

Corporate news/press information

Semperit posts solid half-year performance despite economic headwind – Important steps taken in transformation into industrial rubber specialist

- Revenue in continued operations at EUR 374.2 million (–5.2%) and EBITDA at EUR 43.7 million (–18.9%) below previous year's level, as expected
- EBITDA margin at 11.7% (1-6 2022: 13.7%) and EBIT margin at 7.6% (1-6 2022: 9.8%)
- EBITDA outlook for full year 2023 confirmed
- Acquisition of Rico Group completed as of 31 July 2023
- All regulatory approvals obtained for sale of medical business – closing expected by end of August 2023 and payment of additional dividend anticipated for September 2023

Vienna, 10 August 2023 – In the first half of 2023, the Semperit Group generated revenue of EUR 374.2 million and EBITDA of EUR 43.7 million with its continued operations. As expected, this is below the comparable figures for the previous year (–5.2% in revenue and –18.9% for EBITDA) but represents a thoroughly solid performance in a challenging market environment. In the Industrial Sector, for example, the EBITDA margin was kept almost stable at 18% despite a 4.5% drop in revenue. It should also be noted that the result for the first half of 2023 includes negative non-recurring effects of around EUR 4.1 million from the acquisition of the Rico Group and as a result of changes on the Executive Board. As expected, the result from discontinued operations developed negatively due to the sharp decline in sales volumes and prices for gloves. Overall, the Semperit Group's earnings after tax for the first half of 2023 were positive at EUR 3.9 million, compared to EUR 34.7 million in the same period of 2022, primarily due to the end of the pandemic-related special boom in the glove sector.

“As expected, business in the first half of the year was characterised by economic headwinds. This led to a further reduction in inventories among customers and to restrained order behaviour. In anticipation of this development, we have already initiated countermeasures, which include strict cost management, streamlining of processes and a corresponding increase in operating efficiency.

In addition, we took important steps in our transformation into an industrial rubber specialist. The sale of the medical business progressed very well. We have now received all regulatory approvals and expect the closing to take place at the end of August 2023. We have also completed the acquisition of the Rico Group, giving us a leading technological position in liquid silicone and high-end tooling.

*With our new powerful organisational structure focusing on the two divisions Industrial Applications and Engineered Applications, which cover different customer groups, our robust balance sheet as well as the cost reduction measures that have been initiated and will be implemented in the future, Semperit is well positioned both in the current environment and for further growth,” says **Semperit-CEO Karl Haider**.*

Earnings development in detail:

While the Sempertrans segment continued to benefit from a positive market environment and achieved significant volume and price growth, the performance of the other industrial segments reflected the challenging market environment, resulting in partially significantly lower sales volumes at stable prices.

Consequently, the continued operations of the Semperit Group generated revenue of EUR 374.2 million in the first half of 2023 (–5.2% year-on-year). In the Industrial Sector, the cyclical and market-related decline was –4.5% to EUR 355.7 million.

Savings

Total expenses decreased by 6.2% to EUR 338.6 million. Savings in cost of materials (-14.9%), mainly as a result of lower production volumes, were offset by higher personnel expenses (+6.1%) and other operating expenses (+6.6%), which resulted, among other things, from one-off effects (Rico acquisition and changes in the Executive Board). EBITDA in continuing operations amounted to EUR 43.7 million (1-6 2022: EUR 53.9 million), while the EBITDA margin was 11.7% (1-6 2022: 13.7%).

After depreciation and amortisation remained stable compared to the previous year, EBIT from continued operations was EUR 28.4 million (1-6 2022: EUR 38.8 million), and the EBIT margin was 7.6% (1-6 2022: 9.8%). Overall, earnings after tax (from continued and discontinued operations) were positive at EUR 3.9 million (1-6 2022: EUR 34.7 million). Earnings per share attributable to the shareholders of Semperit AG Holding amounted therefore to EUR 0.20 (1-6 2022: EUR 1.68).

At EUR 21.9 million, cash expenditures in intangible assets and property, plant and equipment in the first half of 2023 were below the prior-year level (1-6 2022: EUR 28.4 million). Free cash flow (the balance of cash flow from operating activities and cash flow from investing activities) amounted to EUR 2.3 million after EUR –4.6 million in the previous year.

Outlook

The Executive Board of the Semperit Group expects the market environment to remain challenging in the second half of 2023. It will be characterised by economic headwinds and, on the customer side, by inventory reductions and more short-term ordering behaviour. As a result, lower sales volumes and increased price pressure are to be expected overall.

As part of the focus on the two divisions Industrial Applications and Engineered Applications and the associated leaner organisation, further savings are to be achieved in overheads. Against this backdrop, the outlook for the 2023 financial year is confirmed, according to which EBITDA from continued operations is expected to be at the lower end of the range between EUR 70 million and EUR 90 million.

The closing of the sale of the medical business, which includes the transfer of the production of examination gloves and porcelain cloth moulds for the glove manufacturing in Malaysia as well as the global sales and distribution units to the buyer HARPS, is expected for the end of August 2023 from today's perspective. If all conditions are met, the payment of the conditional additional dividend of EUR 3.0 per share resolved by the Annual General Meeting can then be made in the course of September 2023. Until the closing of the transaction, the medical business will continue to burden the development of the Semperit Group's after-tax earnings.

Overview of the main financial figures of the first half of 2023

Key figures Semperit Group, in EUR million		1-6 2023	Change	1-6 2022
Revenue		374.2	-5.2%	394.8
EBITDA		43.7	-18.9%	53.9
EBITDA margin		11.7%	-2.0 PP	13.7%
EBIT		28.4	-26.8%	38.8
EBIT margin		7.6%	-2.2 PP	9.8%
Earnings after tax		3.9	-88.6%	34.7
Earnings per share (EPS), in EUR		0.20	-88.0%	1.68
Gross cash flow		17.6	-62.6%	47.0
Free cash flow		2.3	n.a.	-4.6

Balance sheet key figures, in EUR million		30.06.2023	Change	31.12.2022
Total assets		801.5	-4.9%	842.9
Equity		486.0	-6.2%	518.2
Equity ratio		60.6%	-0.9 PP	61.5%
Net debt (+) / Net cash (-)		-25.9	+52.2%	-54.2

ESG		30.06.2023	Change	31.12.2022
Employees (at balance sheet date)		6,282	-3.8%	6,528

Sector and segment key figures, in EUR million		1-6 2023	Change	1-6 2022
Industrial Sector	Revenue	355.7	-4.5%	372.3
	EBITDA	64.2	-5.6%	68.0
	EBIT	50.3	-7.7%	54.5
Semperflex	Revenue	138.2	-20.5%	173.7
	EBITDA	32.6	-30.4%	46.8
	EBIT	26.4	-35.5%	40.9
Semperseal	Revenue	64.2	-14.5%	75.1
	EBITDA	4.1	-33.9%	6.3
	EBIT	1.2	-58.5%	2.8
Sempertrans	Revenue	93.6	+34.1%	69.8
	EBITDA	16.7	n.a.	6.6
	EBIT	14.3	n.a.	4.7
Semperform	Revenue	59.7	+11.2%	53.7
	EBITDA	10.7	+30.1%	8.3
	EBIT	8.5	+39.2%	6.1
Medical Sector (Sempermed)	Revenue	81.6	-58.8%	198.3
	EBITDA	-20.3	n.a.	15.6
	EBIT	-24.9	n.a.	2.9

For further details please see the Semperit Group's Financial Report on the six months of 2023.

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About Semperit

The publicly listed Semperit AG Holding is an internationally oriented group of companies that develops and manufactures products made of rubber and sells them in over 100 countries worldwide with its two divisions Industrial Applications and Engineered Applications. The Industrial Applications division focuses on industrial applications with highly efficient production and cost leadership; these include hydraulic and industrial hoses as well as profiles. The Engineered Applications division comprises escalator handrails, conveyor belts, cable car rings, other engineered elastomer products as well as the RICO Group and focuses on customised technical solutions. The Semperit Group employs around 6,500 people worldwide in its continuing and discontinued operations, including some 3,100 in Asia and approximately 900 in Austria (Vienna and production site Wimpassing, Lower Austria). At the end of 2022, the Group had 16 manufacturing facilities worldwide and numerous sales offices in Europe, Asia, Australia, and America. In the 2022 financial year, the Group generated revenue of EUR 779.8 million and an EBITDA of EUR 100.5 million in continuing operations.