

SEMPERIT AG Holding

LETTER TO SHAREHOLDERS

Q1 | 2010

SEMPERIT 





Success is in the details:
Handrails by Semperit

Semperit at a glance

	1-3/2007	1-3/2008	1-3/2009	1-3/2010	Change 2009/2010 in %
Revenue in EUR million	149.9	159.5	146.9	152.4	+3.7
Earnings before tax (EBT) in EUR million	14.0	14.5	14.5	16.9	+16.1
Net profit for the period in EUR million	10.1	10.5	7.8	9.3	+18.8
Number of employees on March 31	7,023	7,061	6,811	7,010	+2.9

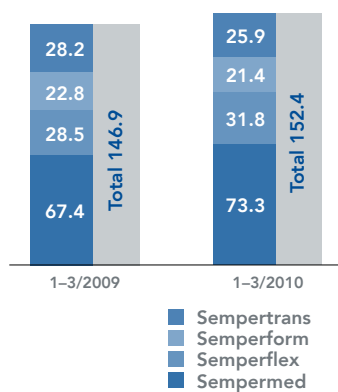
Dear shareholders!

Following the crisis year 2009, the 2010 financial year began somewhat more amicably. Accordingly, the first quarter of 2010 was characterised, in addition to the continued growth of the Sempermed division, by a gradual recovery in demand in the Semperflex and Semperform divisions, which were most severely affected by the recession. On balance, the company succeeded in increasing revenue by 3.7% compared to the first quarter of 2009, to EUR 152.4 million. Despite the ongoing difficult market conditions, earnings before tax increased disproportionately by 16.1% to EUR 16.9 million.

Against the backdrop of a massive increase in raw material prices, the challenge posed by the current financial year will be to correspondingly adjust the selling prices.

On closer examination of divisional results, the Sempermed division registered a 8.8% growth in revenue compared to the previous year. Following a very difficult year in 2009, the Semperflex division registered a 11.6% increase in revenue to EUR 31.8 million, whereas revenue generated by the Semperform and Sempertrans divisions at EUR 21.4 and 25.9 million respectively were both down in a year-on-year comparison (previous year: EUR 22.8 and 28.2 million).

Revenue by division in EUR million



Recovery with a question mark

In the first quarter of 2010, the global economy proceeded to bounce back, but the pace of recovery varied in the different world regions. Whereas the rate of growth increased strongly in several emerging markets, particularly in Asia, overall capacity utilisation in the industrialised countries remained at a low level. Here the recovery has not yet stabilised, but continues to be driven by expansive economic policies.

At the same time, the tense situation on raw material markets intensified. The perceptible price increases as of the middle of 2009 further accelerated in the first quarter of 2010. In particular, natural rubber was extremely impacted by this development, most recently leading to record price levels. After the end of the first quarter, an easing of the situation on global raw material markets is not in sight. Synthetic rubber prices continued to climb in the wake of very high natural rubber prices. One of the main reasons apparently underlying this development is the large quantities of rubber absorbed by Asian markets. Costs for wires and packaging material as well as mesh were also subject to significant raw material-related price hikes.

Recovery of industrialised nations is not yet sustainable

Massive rise in raw material prices

BUSINESS DEVELOPMENT

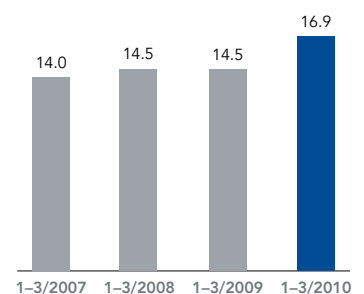
Profit, asset and financial position

Against the backdrop of the incipient economic recovery, Semperit increased its total revenue to EUR 152.4 million in the first quarter of 2010 (previous year: EUR 146.9 million). Earnings before tax (EBT) amounted to EUR 16.9 million, a rise of 16.1% year-on-year. This development is primarily due to the good capacity utilisation and growth in the Sempermed division, as well as a sales and revenue upturn in the Semperflex division. The total net profit of the Semperit Group improved considerably to EUR 9.3 million, up from EUR 7.8 million in the previous year.

In the first quarter of the 2010 financial year, Semperit increasingly invested in further growth as well as in productivity-enhancement and quality improvement projects. First-quarter investments in tangible and intangible assets amounted to EUR 18.6 million, significantly above the previous year's level of EUR 3.0 million.

Equity attributable to shareholders of the parent company Semperit AG, was further strengthened rising 7.4% to EUR 333.6 million in the first three months of the 2010 financial year. The high equity ratio without minority interests of 58.8% continues to ensure the stability and financial autonomy of the Semperit Group.

EBT development in EUR million



Increase in revenue

Sempermed

Revenue generated by the Sempermed division rose by 8.8% in the first quarter of 2010, to EUR 73.3 million. However, despite of massive raw material price increases and a unfavourable currency situation, earnings before tax were up 29.0% year-on-year, to EUR 10.1 million.

**Good capacity utilisation
for examination gloves**

Capacity utilisation in the examination glove segment remained good. On the basis of a high volume of incoming orders, even the expanded production capacity at the plant in Thailand were already fully booked.

Sempermed achieved higher sales in the USA as well as in Europe. In the light of lower selling prices, revenue development only partly reflected this upward trend. Competition intensified in Brazil compared to the previous year. As a result, sales and selling prices stabilised at a lower level.

**Increased sales of
surgical gloves**

Sempermed also generated slight growth in its business with surgical gloves, thus further increasing the utilisation of expanded production capacities.

Higher revenue

Semperflex

Following a very difficult 2009 financial year, demand improved considerably starting at year-end. This development continued in the first quarter of 2010, leading to a perceptible upturn in the volume of orders. Against this backdrop, first-quarter 2010 revenue of the Semperflex division amounted to EUR 31.8 million, a rise of 11.6% year-on-year from EUR 28.5 million in 2009. Despite the drastic rise in raw material costs, earnings before tax also climbed to EUR 3.5 million (previous year: EUR 1.5 million). Rising demand was partly attributable to the replenishment of stocks along the entire distribution chain. For this reason, a sustainable growth in demand has not yet been secured.

**Turnaround for
hydraulic hoses**

In the first quarter of 2010, the hydraulic hose segment featured a significantly higher level of incoming orders. As a consequence, temporarily shut down production capacities were put back on stream. Rising order volume necessitated an expansion of production and especially an increase in the number of staff once again. At the same time, raw material prices surged upwards since the fourth quarter of 2009, requiring Semperflex to pass on these increases to customers.

**Good development
of industrial hoses**

Order volume has also improved considerably in the industrial hose segment since the end of 2009, but with a certain time delay and somewhat less dramatically than for hydraulic hoses.

**Slight upturn for
elastomer sheeting**

There was also a pickup in demand for elastomer sheeting compared to the previous year's level. The European market in particular registered a considerable increase in order intake. However, rising raw material prices had a particularly strong effect on this material-intensive business.

Semperform

Total revenue of the Semperform division in the first quarter of 2010 amounted to EUR 21.4 million, below the comparable figure of 2009. The development of individual regions and segments varied considerably. Earnings before tax increased by 29.4%, to EUR 2.1 million (previous year: EUR 1.6 million).

The upward trend in demand for window and door seal profiles continued, both on the German domestic market as well as other European core markets. In particular, the order situation improved in Western Europe. As a result of strong raw material price increases, measures were initiated in the first quarter to correspondingly raise sales revenue.

In the light of extensive infrastructure programs, slight growth was posted in the Asian handrail segment from original equipment manufacturers, whereas the handrail business in Europe was subject to a cyclically-related stagnation. Sales of cable car rings were down from the first quarter of the previous year due to the low level of new construction. A slight upturn was noticeable for business with spare parts.

The ski membrane business developed steadily in the first quarter of 2010 due to the stabilisation of the ski industry. The perceptible upswing in demand in the sponge rubber segment, which is highly dependent on the construction industry, already materialised in the fourth quarter of 2009 and continued in the first quarter of 2010.

Revenue development in the railway superstructure, pipe construction and industrial moulded parts segments remained at a very low level. However, there were initial cautiously positive tendencies in order volume, although it is still difficult to determine if the positive trend will continue.

Sempertrans

Against the backdrop of an ongoing difficult business environment, first-quarter revenue of the Sempertrans division declined to EUR 25.9 million, or 8.1% below the previous year's level. Earnings before tax fell to EUR 1.1 million (previous year: EUR 4.1 million), which is due to the strong increase in raw material costs and the unfavourable currency situation.

Demand remained lower than in the boom years, above all in Europe and the USA. Incoming orders in Europe noticeably picked up in the course of the first quarter. At the same time, the price war over potential order volume intensified.

Similar to the previous year, the Asian market developed much more favourably than the European market. However, there was also increasing competitive pressure on the Indian market due to the low level of orders at the beginning of 2010.

The new Chinese joint venture Sempertrans Best commenced manufacturing operations at the beginning of March. Integration efforts in the near future will focus on building up market organisation and a suitable customer base as well as matching Semperit's production standards.

Decline in revenue and earnings

Good order volume for window and door seal profiles

Recovery of Asian demand for handrails

Improved sales of ski membranes and sponge rubber

Railway superstructure business at a low level

Decline in revenue and earnings

Upswing in orders

Integration of the Chinese plant

Forecasting remains difficult

The ability to forecast business developments for the year 2010 as a whole is only possible to a very limited extent, due to the ongoing uncertain economic outlook and the strong increase in raw material prices. Whereas from today's point of view general economic growth is expected in the Asian region, predictions for European markets continue to be fraught with uncertainties, despite the recovery which has taken place up until now.

Based on its good market position and the competitive strength of its products, the Semperit Group anticipates a satisfactory earnings development in the 2010 financial year as a whole.

Consolidated balance sheet

Assets		
in TEUR	31.12.2009	31.3.2010
Intangible assets	5,450.7	5,552.1
Tangible assets	151,631.7	169,915.1
Financial assets	8,906.0	11,062.7
Investments in associated companies	397.5	397.5
Non-current trade receivables	0.0	0.0
Other non-current receivables and assets	1,029.9	802.1
Deferred taxes	13,114.2	13,928.8
Non-current assets	180,530.0	201,658.3
Inventories	74,616.2	91,852.7
Current trade receivables	79,493.9	94,865.5
Other current receivables and assets	11,135.6	14,888.1
Cash and cash equivalents	185,756.2	164,407.3
Current assets	351,001.9	366,013.6
Assets	531,531.9	567,671.9
Equity and liabilities		
in TEUR	31.12.2009	31.3.2010
Share capital	21,359.0	21,359.0
Capital reserves	21,503.2	21,503.2
Revenue reserves	266,902.8	276,292.5
Currency translation adjustments	792.5	14,441.2
Equity attributable to shareholders of the parent company Semperit AG	310,557.5	333,595.9
Equity attributable to non-controlling shareholders of subsidiaries	57,032.1	66,750.6
Capital and reserves	367,589.6	400,346.5
Provisions for pension and severance payments	42,821.9	42,851.5
Deferred taxes	4,616.0	4,735.7
Other non-current provisions	20,385.7	21,137.7
Non-current liabilities to banks	5,540.2	5,931.6
Non-current trade payables	0.0	0.0
Other non-current liabilities	4,523.4	4,917.8
Non-current provisions and liabilities	77,887.2	79,574.3
Current tax provisions	7,731.6	10,234.2
Other current provisions	18,649.0	20,725.1
Current liabilities to banks	0.1	0.0
Current trade payables	30,002.0	35,135.2
Prepayments	295.6	247.6
Other current liabilities	29,376.8	21,409.0
Current provisions and liabilities	86,055.1	87,751.1
Equity and liabilities	531,531.9	567,671.9

Consolidated income statement

in TEUR	1.1.–31.3.2009	1.1.–31.3.2010
Revenue	146,915.1	152,399.1
Changes in inventories	–688.0	8,738.2
Own work capitalised	199.4	222.9
Operating revenue	146,426.5	161,360.2
Other operating income	8,625.8	4,842.2
Cost of materials	–80,027.9	–90,560.9
Personnel expenses	–27,117.2	–26,055.0
Depreciation and amortisation	–6,741.8	–7,632.6
Other operating expenses	–27,116.8	–25,764.5
Earnings before interest and tax (EBIT)	14,048.6	16,189.4
Income from participations	0.0	0.0
Financial income	671.5	762.6
Financial expense	–190.6	–80.8
Financial results	480.9	681.8
Earnings before tax (EBT)	14,529.5	16,871.2
Income taxes	–2,791.4	–3,583.7
Earnings after tax	11,738.1	13,287.5
thereof:		
Non-controlling shareholders of subsidiaries	3,895.7	3,971.3
Shareholders of the parent company Semperit AG	7,842.4	9,316.2
Earnings per share (undiluted)	0.38	0.45
Average number of outstanding shares	20,573,434	20,573,434

Consolidated statement of comprehensive income

in TEUR	1.1.–31.3.2009	1.1.–31.3.2010
Earnings after tax	11,738.1	13,287.5
Other comprehensive income (reported in equity)		
„Available for sale“ financial assets	–95.8	98.0
thereof deferred taxes	23.9	–24.5
thereof currency translation	–1,282.8	19,395.9
Total other comprehensive income, net of tax (reported in equity)	–1,354.7	19,469.4
Total recognised comprehensive income	10,383.4	32,756.9
thereof:		
Non-controlling shareholders of subsidiaries	6,637.1	9,718.5
Shareholders of the parent company Semperit AG	3,746.3	23,038.4

Consolidated cash flow statement

in TEUR	1.1.–31.3.2009	1.1.–31.3.2010
Earnings after tax	11,738.1	13,287.5
Depreciation/write-ups of non-current assets	6,843.5	7,590.7
Profit and loss from asset disposal	62.1	22.7
Changes in non-current provisions	140.4	901.4
Changes in non-cash items resulting from currency translation adjustments, changes in minority interests and other	-1,198.0	4,111.7
Gross cash flow	17,586.1	25,914.0
Increase/decrease in inventories	5,616.2	-17,236.6
Increase/decrease in trade receivables	3,095.8	-15,371.6
Increase/decrease in other receivables and assets	144.3	-4,183.1
Increase/decrease in trade payables and prepayments	-3,827.2	5,085.2
Increase/decrease in other liabilities and current provisions	4,098.9	-9,338.5
Cash flow from operating activities	26,714.1	-15,130.6
Proceeds from sale of assets	184.3	53.6
Investments in tangible and intangible assets	-3,022.5	-12,275.2
Investments in financial assets	-5,449.0	-2,013.8
Net proceeds from the change of financial investments in securities	46.4	-156.3
Cash flow from investing activities	-8,240.8	-14,391.7
Net redemption of current and non-current financial liabilities	-390.6	391.3
Dividends	0.0	0.0
Dividends to non-controlling shareholders of subsidiaries	0.0	0.0
Changes in financial liabilities resulting from currency translation adjustments	-350.0	-391.5
Cash flow from financing activities	-740.6	-0.2
Change in cash and cash equivalents	17,732.7	-29,522.5
Effects of exchange rate fluctuations on cash and cash equivalents	127.9	8,173.6
Cash and cash equivalents at the beginning of the period	107,330.9	185,756.2
Cash and cash equivalents at the end of the period	125,191.5	164,407.3

Consolidated statement of changes in equity

in TEUR	Share capital	Capital reserves	Revenue reserves	Revaluation reserves	Currency translation	Semperit AG share-holders	Shares of non-controlling shareholders of subsidiaries	Total
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 comprehensive income	0.0	0.0	7,842.4	-71.9	-4,024.2	3,746.3	6,637.1	10,383.4
Dividends	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Balance at 31.3.2009	21,359.0	21,503.2	258,541.0	-246.9	-5,465.8	295,690.5	65,181.0	360,871.5
Balance at 31.12.2009	21,359.0	21,503.2	267,085.2	-182.4	792.5	310,557.5	57,032.1	367,589.6
Total recognised comprehensive income	0.0	0.0	9,316.2	73.5	13,648.7	23,038.4	9,718.5	32,756.9
Dividends	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Balance at 31.3.2010	21,359.0	21,503.2	276,401.4	-108.9	14,441.2	333,595.9	66,750.6	400,346.5

Accounting and valuation methods

These interim financial statements as at March 31, 2010 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. There have been made no major changes 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, 2009, which are the basis for these interim statements.

Associated companies (equity method)

The net book value of Isotron Deutschland GmbH on March 31, 2010 was TEUR 397.5 (December 31, 2009: TEUR 397.5).

Purchase and sale of tangible and intangible assets

In the first three months of 2010, the Semperit Group purchased tangible and intangible fixed assets amounting to TEUR 18,619.0 (previous year: TEUR 3,022.5). In contrast, tangible and intangible fixed assets with a net book value of TEUR 144.1 (previous year: TEUR 89.3) were disposed of.

Dividend payments

Year	Number of shares	Total dividend in TEUR	Dividend per share in EUR
2010	20,573,434	23,659.4	1.15
2009	20,573,434	22,425.0	1.09

Contingent liabilities

There were no material changes in respect to contingent liabilities since the last balance sheet date.

Transactions with related parties and individuals

Balances and transactions between Semperit AG Holding and its subsidiaries are eliminated within the context of consolidation and are not further described here.

B & C Industrieholding GmbH has a dominating influence over the company. B & C Industrieholding GmbH and its associated companies are therefore in a group relationship with the Semperit Group.

The following fully-consolidated companies – Semperflex Asia Corp. Ltd., Semperform Pacific Corp. Ltd., Siam Sempermed Corp. Ltd., Shanghai Semperit Rubber & Plastic Products Co. Ltd., Shanghai Foremost Plastic Industrial Co. Ltd. and Semperflex Shanghai Ltd. – undertake business transactions with our joint venture partner Sri Trang Agro Plc under established market conditions. The company Sempertrans Best (Shandong) Belting Co. Ltd., which was consolidated in the financial statements of the Semperit Group in 2009 for the first time, undertakes business transactions with the new joint venture partner Wang Chao Coal & Electricity Group under established market conditions. Furthermore, insignificant business transactions were carried out with related parties and individuals at prevailing market rates.

Related parties and individuals also include the members of the Management and Supervisory Boards and their close relatives. There are no further business relationships with these individuals.

Significant events after the balance sheet date

There were no significant events requiring disclosure between the balance sheet date of March 31, 2010 and publication approval of this interim report on May 4, 2010.

Other

Effective March 1, 2010, Sempertrans Best (Shandong) Belting Co. Ltd. acquired the activities of a conveyor belt factory in China with modern production facilities, which had commenced operations a short time earlier, within the framework of an asset deal.

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 quarter of 2010 were neither audited nor subject to an auditor's review.

Vienna, May 4, 2010

The Management Board



Rainer Zellner
Chairman



Richard Ehrenfeldner



Richard Stralz

SEMPERIT SHARE INFORMATION

International Securities Identification Number (ISIN)	AT0000785555
Share price low Q1 2010 in EUR	26.30
Share price high Q1 2010 in EUR	29.28
Share price at March 31, 2010 in EUR	28.91
Market capitalisation at March 31, 2010 in EUR million	594.8
Earnings per share Q1 2010 in EUR	0.45

FINANCIAL CALENDAR

1 st half-year report 2010	August 10, 2010
3 rd quarter report 2010	November 16, 2010

Contact

Michael Wolfram
Group Head of Finance & IT
Tel.: +43 1 79 777-0
Fax: +43 1 79 777-602
E-mail: investors@semperit.at

www.semperit.at