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EANS-News: Semperit AG Holding / Semperit in Q1-3 2016 with solid development in a challenging market environment

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quarterly report

- Revenue at EUR 647.6 million (-6.4%) slightly below prior-year level
- Declines in EBITDA (-4.2%) and EBIT (-13.5%)
- Confirmation of updated outlook for 2016

The publicly listed Semperit Group showed a solid business development in the first three quarters of 2016 in spite of the ongoing difficult market environment. In the Industrial Sector, Semperit increased the sales volumes and gained market share despite the declining development of the sales markets. This development helped to narrow down the negative effects of the high price pressure and exceptional factors burdening the Medical Sector. In the first three quarters of 2016, the Group's revenue was at EUR 647.6 million, 6.4% below the prior-year value of EUR 692.1 million. The Group's EBITDA decreased by 4.2% to EUR 72.2 million (after EUR 75.4 million). EBIT also developed downward to EUR 46.7 million, compared with EUR 53.9 million in the previous year. The EBITDA margin (11.1% after 10.9%) and the EBIT margin (7.2% after 7.8%) remained largely on the previous year's level. Due to negative foreign currency effects and higher interest costs, earnings after tax fell from EUR 40.1 million to EUR 23.4 million.

"The weak sector economy in numerous sales markets had as well an impact on us in the past quarter. We were confronted with declining demand and high price pressure above all in the Industrial Sector, especially in the Sempertrans segment. In view of these circumstances, it is satisfying that we achieved volume growth in all industrial segments and further expanded our market position. As part of our globalisation strategy at Semperform, for example, we have succeeded in entering the US market for window and door profiles. This way we developed significantly better than the market in the Industrial Sector and therefore were able to narrow down the negative effects from the medical business," explains CEO Thomas Fahnemann on the company development.

In the third quarter of 2016, the Group's revenue decreased to EUR 208.9 million (after EUR 241.3 million) due to a weak market and high price pressure at the same time. EBITDA was at EUR 19.4 million (after EUR 25.1 million), while EBIT was EUR 10.4 million (after EUR 17.7 million).

Semperit boasted a sound capital basis as reflected by its equity ratio of 37.0% (31 December 2015: 38.7%) at the balance sheet date. Cash and cash equivalents amounted to EUR 131.7 million on 30 September 2016, compared to EUR 126.4 million at the end of 2015. "The stable development of our capital structure and the further increase of cash and cash equivalents show that even under very challenging conditions we are able to perform well," states Semperit's CFO Johannes Schmidt-Schultes.

Industrial Sector: solid development in difficult markets

The Industrial Sector (Semperflex, Sempertrans and Semperform segments) showed an overall solid development contrary to the persisting market trend. All production sites were well utilised.

The Semperflex segment increased its market share based on a strong sales performance in all business units, again with high profitability. The Sempertrans segment showed good capacity utilisation and further volume growth. However, high price pressure and a new product mix due to weak demand caused

lower shares in revenue and earnings. The Semperform segment showed a stable development and recorded a further volume growth thanks to a strong sales performance and the entry into the US market.

At EUR 389.3 million, revenue of the Sector was almost on the prior-year level (-1.6%) in the first three quarters of 2016. EBITDA decreased by 5.1% to EUR 71.7 million.

Medical Sector: focus on core markets

The Medical Sector (Sempermed segment) was burdened by high margin pressure and exceptional factors. Considering the unsatisfying price situation in the global glove market and the persisting burdening influence on the cooperation with the joint venture partner in Thailand, Sempermed now focuses on the core markets Europe and North America. The overall focus is on sales of Sempermed brand gloves. This sales strategy, which was adapted to the current market conditions, is intended to lead to further cost savings and efficiency enhancements in the coming quarters. The start-up costs caused by the ongoing capacity expansion in Malaysia had a negative effect on earnings during the reporting period.

The revenue of the Sector decreased by 12.9% to EUR 258.3 million in the first three quarters of the financial year. EBITDA fell to EUR 9.8 million after EUR 19.4 million.

Outlook 2016

For the fourth quarter of 2016, Semperit expects no significant changes of the market conditions. The generally low demand in the Industrial Sector is expected to continue due to the economic situation. In the Medical Sector, which is not cyclically sensitive, increased raw material and energy prices and continuing price pressure are to be expected, while demand will develop steadily.

Semperit confirms the outlook updated on 20 September 2016. Due to the ongoing difficult situation in the Medical Sector and declining demand in the Industrial Sector caused by the economic situation, in particular in the Sempertrans segment, the operational results of 2016 of the Semperit Group will be well below the results of 2015 (restated values). This results in a forecast decline in EBITDA by approximately 10% and in EBIT by approximately 20% for the overall financial year of 2016.

The Semperit Group will continue its growth strategy consistently despite more difficult economic conditions. The focus will be on entering into new markets in the Industrial Sector and the expansion and optimisation of existing production capacities. In the Medical Sector (Sempermed segment), the sales focus remains on the core markets and on commissioning further production capacities in Malaysia. Profitability shall be improved by continuing process optimisation and efficiency enhancements as well as by the realisation of a cost reduction programme.

The report on the first three quarters of 2016 is available at www.semperitgroup.com/ir.

Photo download: <https://semperitgroup.picturepark.com/Go/wPXX3GzO>

About Semperit

The publicly listed company Semperit AG Holding is an internationally-oriented group that develops, produces, and sells highly specialised rubber and plastic products in more than 100 countries for the medical and industrial sectors: examination and surgical gloves, hydraulic and industrial hoses, conveyor belts, escalator handrails, construction profiles, cable car rings, and products for railway superstructures. The headquarters of this traditional Austrian company, which was founded in 1824, are located in Vienna. The Semperit Group employs more than 7,000 people worldwide, including close to 4,100 in Asia and more than 800 in Austria (Vienna and production site in Wimpassing, Lower Austria). The group has 22 manufacturing facilities worldwide and numerous sales offices in Europe, Asia, America and Australia. In 2015, the group generated sales of EUR 915 million and EBITDA of EUR 96 million.

Further inquiry note:
Martina Büchele

Group Communications Manager
Tel.: +43 676 8715 8621
martina.buechele@semperitgroup.com

Stefan Marin
Head of Investor Relations
Tel.: +43 676 8715 8210
stefan.marin@semperitgroup.com

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company: Semperit AG Holding
 Modecenterstrasse 22
 A-1030 Wien
phone: +43 1 79 777-210
FAX: +43 1 79 777-602
WWW: www.semperitgroup.com
sector: Synthetics & Plastics
ISIN: AT0000785555
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