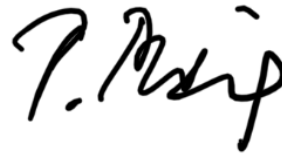
On 12 December 2017, the Management Board of Semperit AG Holding concluded an agreement regarding a hybrid capital line of up to EUR 150,000 thousand with B & C Holding GmbH, a wholly owned subsidiary of the core shareholder B & C Industrieholding GmbH. In March 2018, EUR 130,000 thousand were drawn from the hybrid capital. The option to take up the additional EUR 20,000 thousand not yet drawn was relinquished by Semperit AG Holding, effective 20 July 2020. In August 2020 a credit line amounting to EUR 15,000 thousand was agreed as part of the Oesterreichische Kontrollbank AG (OeKB) refinancing framework. The credit line is available until further notice – and in any case certainly until 30 June 2021.

Vienna, 13 August 2020

The Management Board



**Martin Füllenbach**  
Chairman



**Petra Preining**  
Chief Financial Officer



**Felix Fremerey**  
Member of the Management Board



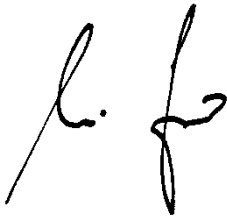
**Kristian Brok**  
Chief Technical Officer

## Statement of all legal representatives

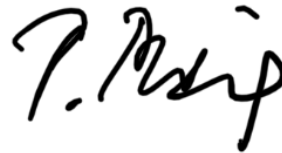
We confirm to the best of our knowledge that the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group as required by the applicable accounting standards and that the group management report gives a true and fair view of important events that have occurred during the first six months of the financial year and their impact on the interim consolidated financial statements, of the principal risks and uncertainties for the remaining six months of the financial year and of the major related party transactions to be disclosed.

Vienna, 13 August 2020

The Management Board



**Martin Füllenbach**  
Chairman



**Petra Preining**  
Chief Financial Officer



**Felix Fremerey**  
Member of the Management Board



**Kristian Brok**  
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### Financial Calendar 2020

14.08.2020	Half-year financial report 2020
19.11.2020	Report on the first three quarters of 2020

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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: 13 August 2020). As is true of all forward-looking statements, these statements are subject to risk and uncertainties. As a result, actual events may deviate significantly from these expectations. No liability whatsoever is assumed for the accuracy of projections or for the achievement of planned targets or for any other forward-looking statements. Words such as "expect," "want," "believe," "anticipate," "includes," "plan," "assumes," "estimate," "projects," "intends," "should," "will," "shall," or variations of such words are generally part of forward-looking statements.

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

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

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