

SEMPERIT AG Holding

**LETTER TO
SHAREHOLDERS**

Q3

09

Success is in the details:
examination gloves
by Semperit



Semperit Group at a glance

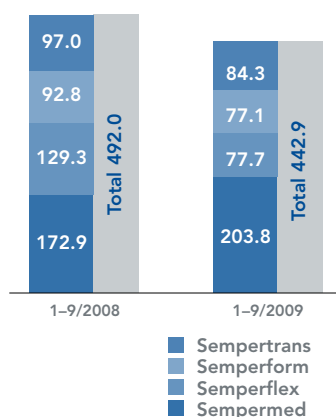
	1-9/2006	1-9/2007	1-9/2008	1-9/2009	Change 08/09 in %
Revenue in EUR million	428.0	455.1	492.0	442.9	-10.0
Earnings before tax (EBT) in EUR million	39.4	41.3	46.2	54.9	+18.8
Net profit for the period in EUR million	29.3	29.9	31.4	30.0	-4.5
Number of employees on September 30	6,601	7,256	7,111	6,521	-8.3

Dear shareholders!

Despite the prevailing difficult business environment, Semperit succeeded in further improving earnings during the first three quarters of 2009 in comparison to the previous year. This can be mainly attributed to the Sempermed division, which continued to develop very positively in the third quarter. The Sempertrans division also achieved a solid performance to some extent, managing to maintain earnings at the previous year's level despite lower revenue. In contrast, the Semperflex and Semperform divisions faced considerable difficulties against the backdrop of a turbulent cyclical environment. There is still no end in sight to this challenging phase, even if the slight upward tendency emerging at the end of the second quarter continued in the third quarter as well, though admittedly at a low level. Total revenue of the Semperit Group in the first nine months of 2009 amounted to EUR 442.9 million (previous year: EUR 492.0 million). Earnings before tax rose to EUR 54.9 million (previous year: EUR 46.2 million), primarily as the result of the favourable development of the Sempermed division.

On closer examination of divisional results, the Sempermed division shows a 17.8% growth in revenue compared to the previous year. The Semperflex division was most strongly impacted by the economic crisis, registering a 39.9% decline in revenue against the first three quarters of 2008. Revenue of the Semperform division was also down 16.8% in a year-on-year comparison. The Sempertrans division performed relatively well, with revenue decreasing by 13.2%.

Revenue by division
in EUR million





Downturn slowly
bottoming out

Rising prices on raw
material markets

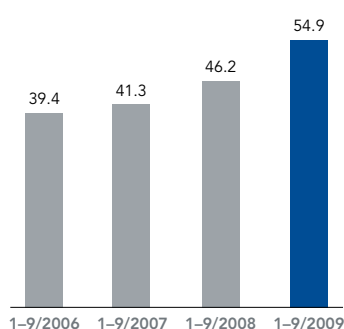
End of the economic tailspin

Following the massive downswing of the global economy during the first half of the year, there are increasing signs that the recession has already bottomed out. However, the strong upward movement of international stock markets may distort the real picture somewhat. Leading economic research institutes expect the recovery of the real economy to set in quite slowly. Companies remain hesitant to make investments, which also has a corresponding impact on incoming orders received by the Semperit Group.

Following a decline in raw material prices, which continued until June 2009, prices increased perceptibly in July and once again in September. Rising prices for synthetic rubber, oil-based chemicals and carbon black were largely dictated by corresponding developments in oil prices, but with the usual time delay. In addition, capacity reductions in the chemical industry have also tended to support the upward price trend. Raw material costs for latex and natural rubber, which had risen slightly at the beginning of the year and then declined in the second quarter, once again moved upward in the third quarter. The measures implemented by the governments of Malaysia, Thailand and Indonesia to limit rubber supplies have apparently achieved their intended effect, and once again the increasing needs of the tire industry have also contributed to this development as well. All raw material prices relevant to the Semperit Group peaked in the course of the third quarter, but generally still hover below the previous year's levels.

BUSINESS DEVELOPMENT

EBT development
in EUR million



Profit, asset and financial position

Notwithstanding a 10.0% decline in revenue to EUR 442.9 million, earnings before tax (EBT) of the Semperit Group rose by 18.8% during the first three quarters of 2009, to EUR 54.9 million (previous year: EUR 46.2 million). The losses suffered by the cyclically-dependent business areas could be more than compensated for by the good results of Sempermed.

Although the net profit for the third quarter amounted to EUR 11.1 million, a rise of 38.1% compared to the previous year's level, the total net profit of the Semperit Group for the period January-September 2009 was EUR 30.0 million, slightly below the comparable level of 2008 (EUR 31.4 million). This is mainly due to the high earnings contribution of the joint venture Siam Sempermed in Thailand, which in turn increased minority interests to EUR 12.1 million.

The cash flow from operating activities rose to EUR 105.5 million (previous year: EUR 43.5 million) as the result of improvements in working capital.

Total cash and cash equivalents at September 30, 2009 climbed to EUR 163.5 million, an increase of 52.4% compared to the level at December 31, 2008. This expands the liquidity at Semperit's disposal and thus its room to manoeuvre. The company also further strengthened its equity capital, which climbed 3.9% in the first nine months of the year, to EUR 364.0 million. The equity ratio of the Semperit Group, at 72.2%, comprises an important factor of stability.

Investments in tangible and intangible assets were reduced in the first nine months of 2009 to EUR 12.8 million (previous year: EUR 23.4 million) due to the uncertain macroeconomic situation.

Significant earnings improvement

Sempermed

The Sempermed division also continued its positive development in the third quarter. On balance, revenue increased 17.8% to EUR 203.8 million during the first nine months of 2009. An above-average increase in earnings before tax to EUR 33.7 million (previous year: EUR 11.3 million) could be achieved, thanks to its good cost structure and most recently, due to rising latex prices.

Ongoing upturn in the examination glove segment

The business with examination gloves was consistently successful during the period under review. This favourable development applies to the European market, which posted a strong level of incoming orders, and the USA, where Sempermed managed to outperform its revenue and earnings targets. The trend towards synthetic examination gloves intensified further. The Brazilian market also developed very gratifyingly, not least driven by the higher quality demands imposed by the government. Semperit emerged as one of very first manufacturers in the country to fulfil these requirements. Additional demand resulted from the increased level of orders in connection with the new type of flu, so that market requirements sometimes exceeded the quantities that could be supplied. The surgical glove segment continued to operate at high capacity, although growth slowed down somewhat due to the reduction of inventories on the part of large customers. However, important tenders being awarded at the present time also point to a sustained momentum in this product area.

Capacity expansion in Thailand

Sempermed is working on expanding production capacity in Thailand in order to counter the capacity bottleneck resulting from increased global market demand for examination gloves. Following the successful start-up of two prototype lines featuring new technologies in the third quarter, Sempermed plans to build four additional production lines at its existing plant. Furthermore, plans were finalised in October to build a new state-of-the-art plant in Surat Thani, which will provide additional production capacity of about 3 billion pieces annually upon completion. The total investment volume for the new plant, which will be integrated into the existing joint venture Siam Sempermed, will amount to approximately EUR 25 million.

Tentative recovery persists

Semperflex

The Semperflex division has been the most severely affected by the recession up until now. However, a slight stabilisation in the volume of orders took place towards the end of the second quarter of the year, which for the time being continued in the third quarter, though at a low level.

Earnings heavily burdened

Revenue of the Semperflex division fell 39.9% year-on-year, to EUR 77.7 million. Earnings before tax declined to EUR 2.5 million (previous year: EUR 13.9 million) despite adjustments carried out to reduce fixed costs.

Hydraulic hoses: more intense price pressure

Following a massive decline in demand during the first half-year, the hydraulic hose segment showed a slight improvement in the third quarter, but still remained clearly below the previous year's performance. The hydraulic hose market was characterised by massive price pressure due to existing overcapacity. Semperflex responded to developments by intensifying its customer acquisition efforts, achieving some sales successes. Positive signals emerged from Asian markets during the third quarter, particularly from China, whereas the development of business in Eastern Europe remained quite restrained. In contrast, most large customers in Western Europe have apparently concluded the phase of reducing their stocks.

Little momentum in the industrial hose segment

The situation in the industrial hose segment remains particularly difficult. The downturn in the mechanical engineering and capital equipment industries seems to have bottomed out, but there are no indications yet of a distinct upward trend. There continues to be no recovery on the horizon for the construction industry.

Elastomer sheeting: subdued demand

Demand for elastomer sheeting is still showing no signs of improvement. In addition, the elastomer sheeting segment is burdened by rising raw material prices.

Semperform

Total revenue of the Semperform division in the first three quarters was EUR 77.1 million, or 16.8% below the previous year's level. Earnings before tax declined to EUR 7.7 million (previous year: EUR 12.9 million).

Upturn in the market for window and door seals

The upward trend in the Western European market for window and door seals has continued since the month of May. In particular, there was a visible recovery in Germany in the third quarter, but the order volume in other Western European markets also improved perceptibly. In contrast, no recovery is in sight in Eastern Europe, especially in Russia and the Ukraine, where sales shrunk by about half of the 2008 level due to the tense financial situation of many customers. Against this backdrop, Semperform continues to determinedly implement measures based on automation and material savings, which are designed to reduce the costs per unit at the Deggendorf plant.

Slight recovery in demand for handrails

The globally weak demand for handrails in the first half of 2009 recovered in Asia in the third quarter due to increasing order volume from original equipment manufacturers (OEM), which in turn was driven by public sector contracts. The handrail business in Europe is still in the midst of a slump, both for original equipment manufacturers and to a lesser extent, for spare parts. Sales of cable car rings were down from the previous year due to the low level of new construction. In contrast, the ski membrane business developed somewhat more favourably, with the perceptible recovery in the second quarter extending into the third quarter as well.

Positive development of sponge rubber sales

Following a very difficult period lasting several months at the beginning of 2009, the development of sales in the sponge rubber segment, which is highly dependent on the construction industry, has been somewhat more upbeat since the middle of the year. This is due to the economic stimulus programmes implemented by governments. However, demand is still below the previous year's level.

Railway superstructure business slows down

The railway superstructure segment most recently experienced a seasonally-related slowdown after developing solidly since the beginning of the year, mainly as a result of projects carried out in France. However, new projects and contract orders are expected in 2010. Whereas third-quarter demand for pipe fittings was severely impacted by the economic crisis, business development in the sanitary fittings segment has remained stable. In contrast, demand for filter membranes has virtually come to a standstill.

Inconsistent trends in Europe

Growing competition in India

Sempertrans

The Sempertrans division registered a revenue decrease of 13.2% in the first three quarters, to EUR 84.3 million, which can be considered as satisfactory in the light of the difficult market environment. However, earnings before tax at EUR 10.5 million still slightly surpassed the previous year's figure of EUR 10.4 million.

Due to the considerable decline in demand for conveyor belts in all important European markets, the Sempertrans production facility in France suffered from a significant drop in revenue and orders in the first three quarters of the year and had to face the challenge of tough price competition. In contrast, capacity utilisation at the manufacturing plant in Poland will remain good until the end of the year, due to several large contract orders placed by the energy sector as well as new export markets.

In the first three quarters of 2009, sales and revenue of Sempertrans in India were perceptibly higher than in the previous year, not least due to the additional production capacity put into operation. In spite of the more dynamic business environment prevailing in Asia, competitive and price pressures on the Indian manufacturing facilities are rising, particularly in respect to public sector contracts. Against this backdrop, Sempertrans Nirlon is increasingly focusing its efforts on industrial customers, and is simultaneously moving ahead with the marketing of metal conveyor belts from the Polish production plant on the Indian subcontinent.



OUTLOOK

Difficulty in making reliable forecasts

Although Semperit once again succeeded in surpassing its previous year's result in the third quarter of 2009, forecasting of the company's future business development remains difficult. With the exception of the Sempermed division, revenues in the other divisions for the year 2009 as a whole are expected to be lower than in 2008. It remains to be seen whether the economic contraction in various markets has sustainably bottomed out. Overall, despite the current price hikes on raw material markets, Semperit anticipates satisfactory results for the business year 2009.

In light of the current environment, Semperit is continuing to focus on measures designed to strengthen its competitive position, in order to gain additional market share in difficult times and be well prepared to take advantage of a future economic upswing. In addition to intensified market penetration efforts, the operational priorities are concentrated on implementing programmes to enhance efficiency and reduce material consumption, as well as increased training of employees.



Balance sheet

Assets

in TEUR	31.12.2008	30.9.2009
Intangible assets	5,004.2	5,134.5
Tangible assets	157,930.6	149,750.1
Financial assets	4,735.9	9,828.7
Non-current trade receivables	4.6	14.2
Other non-current receivables	856.5	805.1
Deferred charges	456.0	361.8
Deferred taxes	9,918.1	10,191.4
Non-current assets	178,905.9	176,085.8
Inventories	96,421.1	75,153.3
Current trade receivables	86,829.2	77,488.4
Other current receivables	13,662.9	10,142.5
Cash and cash equivalents	107,330.9	163,549.9
Financial investments in securities	225.5	178.8
Deferred charges	2,166.2	1,394.1
Current assets	306,635.8	327,907.0
Assets	485,541.7	503,992.8

Equity and liabilities

in TEUR	31.12.2008	30.9.2009
Share capital	21,359.0	21,359.0
Capital reserves	21,503.2	21,503.2
Revenue reserves	250,523.5	258,228.3
Currency translation adjustments	-1,441.6	-64.4
Minority interest	58,544.0	62,957.9
Capital and reserves	350,488.1	363,984.0
Provisions for pensions and severance payments	44,556.2	46,462.2
Provisions for deferred taxes	2,462.0	2,537.2
Other non-current provisions	13,642.7	13,754.7
Non-current financial liabilities	5,677.8	5,452.2
Non-current trade payables	46.5	42.5
Other non-current liabilities	473.6	532.3
Deferred charges	234.4	227.8
Non-current provisions and liabilities	67,093.2	69,008.9
Current tax provisions	2,100.7	5,104.5
Other current provisions	14,408.7	20,342.0
Current financial liabilities	1,251.7	0.0
Current trade payables	30,506.2	26,114.5
Prepayments	444.9	429.5
Other current liabilities	18,660.7	18,997.4
Deferred charges	587.5	12.0
Current provisions and liabilities	67,960.4	70,999.9
Equity and liabilities	485,541.7	503,992.8

Consolidated income statement

in TEUR	3 rd quarter		1 st –3 rd quarter	
	1.7.–30.9.2008	1.7.–30.9.2009	1.1.–30.9.2008	1.1.–30.9.2009
Revenue	165,684.3	146,800.9	492,042.3	442,897.8
Changes in inventories	2,072.8	–1,813.2	6,197.8	–9,674.1
Own work capitalised	271.1	174.3	1,083.7	544.5
Operating revenue	168,028.2	145,162.0	499,323.8	433,768.2
Other operating income	4,380.5	3,032.0	12,052.4	16,367.1
Cost of materials	–100,059.5	–74,242.1	–285,849.1	–223,076.2
Personnel expenses	–27,056.7	–24,789.9	–82,916.0	–79,466.0
Depreciation and amortisation	–6,966.5	–7,861.2	–20,640.3	–21,596.7
Other operating expenses	–24,500.4	–22,373.3	–74,940.1	–73,193.7
Earnings before interest and tax (EBIT)	13,825.6	18,927.5	47,030.7	52,802.7
Income from participations	0.0	122.0	0.0	122.0
Interest results	899.8	442.3	2,397.5	1,428.3
Other financial results	–649.0	393.0	–3,191.1	578.1
Financial results	250.8	957.3	–793.6	2,128.4
Earnings before tax (EBT)	14,076.4	19,884.8	46,237.1	54,931.1
Income taxes	–3,691.7	–4,615.2	–10,928.9	–12,793.6
Earnings after tax	10,384.7	15,269.6	35,308.2	42,137.5
thereof minority interest	–2,378.8	–4,213.9	–3,885.4	–12,116.7
thereof Semperit AG shareholders (net profit for the period)	8,005.9	11,055.7	31,422.8	30,020.8
Earnings per share in EUR	0.39	0.54	1.53	1.46
Average number of outstanding shares	20,573,434	20,573,434	20,573,434	20,573,434

Statement of comprehensive income of the Semperit Group pursuant to IFRS

in TEUR	3 rd quarter		1 st –3 rd quarter	
	1.7.–30.9.2008	1.7.–30.9.2009	1.1.–30.9.2008	1.1.–30.9.2009
Earnings after tax	10,384.7	15,269.6	35,308.2	42,137.5
Other comprehensive income (reported in equity)				
"Available for sale" financial assets	43.5	124.2	23.2	108.9
Currency translation	6,940.6	1,043.8	8,977.3	–477.5
Total other comprehensive income, net of tax (reported in equity)	6,984.1	1,168.0	9,000.5	–368.6
Total recognised comprehensive income	17,368.8	16,437.6	44,308.7	41,768.9
thereof minority interest	–6,532.7	–2,882.4	–4,867.4	–10,262.0
thereof Semperit AG shareholders	10,836.1	13,555.2	39,441.3	31,506.9

Cash flow statement

in TEUR	1.1.–30.9.2008	1.1.–30.9.2009
Earnings after tax	35,308.1	42,137.5
Depreciation/write-ups of non-current assets	22,048.1	21,372.3
Profit and loss from asset disposal	3,361.6	–245.2
Changes in non-current provisions	1,809.4	2,093.2
Changes in non-cash items resulting from currency translation adjustments, changes in minority interests and other	3,098.6	1,013.8
Gross cash flow	65,625.8	66,371.6
Increase/decrease in inventories	–10,289.7	21,267.8
Increase/decrease in trade receivables	–9,149.0	9,331.2
Increase/decrease in other receivables and deferred charges	–7,579.1	4,164.8
Increase/decrease in trade payables and prepayments	1,226.4	–4,411.0
Increase/decrease in other liabilities, current provisions and deferred charges	3,673.8	8,750.3
Cash flow from operating activities	43,508.2	105,474.7
Proceeds from the sale of assets	28,273.0	1,207.9
Investments in tangible and intangible assets	–23,366.2	–12,815.2
Investments in financial assets	–763.2	–5,449.0
Acquisition of subsidiaries less net cash and cash equivalents ¹⁾	0.0	–1,874.8
Net proceeds from the sale of financial investments in securities	1,960.7	46.7
Cash flow from investing activities	6,104.3	–18,884.4
Net redemption of current and non-current financial liabilities	–380.6	–1,477.3
Dividends	–19,544.8	–22,425.0
Dividends to minority interest	–2,509.0	–5,848.0
Changes in financial liabilities resulting from currency translation adjustments	–90.2	702.7
Proceeds from capital increases	0.0	0.0
Other	8.9	0.0
Cash flow from financing activities	–22,515.7	–29,047.6
Change in cash and cash equivalents	27,096.8	57,542.7
Effects of exchange rate fluctuations on cash and cash equivalents	883.8	–1,323.7
Cash and cash equivalents at the beginning of the period	70,284.4	107,330.9
Cash and cash equivalents at the end of the period	98,265.0	163,549.9

¹⁾ Increase in shareholding of Sempertrans Nirlon

Statement of changes in equity

in TEUR	Share capital	Capital reserves	Revenue reserves	Revaluation reserve	Currency translation	Semperit AG shareholders	Minority interest	Total
Balance at 31.12.2007	21,359.0	21,503.2	232,626.6	–214.3	4,697.0	279,971.5	51,576.2	331,547.7
Total recognised profits and losses			31,422.8	23.2	7,995.3	39,441.3	4,867.4	44,308.7
Dividends			–19,544.8			–19,544.8	–2,509.0	–22,053.8
Other			8.9			8.9		8.9
Balance at 30.9.2008	21,359.0	21,503.2	244,513.5	–191.1	12,692.3	299,876.9	53,934.6	353,811.5
Balance at 31.12.2008	21,359.0	21,503.2	250,698.6	–175.0	–1,441.6	291,944.2	58,543.9	350,488.1
Total recognised profits and losses			30,020.8	108.9	1,377.2	31,506.9	10,262.0	41,768.9
Dividends			–22,425.0			–22,425.0	–5,848.0	–28,273.0
Other						0.0		0.0
Balance at 30.9.2009	21,359.0	21,503.2	258,294.4	–66.1	–64.4	301,026.1	62,957.9	363,984.0



Accounting and valuation methods

These interim financial statements as at September 30, 2009 have been prepared in keeping with the principles set forth by the International Financial Reporting Standards (IFRS) as stipulated in the guidelines contained in IAS 34, Interim Financial Reporting. As a consequence of revisions made to IAS 1, Presentation of Financial Statements, the different parts of the financial statements have been newly structured and the titles have been changed. Income and expenses recognised directly in equity, termed "other comprehensive income" in the revised version of IAS 1 from the year 2007, will no longer be reported in the consolidated statement of changes in equity, but in a separate statement of comprehensive income. Above and beyond this, no major changes have been made in the accounting and valuation methods applied by the Semperit Group. For more detailed information on the accounting and valuation methods applied, readers are referred to the consolidated annual financial statements for the year ending December 31, 2008, which are the basis for these interim statements.

Associated companies (equity method)

The net book value of Isotron Deutschland GmbH on September 30, 2009 was TEUR 505.9 (December 31, 2008: TEUR 383.9).

Purchase and sale of tangible and intangible assets

In the first nine months of 2009, the Semperit Group purchased tangible and intangible fixed assets amounting to TEUR 12,815.2 (previous year: TEUR 23,366.2). In contrast, tangible and intangible fixed assets with a net book value of TEUR 123.2 (previous year: TEUR 541.4) were disposed of.

Transactions with related parties and individuals

B & C Privatstiftung GmbH has a dominating influence over the company and along with its associated companies is in a group relationship with the Semperit Group. The companies in Thailand and China, which are fully consolidated in the financial statements, undertake business transactions with our joint venture partner Sri Trang Agro Plc, in accordance with established market conditions. Furthermore, insignificant business transactions were carried out with related parties and individuals at prevailing market rates.

Changes in the consolidation range

In April the Semperit Group acquired the remaining 26% of shares in Sempertrans Nirlon (P) Ltd. As a result, 100% of the shares are now directly or indirectly held by Semperit AG.

Changes in the Supervisory Board

The 120th Annual General Meeting of Semperit AG re-elected Veit Sorger to the Supervisory Board for a period of three years, and also confirmed his position as Chairman of the Supervisory Board. Winfried Braumann was elected to serve as Deputy Chairman of the Supervisory Board. In addition, Anton Schneider, Partner at Nordwind Capital, was elected to the Supervisory Board for the first time for a three-year period.

Authorisation to repurchase own shares

The Management Board of Semperit AG was authorised by the Annual General Meeting to repurchase, with the approval of the Supervisory Board, shares in the company within a maximum period of 30 months from the date on which the corresponding resolution was passed, in accordance with § 65 Sect. 1 (8) of the Austrian Stock Corporation Act, comprising a volume of up to 5% of the share capital, and to determine the repurchase conditions.

Significant events after the balance sheet date

There were no significant events requiring disclosure between the balance sheet date of September 30, 2009 and publication approval of this interim report.

Statement by the Management Board

The Management Board certifies, to the best of its knowledge, that the consolidated interim financial statements of the Semperit Group have been prepared in accordance with the International Financial Reporting Standards (IFRS), and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Semperit Group. The interim financial statements of the Semperit Group for the first three quarters of 2009 were neither audited nor subject to an auditor's review.

Vienna, November 16, 2009

The Management Board

Rainer Zellner
Chairman

Richard Ehrenfeldner

Richard Stralz



SEMPERIT SHARE INFORMATION

International Securities Identification Number (ISIN)	AT0000785555
Share price low Q1–3 2009 in EUR	13.83
Share price high Q1–3 2009 in EUR	25.85
Share price at September 30, 2009 in EUR	25.85
Market capitalisation at September 30, 2009 in EUR million	531.8
Earnings per share Q1–3 2009 in EUR	1.46

FINANCIAL CALENDAR

Preliminary results 2009	February 18, 2010
Annual Report 2009	April 6, 2010
Annual General Meeting	April 28, 2010
Ex-dividend day	May 4, 2010
Dividend payment	May 7, 2010
1 st quarter report 2010	May 11, 2010
1 st half-year report 2010	August 10, 2010
3 rd quarter report 2010	November 16, 2010

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