Semperit

(ATX, Industrial Goods & Services, SEM AV)

WARBURG RESEARCH

Buy	
EUR 17.50	
Price	EUR 12.66
Upside	**38.2 %**

Value Indicators:	EUR
DCF:	17.53
FCF-Value Potential avg.:	17.49
Peer group avg.:	18.42

Warburg Risk Score:	**2.1**
Balance Sheet Score:	3.3
Market Liquidity Score:	1.0

Description:

Producer of high-quality rubber and polymer products for industrial applications

Market Snapshot:	EUR m
Market cap:	260.5
No. of shares (m):	20.6
EV:	485.8
Freefloat MC:	119.3
Ø Trad. Vol. (30d):	158.29 th

Shareholders:	
Freefloat	45.82 %
B&C Privatstiftung	54.18 %
de Krassny GmbH	*10.07 %*

Key Figures (WRe):	2024e
Beta:	1.3
Price / Book:	0.6 x
Equity Ratio:	46 %
Net Fin. Debt / EBITDA:	2.4 x
Net Debt / EBITDA:	2.5 x

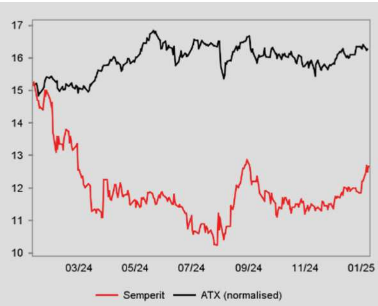
Specialist for industrial value-added elastomer applications; Initiate with Buy

Semperit Group is a leading industrial elastomer specialist with a customer-focused approach and a globally diversified sales network. The company's technological lead is based on more than 200 years of a track record in synthetic and natural rubber applications as well as continuous innovation and customer centricity. Following the disposal of the medical (glove) business (Sempermed) in 2022, Semperit now concentrates on its industrial customers in the Semperit Industrial Applications (SIA) and Semperit Engineered Application (SEA) divisions. SIA focuses on standardized industrial products like hydraulic and industrial hoses (Hoses) as well as sealing profiles (Profiles). In contrast, the business at SEA is driven by technology and innovation and products are characterized by a higher level of customization. Key products include conveyor belts (Belting) and elastomer form parts used for various applications (Form). In 2023, Semperit acquired the Rico Group which is active in the fast-growing liquid silicone rubber business.

Catering to customers from the yellow-goods sector, agricultural machinery, chemicals, mining, building, railway, household appliances and various other industries, demand for the company's products usually follows a cyclical pattern around a mid to long-term growth trajectory. A challenging macro-economic environment led to two years of substantial (organic) top-line declines in 2023 and 2024e. Despite top-line fluctuation, Semperit has achieved double-digit EBITDA margins of between 13.5% and 17.5% in the Industrial business segments on a 12-months rolling basis since FY 2020. With this, the company was able to achieve a) considerably positive and b) rather stable returns in a very challenging environment characterized by the adverse effects of the Covid pandemic, the war in Ukraine, supply-chain disruptions, sharp increases in energy prices and a weak overall macro-economic environment, particularly in Europe. This shows the different cycles of the various customer groups as well as Semperit's ability to quickly adjust its cost base to weaker demand in certain products and regions.

Semperit has set itself ambitious 2026 targets for revenues (> EUR 900m) and EBITDA (ca. EUR 120m). Based on our projections for the FY 2024 top line (WRe: EUR 669m) and EBITDA (EUR 80m) this requires a revenue CAGR of ≥16% for the next two years which is expected to lead to a 50% increase in earnings. In view of the expected incremental EBITDA contribution, about 60% of top-line growth is assumed to be driven by a cyclical recovery and ca. 40% by structural growth and new business opportunities. Although we expect Semperit to meet its top-line target one year later (in 2027) as we anticipate a rather slow economic recovery which will presumably only gain momentum in H2 2025, the revenue target underlines the company's ability to avail of growth opportunities in a highly competitive market. The envisaged expansion of the EBITDA margin from an adjusted 11.5% in 2023 (2024e: 12.0%) to 13.3% in 2026, as laid out in the financial targets, may appear low at first glance but also has to be seen against the rather solid margin development in the tough environment of the past two years.

We initiate coverage of the Semperit Group with a Buy recommendation and a price target of EUR 17.50. The target value is derived from the average of fair values produced by the DCF model (FV: EUR 17.53), the FCFVP approach (FV: EUR 17.49) and supported by peer-group multiples (FV: EUR 18.42). The company's shares also trade at a substantial discount to the book value. As D&A is a substantial burden on earnings, profitability below EBITDA level will show strong growth once the top line starts expanding again. This should clearly support the share-price performance. While we expect only a slight increase in sales this year as we anticipate only a modest macro-economic recovery at least in H1 2025, we expect a much more dynamic development for 2026 and beyond driven by an economic upswing and structural growth initiatives.



Rel. Performance vs ATX:	
1 month:	6.7 %
6 months:	18.4 %
Year to date:	7.2 %
Trailing 12 months:	-22.3 %

Company events:	
20.03.25	FY 2024
23.04.25	AGM
14.05.25	Q1 2025
13.08.25	H1 2025

FY End: 31.12. in EUR m	CAGR (23-26e)	2020	2021	2022	2023	2024e	2025e	2026e
Sales	6.7 %	927.6	601.8	779.8	681.8	668.9	710.0	827.2
Change Sales yoy		10.4 %	-35.1 %	29.6 %	-12.6 %	-1.9 %	6.1 %	16.5 %
Gross profit margin		*54.5 %*	*52.3 %*	*49.3 %*	*53.9 %*	*57.5 %*	*57.7 %*	*57.4 %*
EBITDA	14.7 %	208.6	54.0	100.5	71.8	80.2	85.6	108.5
Margin		*22.5 %*	*9.0 %*	*12.9 %*	*10.5 %*	*12.0 %*	*12.1 %*	*13.1 %*
EBIT	15.8 %	237.8	25.2	62.1	34.6	30.0	33.2	53.8
Margin		*25.6 %*	*4.2 %*	*8.0 %*	*5.1 %*	*4.5 %*	*4.7 %*	*6.5 %*
Net income	-	186.4	246.6	-5.5	-16.8	8.9	12.7	27.9
EPS	-	9.06	11.99	-0.27	-0.82	0.43	0.62	1.35
EPS adj.	3.9 %	9.46	0.18	1.86	1.21	0.43	0.62	1.35
DPS	9.1 %	1.50	1.50	4.50	0.50	0.20	0.30	0.65
Dividend Yield		9.7 %	4.8 %	21.0 %	2.5 %	1.6 %	2.4 %	5.1 %
FCFPS		7.45	11.56	-0.27	0.24	-0.18	0.40	0.99
FCF / Market cap		48.3 %	37.0 %	-1.3 %	1.2 %	-1.4 %	3.2 %	7.8 %
EV / Sales		0.4 x	0.9 x	0.6 x	0.9 x	0.7 x	0.7 x	0.6 x
EV / EBITDA		1.9 x	10.4 x	4.4 x	8.7 x	6.0 x	5.7 x	4.4 x
EV / EBIT		1.6 x	22.2 x	7.1 x	18.0 x	16.0 x	14.6 x	9.0 x
P / E		1.7 x	2.6 x	n.a.	n.a.	29.4 x	20.4 x	9.4 x
P / E adj.		1.6 x	177.0 x	11.5 x	16.8 x	29.7 x	20.5 x	9.3 x
FCF Potential Yield		32.7 %	45.7 %	0.9 %	-0.8 %	6.5 %	7.7 %	10.6 %
Net Debt		57.0	-97.2	-16.2	190.1	202.9	210.2	206.9
ROCE (NOPAT)		52.0 %	1.4 %	9.7 %	5.9 %	2.9 %	3.6 %	5.8 %
Guidance:	FY 2024: EBITDA of ca. EUR 80m							

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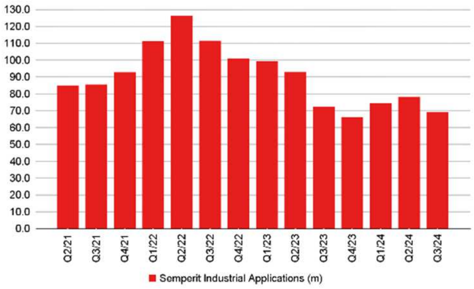
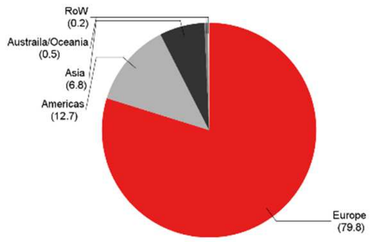
Sales SIA
in EUR m



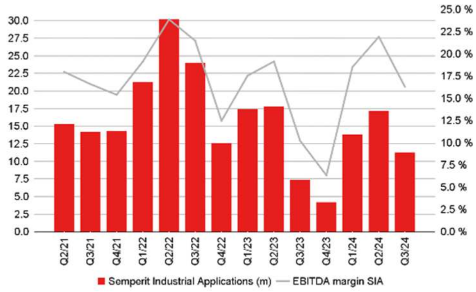
Source: Semperit Group; Warburg Research

Sales SIA by regions
2023; in %



Source: Semperit Group; Warburg Research

EBITDA / margin SIA
in EUR m



Source: Semperit Group; Warburg Research

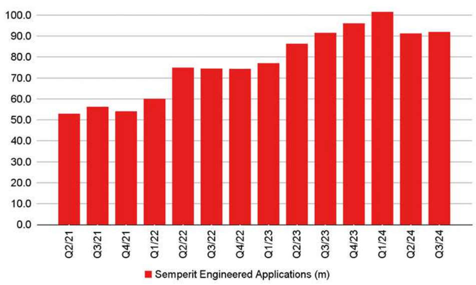
Company Background

- Semperit AG Holding is headquartered in Vienna, Austria, and has a legacy dating back to 1824. The company specializes in the development, production, and distribution of high-quality rubber and polymer products.
- Semperit has a strong global presence with production facilities in Europe, Asia and the Americas. It has > 4,000 employees and customers in more than 100 countries
- At Semperit Industrial Applications (SIA) the company produces hydraulic and industrial hoses as well as sealing profiles used e.g. for windows, doors and facades
- Semperit Engineered Applications (SEA) focusses on tailor-made products developed and produced for individual customers. Products include conveyor belts, escalator handrails, industrial profiles and LSR applications
- Semperit's mission is to provide reliable and durable solutions through advanced materials and rubber products. The company's core values emphasize innovation, customer focus, sustainability, and operational excellence.

Competitive Quality

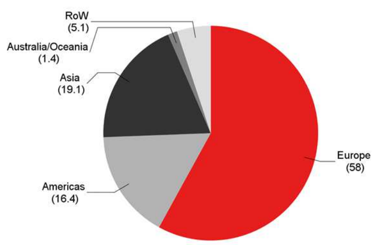
- Semperit is committed to driving innovation through R&D. By focusing on technological advancements, Semperit delivers products that meet the highest quality standards and set it apart from competition
- A global production and distribution network ensures close proximity to relevant (potential) clients with a clear focus on meeting the diverse needs of customers with innovative and reliable products
- Semperit has a solid financial track record which allows it to continue to invest in expanding its product portfolio, optimize production processes and enhance operational efficiency
- Innovation, economies of scale, strong customer focus and 200 years of experience in the rubber industry are key pillars to sustaining a leading market position with key customers
- Market-leading positions in key product categories and the focus on customer specific solutions allow the company to reduce price pressure from customers for commoditized product areas

Sales SEA
in EUR m



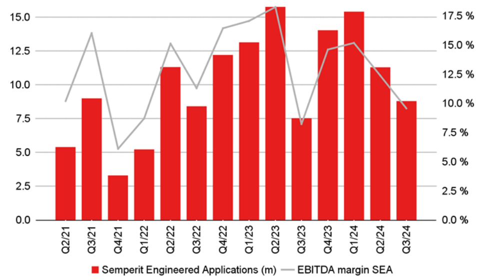
Source: Semperit Group; Warburg Research

Sales SEA by regions
2023; in %



Source: Semperit Group; Warburg Research

EBITDA / margin SEA
in EUR m



Source: Semperit Group; Warburg Research

Summary of Investment Case

Investment triggers

- After the disposal of the Sempermed business with medical and surgical gloves, Semperit is now fully focused on the Industrial business which it has strengthened with the acquisition of the liquid silicone rubber (LSR) specialist, Rico Group
- The Industrial business has shown rather stable margin development in recent years and quarters despite a challenging market environment. The company's business has proven its resilience, even in the cyclical environment in which it is active.
- Following substantial organic sales decreases in 2023 and 2024e, Semperit should substantially benefit from a cyclical recovery which should start this year and is assumed to gain momentum into 2026. Rising revenues should support EBITDA and particularly support fixed-cost coverage from D&A, supporting the bottom-line results

Valuation

- From our DCF model, we derive a fair value of EUR 17.53 considering, a) mid to long-term top-line growth of 3.5%, b) mid to long-term EBITDA margin of 12.5% and WACC of 7.59% based on a beta factor of 1.3x
- From the FCFVP approach, we derive a fair value of EUR 17.49 based on the average of fair values for the years 2025 and 2026. With substantial earnings growth in 2026e, the fair value increases over time
- Based on valuation multiples for EV/EBITDA, EV/EBIT and PER in the 2024-26 period, Semperit would trade on par with the peers at a share price of ca. EUR 18.42

Growth

- Substantial top-line growth forecast for the years ahead based on a cyclical recovery as well as structural growth in interesting niche markets supported by global mega-trends, new product-market combinations and close relationships with key customers on a global scale in all relevant regions
- Acquisition of Rico Group in 2023 adds to growth momentum as the company expects to outgrow the LSR market which is already assumed to expand by 7% p.a. which is ahead of Semperit's historic growth rates
- Strong balance sheet and sound FCF generation are prerequisites for further growth initiatives in the years ahead

Competitive quality

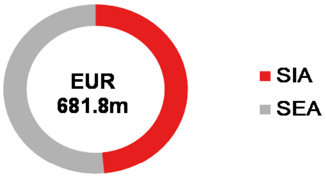
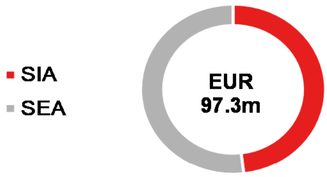
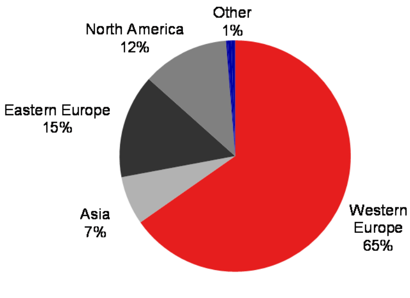
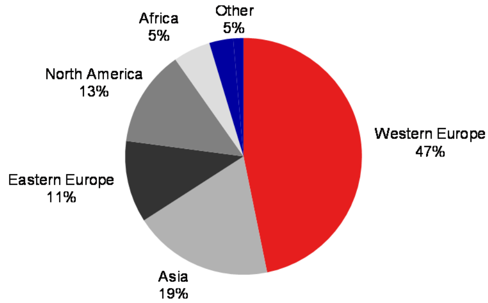
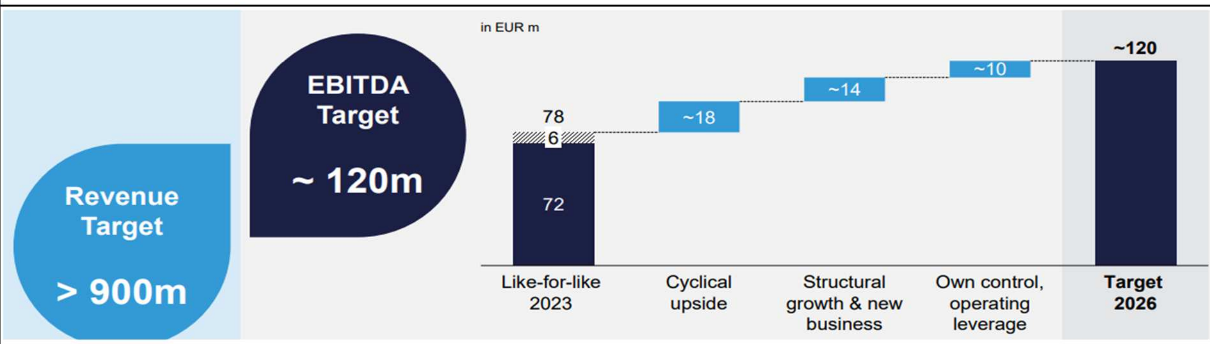
- Leading industrial elastomer specialist with a customer-focused approach and a globally diversified sales network
- Technological lead based on more than 200 years of a track record in synthetic and natural rubber applications as well as continuous innovation and customer centricity
- Streamlined organization with two separate divisions serving a broad customer base from diversified industries in more than 100 countries

Warburg versus consensus

- As only four brokers (excluding us) provide consensus data for Semperit Group, the explanatory power of consensus estimates is limited. However, for FY 2024 our sales (EUR 669m) and EBITDA (EUR 80m) estimates appear to be broadly in line with the current market expectations (EUR 671m; EUR 81m)
- We are more cautious as regards the development of the top line and EBITDA in 2025. In view of a rather slow recovery of the macro-economic environment and a rather soft start to the year, we expect FY sales to reach EUR 710m which is somewhat lower than the consensus view (EUR 743m). The more cautious top-line assumption is also reflected in our more conservative EBITDA estimate of EUR 86m vs. the market expectation of EUR 98m)
- Once the economy recovers we expect strong top-line momentum. Thus, our FY 2026 top-line estimate of EUR 827m is higher than consensus (EUR 801m) despite our more cautious stance on 2025. Our 2026 EBITDA estimate EUR 109m is broadly in line with the market view (EUR 111m)

Company Overview

SEMPERIT

Revenue Split vs. EBITDA Split FY23					
Description	Semperit is an industrial company, focusing on two divisions: **Semperit Industrial Applications (SIA)**, which emphasizes industrial products like hydraulic hoses, and **Semperit Engineered Applications (SEA)**, which offers customized elastomer-based solutions.				
Segments	**Semperit Industrial Applications | SIA**		**Semperit Engineered Applications | SEA**		
Revenue FY23 *in % of total*	**330.8** *48.5%*		**351.0** *51.5%*		
EBITDA FY23 *in % of total*	**46.9** *48.2%*		**50.5** 51.9%		
Regional Split FY23					
Productsegment	**HOSES**	**PROFILES**	**BELTING**	**FORM**	**LSR**
Products	Industrial Hoses Hydraulic Hoses	Sealing Profiles Elastomer Plates	**Conveyor Belts**	Escalator Handrails Mountain Applications Track Underlays	**Liquid Silicone Rubber** rico GROUP
Competitors	BRIDGESTONE Parker MICHELIN TRELLEBORG Continental CONTITECH				
Outlook FY 2026					

Source: Warburg Research

Competitive Quality

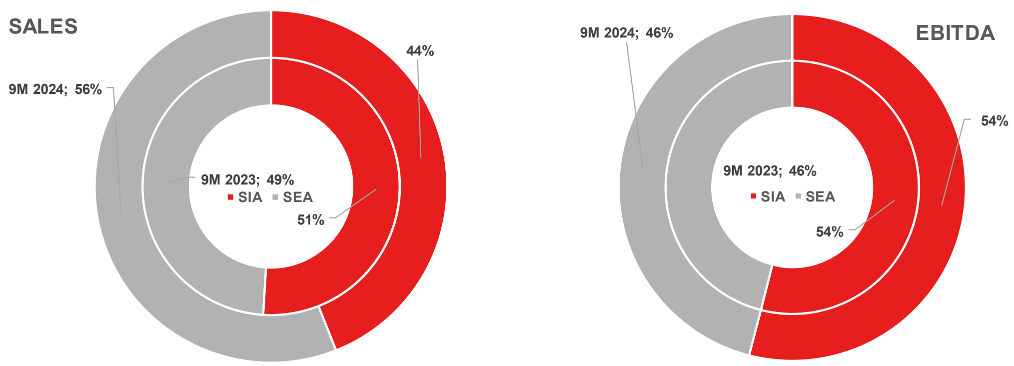
- Leading industrial elastomer specialist with a customer-focused approach and a globally diversified sales network
- Technological lead based on more than 200 years of a track record in synthetic and natural rubber applications as well as continuous innovation and customer centricity
- Streamlined organisation with two separate divisions serving a broad customer base from diversified industries in more than 100 countries

Leading elastomer specialist with two strong divisions

Semperit Group is an industrial company specializing in high-performance elastomer products and solutions. The company, which has a 200-year history, was operating 16 production sites worldwide in 2023 and generated EUR 682m in revenue from continued operations. With a workforce of around 4,250 employees, Semperit is a global player with business activities in all major regions.

Following the disposal of the medical (glove) business (Sempermed) in 2022, Semperit now concentrates on two divisions, **Semperit Industrial Applications (SIA)**, which focuses on industrial products such as hydraulic and industrial hoses (Hoses) as well as sealing profiles (Profiles) and **Semperit Engineered Applications (SEA)**, which offers customized and tailor-made technical elastomer-based solutions including escalator handrails, conveyor belts, cable car rings, track underlays as well as liquid silicon rubber products.

Semperit Group: sales / EBITDA by division 9M 2024 / 9M 2023



Source: Semperit Group; Warburg Research

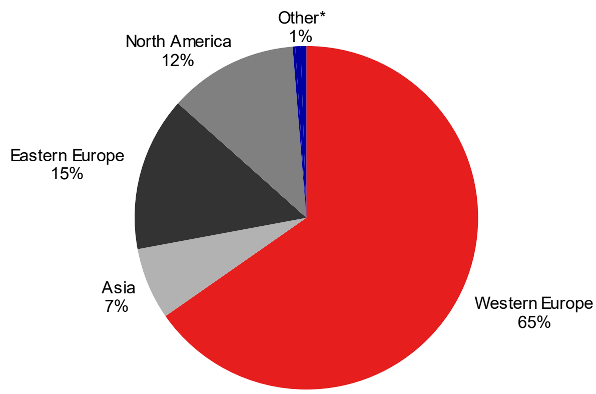
SIA: Focus on efficient production and cost leadership

Semperit Industrial Applications (SIA) generated revenues of EUR 331m in 2023 representing 49% of Group sales. The Hoses business is expected to have contributed around 70% and the Profiles business the remaining 30%.

Steel reinforced hydraulic hoses (ca. 70% of the Hoses business) have to withstand extremely high pressure of >100bar as part of the energy transport within the hydraulic system. The hoses are e.g. used in the construction, agriculture and mining industry but also in high pressure cleaning (washer hoses). Industrial hoses (ca. 30% of the Hoses business), in contrast, have to deal with lower pressures of 5-100 bar which in some cases allows for textile instead of steel reinforced products. Rather than energy transport the transport of materials (water, gas, chemicals) is in focus here. Sealing products are needed in construction (e.g. window, door, facade profiles) as well as packaging, machinery, HVAC, marine, and electric system applications.

Although customer expectations with regard to quality are high and manufacturers must make sure that they comply with the requirements, products in the Hoses and Profiles businesses are frequently standardized with regard to the respective product quality and thus offer little room for differentiation. Consequently, industry rivalry is relatively high. Highly efficient manufacturing and cost leadership in connection with economies of scale from large-scale production are thus crucial success factors in these product categories.

SIA revenues per region (FY 2023: EUR 331m)



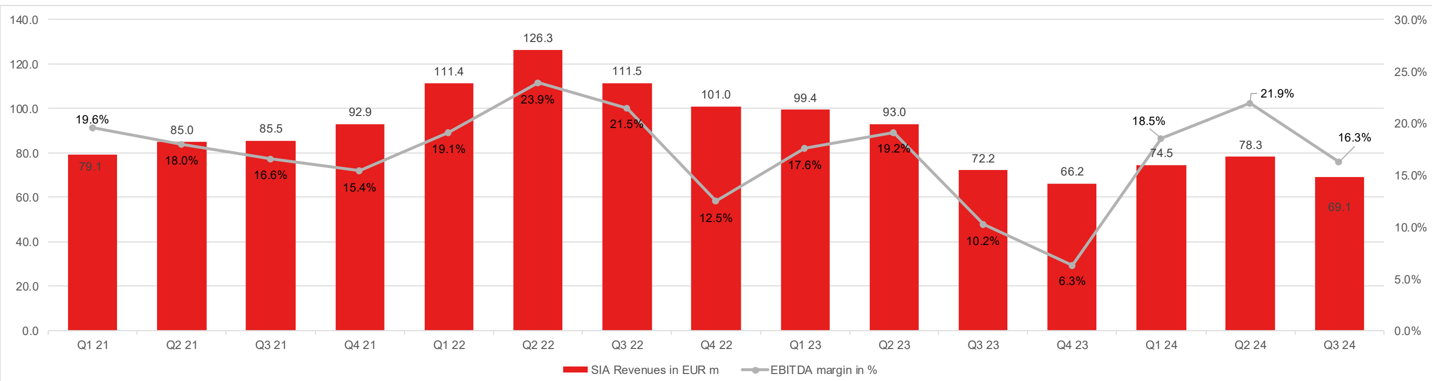
Source: Semperit Group, Warburg Research

Semperit has secured a strong market position in both business areas. In the Hoses business the company claims to be the No. 3 manufacturer for hydraulic hoses globally and to be the globally leading “hose only”, (i.e. ex-connector) supplier. In the industrial hoses business, the company obtains the number three position in Europe and is said to be the number six globally.

Hoses are produced in four locations, Wimpassing (Austria), Odry (Czech Republic), Shanghai (China) and Hat Yai (Thailand). With Odry being the largest hose factory in Europe and Hat Yai among the biggest factories in Asia, Semperit has secured scale in production to generate decent returns. With a further expansion in Odry (DH5) – which sets new benchmarks in efficiency – the company is working on securing cost leadership also for the future.

In sealing profiles, a ranking of market positioning is difficult due to the highly fragmented product portfolio, which caters to customers from various industries. However, Semperit claims to be among the leading European manufacturers.

SIA: sales and EBITDA margin development



Source: Semperit Group; Warburg Research

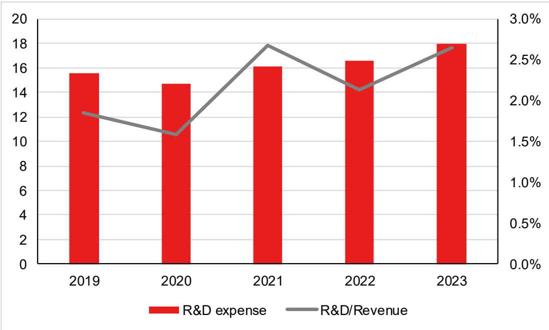
While the business at SIA is highly cyclical, Semperit recorded consistently positive EBITDA margins from Q1 2021 (and before) until today. While the EBITDA (margin) development, particularly in 2022 and 2023 clearly shows a) the generally attractive margin profile of the (hydraulic) hose business as well as b) the importance of economies of scale in production, improving profitability in 9M 2024 also underlines the company's ability to contain costs and to defend prices even in an adverse macro-economic scenario.

SEA: Technology and innovation-driven customized solutions

Semperit Engineered Applications (SEA) generated revenues of EUR 351m in 2023 representing 51% of Group sales from continued operations. The Belting business is expected to have contributed around 50% and the Form business ca. 40%. About 10% is expected to have been contributed by the liquid silicone rubber (LSR) specialist RICO which was acquired has been fully consolidated since 1 August 2023. On an annualized basis RICO is likely to contribute some 25% to segment sales.

In contrast to the volume business at SIA, business at SEA is characterized by a higher level of customization which requires customer proximity and intimacy with corresponding international production and sales footprint. At Engineered Applications, Semperit not only delivers products but works together with customers to develop solutions. The company benefits from its strong focus on innovation, as reflected in an R&D expenditure of 2-3% of its revenue, as well as its 200 years of experience in the rubber industry, embodied in a vast "recipe book" of various rubber compounds for a wide range of applications.

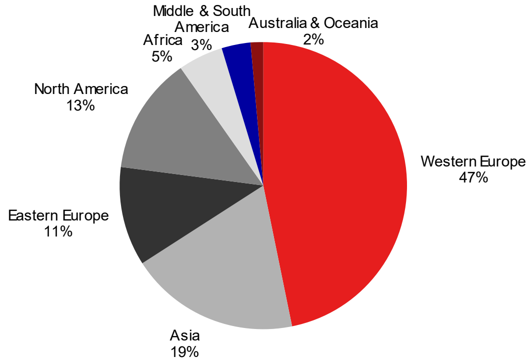
Semperit Group R&D spending



Source: Semperit Group, Warburg Research

The close relationship with customers and the development of tailored solutions allow Semperit to serve attractive niches, reduce competitive pressure, and maintain a healthy margin profile. Compared to the SIA business – which generated 80% of revenues in Europe in 2023, the regional footprint of SEA is substantially broader with Europe contributing just 58% to sales (WE: 47%; EE: 11%).

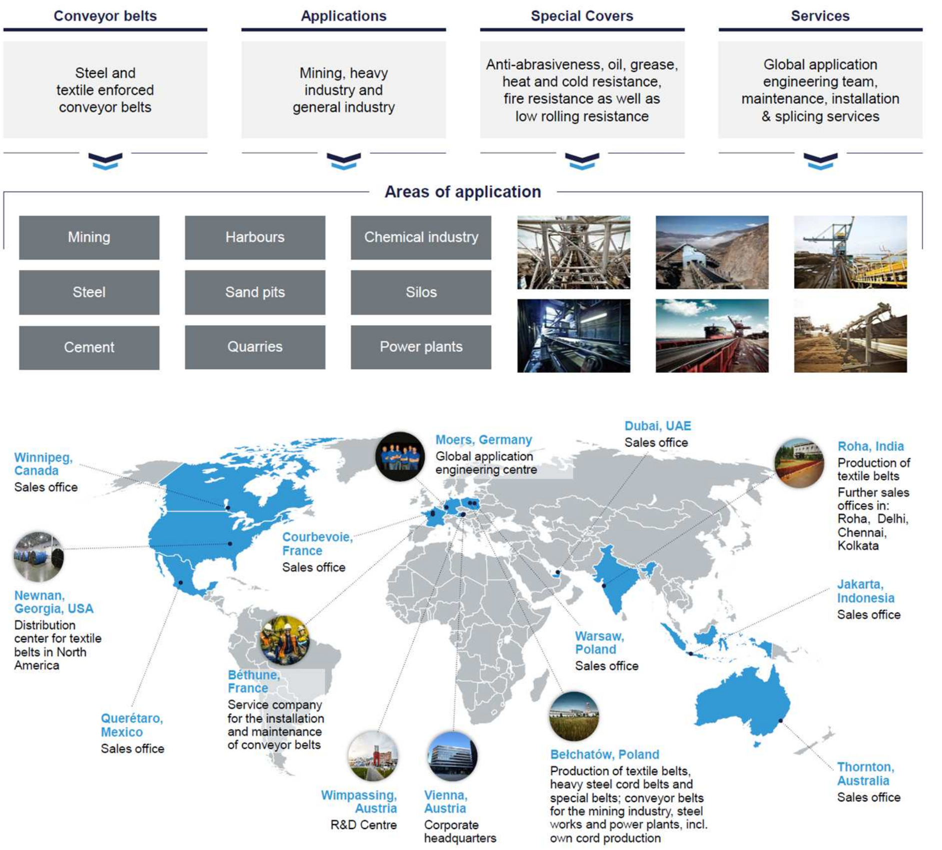
SEA revenues per region (FY 2023: EUR 351m)



Source: Semperit Group, Warburg Research

In a competitive environment that requires a strong focus on efficiency and capacity utilization, Semperit Group's **Belting** business achieves differentiation by working on partnerships with international mining groups, by offering an excellent price-performance ratio in heavy and medium-strength steel belts as well as in performance textile belts, and with benchmark-level technical support. Operations located in close proximity to the respective customers are key to success.

SEA Belting product portfolio



Source: Semperit Group, Warburg Research

The company's Form business offers a wide range of smart tailored polymer products for a variety of industries such as building and construction, household appliances, industrial, manufacturing, material transport and people mobility. Product examples are escalator handrails, train track underlays, brush hoses and elements, elastomer sheets, filtration membranes, gaskets & seals, rubber foils, ropeway liners and rings as well as ski foils.

SEA Form product portfolio

Source: Semperit Group, Warburg Research

While the customer markets are comparatively fragmented, the products are all specifically developed for and together with respective customer (groups). Consequently, key success factors are

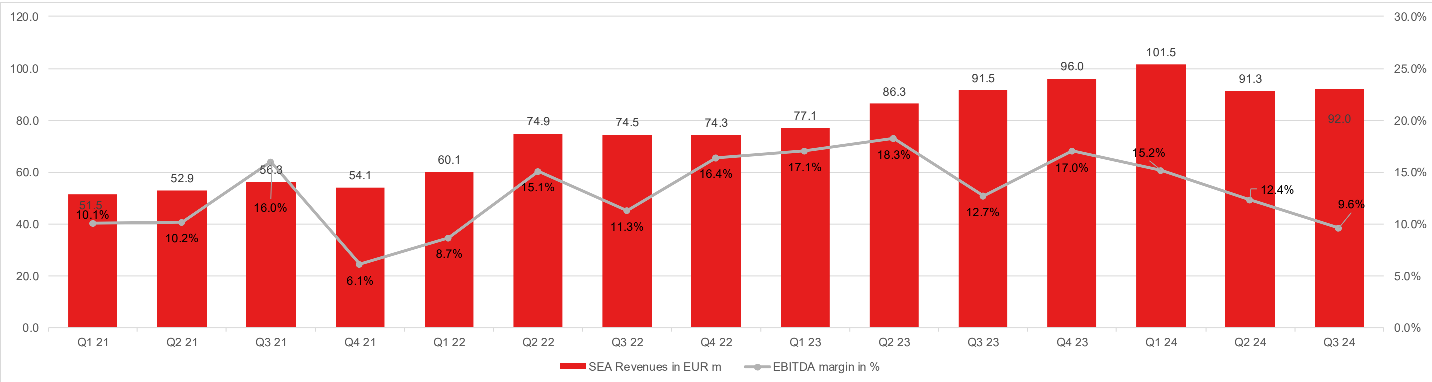
a) margin-accretive growth with new Product-Market-Combinations (PMCs) based on existing material and production know-how as well as equipment

b) the extension of end-to-end application know-how to improve customer intimacy and to broaden the product offering with customized product/market strategies

c) a focus on niches with regard to products and markets while making use of economies of scale in production and

d) constant streamlining of the product portfolio with the aim of improving overall profitability as well as continuous streamlining of costs and automation

SEA: Sales and EBITDA margin development



Q3/Q4 2023 adj. for one-off effects related to the acquisition of Rico Group

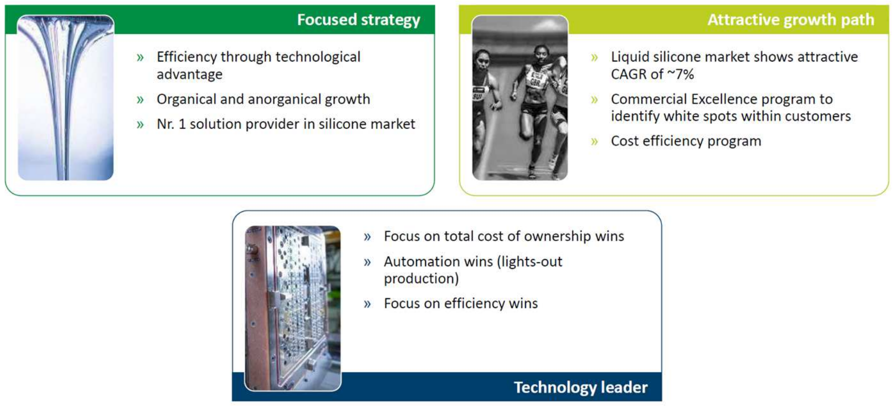
Source: Semperit Group; Warburg Research

In contrast to SIA – where sales started to decline sequentially from a peak in Q2 2022 as a result of weaker demand due to the macroeconomic environment in general and lower demand from the construction and agricultural industries in particular – SEA revenues continued to increase through Q2 2023 (Rico acquisition included in sales from Q3 2023) reflecting late-cycle demand in mining with supportive pricing. While making consistently positive contributions to Group EBITDA overall, SEA and SIA have different business cycles which adds to resilience for the Group overall (see page: 12).

In April 2023 Semperit Group announced the acquisition of Rico Group, a leading global specialist in the production of liquid silicone solutions for customers from the Industrial, Mobility, Healthcare, Sanitary, Food and Consumer Appliances industries. Key technologies comprise single, dual, and multi-shot liquid silicone rubber forming as well as the respective tooling know-how. The business – which generated revenues of ca. EUR 90m and EBITDA of ca. EUR 16.5m in FY 2022 – has been consolidated in Semperit's accounts as part of the SEA division since August 2023.

Rico differentiates itself from the competition as an engineering company which develops solutions together with customers with the purpose of achieving superior product costs by increasing efficiency through e.g. lower cycle times or the elimination of assembly steps. The superior tool-making technology and strong customer relationships are key to achieving this goal. As product prices are rather low (e.g. connector seals, gaskets, grommets but also hearing-aids and shower-heads, to name but a few), efficient production regarding the input factors of material, energy and labour are key to customer success. While the product portfolio is complementary to Semperit's other business units, the combination of Semperit's expertise in cost control with Rico's technological leadership are expected to generate synergies allowing the business at Semperit to a) grow stronger than the market (expected market CAGR of 7%) while also maintaining a very attractive margin level (FY 2022 EBITDA margin at > 18%).

Rico Group overview



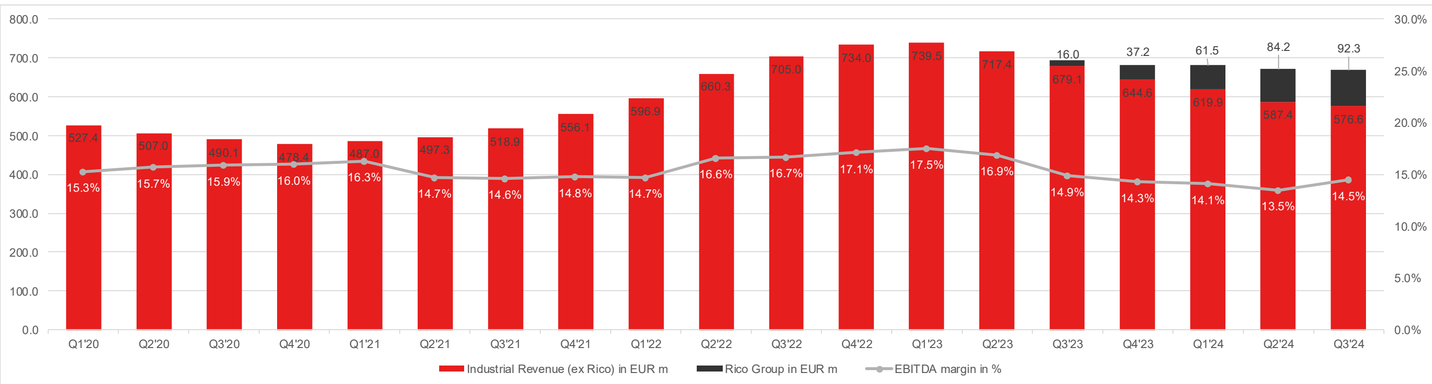
Source: Semperit Group, Warburg Research

Resilient earnings profile in a cyclical environment

With the hand-over of the surgical operations to Harps at the end of Q2 2024, Semperit fully completed the exit from the medical gloves business and is now focusing on its Industrial businesses SEA and SIA.

Catering to customers active in the yellow goods sector, agricultural machinery, chemicals, mining, building, railway, household appliances and various other industries, demand for the company's products usually follows a cyclical pattern around a mid to long-term growth trajectory.

Semperit Industrial Business sales and EBITDA margin



from Q3 2023 adj. for one-off effects related to the acquisition of Rico Group

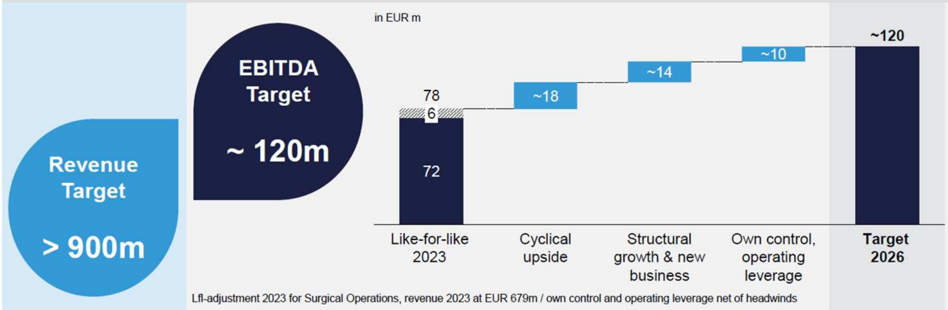
Source: Semperit Group; Warburg Research

The graph shows that Semperit has been able to consistently achieve double-digit (adj.) EBITDA margins of between 13.5% and 17.5% in the Industrial business on a 12-months rolling basis since FY 2020. With this, the company achieved a) considerably positive and b) rather stable returns in a very challenging environment characterized by the adverse effects of the Corona pandemic, the war in Ukraine, supply-chain disruptions, sharp increases in energy prices and a weak overall macro-economic environment, particularly in Europe. This shows the different cycles of the various customer groups as well as Semperit's ability to quickly adjust its cost base to weaker demand in certain products and regions.

Ambitious growth target set for 2026

Semperit Group has set itself ambitious 2026 targets for revenues (> EUR 900m) and EBITDA (ca. EUR 120m). Based on our projections for sales in 2024 (WRe: EUR 669m) and EBITDA (EUR 80m), this requires a revenue CAGR of ≥16% for this year and next which is expected to lead to a 50% increase in earnings. In view of the expected incremental EBITDA contribution, 60% of top-line growth is assumed to be driven by a cyclical recovery and ca. 40% by structural growth and new business opportunities.

Semperit Group financial targets for 2026

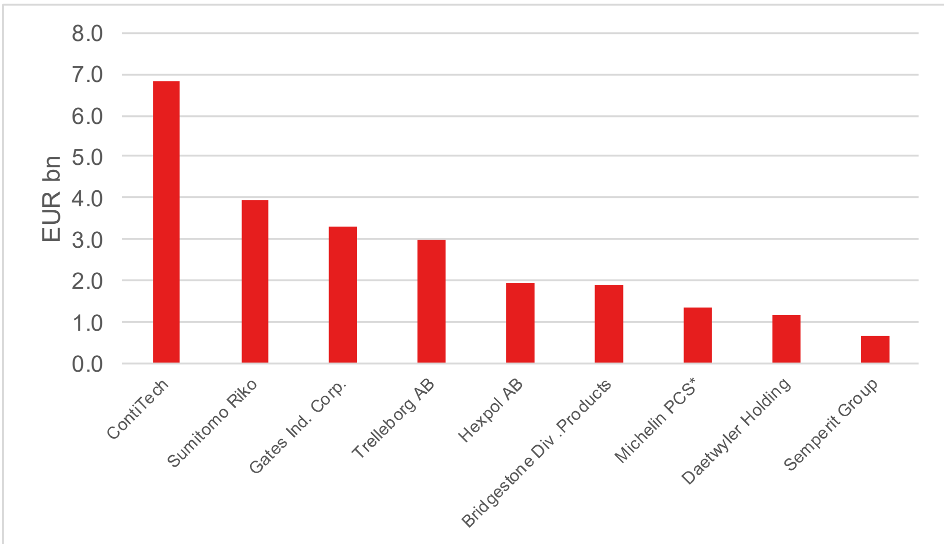


Source: Semperit Group, Warburg Research

Although we expect Semperit to reach the top-line target one year later, in 2027, as we anticipate a rather slow economic recovery which will presumably only gain momentum in H2 2025, the revenue target underlines the company's ability to seize growth opportunities in a highly competitive market. The envisaged expansion of the EBITDA margin from an adjusted 11.5% in 2023 (2024e: 12.0%) to 13.3% in 2026 as laid out in the financial targets may appear low at first glance but also has to be seen against the rather solid margin development in the tough environment of the past two years.

Furthermore, the targets underline that Semperit Group sees growth potential for its business beyond a cyclical recovery despite a competitive environment overall and the entry of new, regional competitors. This, together, with a rather resilient margin profile despite being smaller than major competitors should prove the attractiveness of the market niches in which the company has a strong position.

Semperit Group: competitive environment (FY 2023)



'* PCS: Polymer Composites Solutions

Source: Company data, FactSet, Warburg Research

Semperit enjoys a solid financial position to pursue its growth targets. At the end of 2023, the company's equity ratio amounted to 45%. Following two years with very strong FCF generation in 2020 and 2021 – particularly driven by strong earnings at the Sempermed examination and surgical glove business which has meanwhile been sold – as well as rather low capex activity in these two years, Semperit Group achieved a financial net cash position of EUR 144m at the end of 2021.

With higher growth investments in the past two years, rather high cash taxes in 2022 and the purchase price for Rico (EUR 197.5m cash and debt free) the net cash position turned into a net financial debt position of EUR 115m at the end of 2023, despite a EUR 85.3m inflow from the Sempermed disposal. For the end of 2024, we expect net financial debt to stand at EUR 128m corresponding to a gearing ratio of 0.3x and net financial debt / EBITDA of 1.6x. The company is not subject to any minimum levels for the equity ratio or maximum levels for gearing. Covenants only exist with regard to the leverage ratio: While the company should ensure that it does not exceed a leverage ratio of 3.5x, a default would occur if a leverage ratio of 4.0x is exceeded twice.

Analysis of return on capital

- Solid balance sheet with a comfortable equity ratio of 45%. Net financial debt at ca. EUR 128m at end of FY 2024 (WRe) corresponding to 0.3x equity and a leverage ratio of 1.6x
- As a manufacturing company Semperit Group has rather high requirements for PP&E and working capital, which weigh on capital turn as well as ROCE based on book values
- Return on capital more attractive at market value of equity as the current share price (EUR 12.5) is substantially below book value (EUR 20.5).

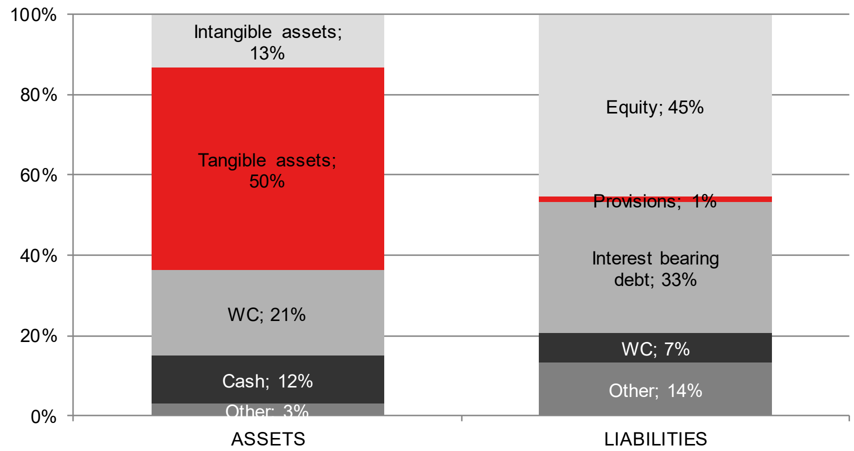
High equity ratio and limited amounts of financial debt

Some 13% (EUR 125m) of Semperit Group's assets are allocated to intangibles, of which EUR 51m are attributable to goodwill and EUR 74m to other intangible assets, i.e. software licenses, industrial property rights and similar rights.

The carrying amount of goodwill relates principally to the recent acquisition of Rico Group (2023). At ca. 5% of assets, goodwill is comfortably covered by equity (equity ratio: 45%).

As a manufacturing company, PP&E is a major item and represents about 48% of assets (EUR 447m). Gross purchasing costs at the start of 2023 amounted to EUR 981m of which technical equipment and machinery made up the largest part (EUR 591m) followed by land and buildings (EUR 263m). Deferred tax assets, tax receivables and prepayments add 2pp to the ratio of tangible assets.

Semperit Group: balance sheet (2023)



Source: Semperit Group, Warburg Research

Semperit Group has set itself an ambitious growth target and it is aiming for revenues of >EUR 900m by 2026. Compared to our FY 2024 estimate (EUR 669m) this implies growth of 35% and a top-line CAGR of ca. 16%. Although the anticipated cyclical recovery will contribute substantially to the targeted growth, growth investment will also be required to enable the company to seize market opportunities. Consequently, we expect the capex/D&A (excl. lease assets) ratio to stay above 1x and the PP&E ratio to further increase this year and next.

Working capital management

Working capital (gross; i.e. inventories and trade receivables) amounted to EUR 197m (21% of total assets) at the end of FY 2023. Net working capital amounted to EUR 128m considering trade payables of EUR 68m. This corresponded to a working capital-to-sales ratio of 18.8%.

Semperit Group: cash-conversion cycle

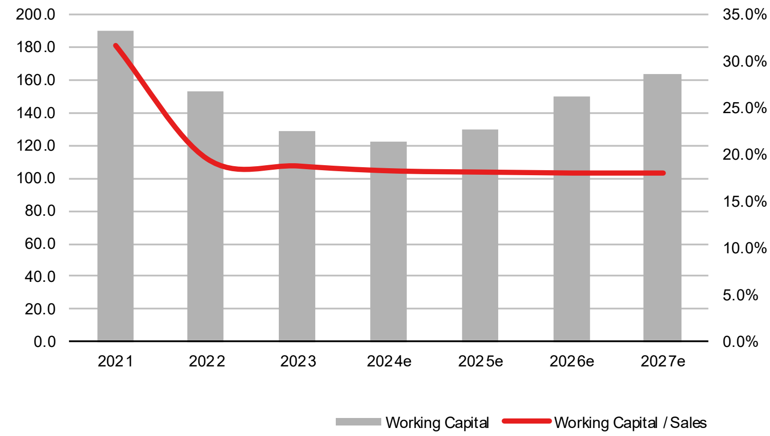
Cash-Conversion-Cycle	2021	2022	2023	2024e	2025e	2026e	2027e
Net Working Capital	190.4	153.2	128.5	122.7	129.4	149.9	163.4
Days Inventory on Hand (DOH)	113	60	59	57	57	56	56
Days Sales Outstanding (DSO)	60	42	46	44	45	45	45
Days Payables Outstanding (DPO)	58	30	37	34	35	35	35
Cash-Conversion-Cycle	**116**	**72**	**69**	**67**	**67**	**66**	**66**

Source: Semperit Group, Warburg Research

Semperit Group has a relatively stable conversion of business into cash with a cash-conversion cycle of around 66-72 days from 2023 through 2027e. The figures have not changed materially since the disposal of the Sempermed medical glove business.

Semperit aims to keep the working capital-to-sales ratio at, or below, 20%. We expect this level to be achieved in 2024 and in the years ahead. At the end of Q3 2024, net working capital had been reduced by EUR 12.5m through factoring arrangements. We have not assumed any changes in the amount of factoring for the years ahead although the programme could be expanded to up to ca. EUR 35m.

Semperit Group: working capital management



Source: Semperit Group, Warburg Research

Solid financial position

At the end of FY 2023, the company's equity ratio amounted to 45%. Assuming positive net results for 2024 and beyond, and considering the company's policy to distribute dividends of around 50% of earnings after taxes, we expect the equity ratio to slightly increase towards 47% it the years ahead. The BPS amounted to EUR 20.7 at the end of 2023. Excluding intangible assets, the BPS amounted to EUR 14.6.

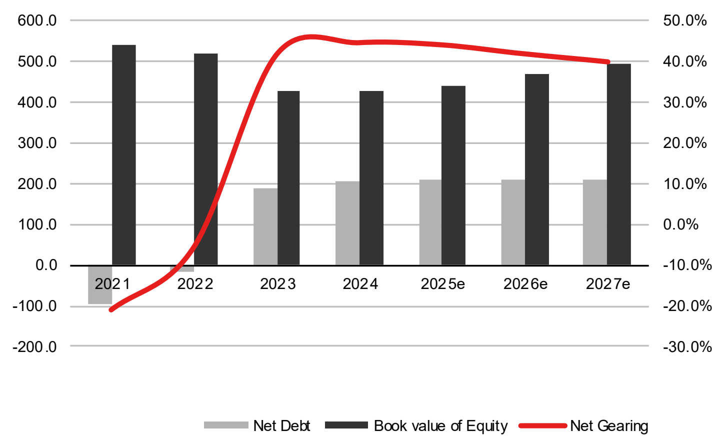
Following two years with very strong FCF generation in 2020 and 2021 – particularly driven by strong earnings at the Sempermed examination and surgical glove business which has meanwhile been sold – as well as rather low capex activity in these two years, Semperit Group managed to achieve a financial net cash position of EUR 144m at the end of 2021. With higher growth investments in the past two years, rather high cash taxes in 2022 and the purchase price for Rico (EUR 197.5m cash and debt free), the net cash position turned into a net financial debt position of EUR 115m at the end of 2023. For the end of this year we expect net financial debt at EUR 128m corresponding to a gearing ratio of 0.3x and net financial debt / EBITDA of 1.6x.

While the company is not subject to any minimum levels for the equity ratio or maximum levels for gearing, **covenants** exist with regard to the leverage ratio: While the company should ensure that it does not exceed a leverage ratio of 3.5x, a default would occur if a leverage ratio of 4.0x is exceeded twice.

One special item within Semperit's accounts is the stake in Semperflex Asia Corp. Ltd, Thailand (SAC). The entity is fully consolidated by the Semperit Group (based on control and management structure) although the company holds a stake of just 50% and the Thai Sri Trang Group holds the other 50%. The minority interest is not shown as minority interest but as liabilities from non-controlling interest within current and non-current liabilities of the Semperit Group. This treatment reflects the non-controlling shareholders' unconditional termination right for his shareholding. The carrying amount of the liabilities stood at EUR 14.7m at the end of FY 2023. At EUR 86.0m, the fair value of the redeemable non-current interest was substantially higher. While the co-shareholder has termination rights, Semperit may (until mid-2026) acquire the outstanding stake in Semperflex Asia Corp at a pre-defined but undisclosed price.

Net debt at the end of 2023 amounted to EUR 192m and – in addition to the net financial debt – includes the carrying amount of liabilities from redeemable non-controlling interests as well as other financial liabilities (mainly lease liabilities from IFRS 16). We also include pension liabilities in our net debt figure (2023: EUR 13m). Based on our FCF as well as dividend payment assumptions for this year and the next few years we do not expect major changes to the company's net financial position.

Semperit Group: balance sheet quality



Source: Semperit Group, Warburg Research

Pension provisions

Defined benefit obligations for future pensions amounted to EUR 18m at the end of 2023. This amount was only partly covered by pension plan assets to the tune of EUR 6m. In total, net pension obligations are of minor relevance at Semperit.

Capital turn

The Semperit business requires substantial capital employed which weighs on the cap turn which amounts to just >1x and is not expected to improve substantially from here in the years ahead as top-line growth requires investments in PP&E as well as working capital.

Semperit Group capital intensity

Capital Intensity	2021	2022	2023	2024e	2025e	2026e	2027e
Sales	602	780	682	669	710	827	901
PP&E	377	294	447	469	491	507	522
PP&E turnover	1.6	2.7	1.5	1.4	1.4	1.6	1.7
Average Capital Employed	418	473	559	624	642	665	687
CE turnover	**1.4**	**1.6**	**1.2**	**1.1**	**1.1**	**1.2**	**1.3**

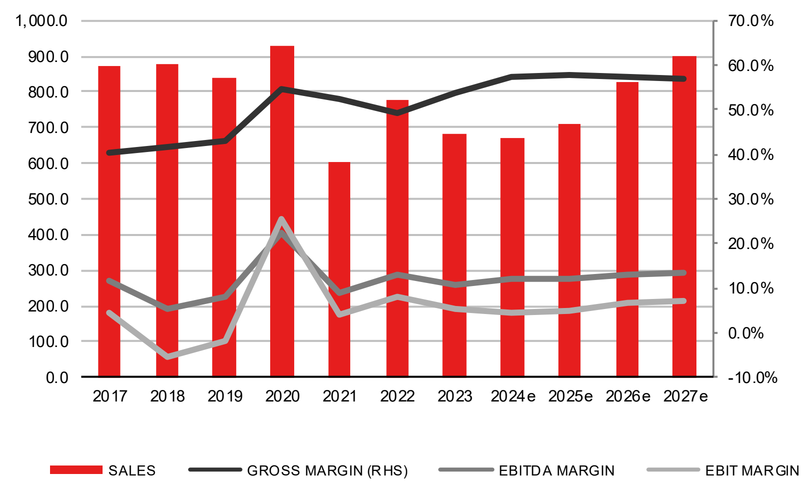
Source: Semperit Group, Warburg Research

Operating profitability

Semperit Group signed the disposal of its business with examination and surgical gloves (Sempermed) at the end of 2022. The respective business was treated as a discontinued operation in the scope of FY 2022 figures and comparable figures were provided for FY 2021. However, Semperit initially kept the production and packaging of the surgical glove business which was finally disposed to Harps Global Pte. Ltd. in 2024. The respective business is still included in 2021 and 2022 figures as a continued operation with a sales contribution of EUR 46m. In 2018 and 2019, Sempermed contributed 35% to Semperit Group's total sales but was substantially loss-making on EBIT level. In 2020 – in the course of the Covid pandemic – the revenue share jumped to 48% - while the contribution to EBITDA climbed to as much as 72% and segment EBIT at EUR 225m was responsible for almost the entire Group EBIT (EUR 238m) as impairment losses booked in previous years were partly reversed. These reversals meant that FY 2020 EBIT was ahead of EBITDA. While Sempermed will no longer have an impact on future results, the substantial impact of the Sempermed business on figures up to 2020 (and partly still in 2021 and 2022 for the surgical gloves business) must be considered when comparing today's profitability and cost ratios and projections for the future with historical levels.

In addition, the acquisition of Rico must be considered in the company's accounts from August 2023 as the business substantially adds to D&A but is also accretive to the gross margin.

Semperit Group: GPM/pricing



Source: Semperit Group, Warburg Research

- In 9M 2023 Semperit recorded a gross margin of 53.7%. By 9M 2024, this had improved to 57.6%. Excluding Rico, material costs dropped by EUR 44m while sales decreased by EUR 68m. Consequently about 2.2pp of the gross margin improvement should have been attributable to Rico while ca. 1.7pp are due to an improvement in the gross margin in the other businesses reflecting price / material costs and mix effects. For FY 2024 we expect the gross margin to have reached 57.5%. Assuming a rather stable raw-material price environment, we expect the gross margin to remain largely stable at between 57-58% in the years ahead.
- In 2023, Semperit Group launched a cost reduction programme which was aiming for an annual cost reduction of EUR 10m in overhead costs. With savings of EUR 14.4m at the end of H1 2024 the company has more than achieved this target. While the programme was already contributing to earnings stability amid the weak top-line development in recent quarters, we assume that the positive effects will become more visible once Semperit can enjoy a more favourable top-line development as there should be less of

an increase in personnel costs than revenues. We assume a decrease in the personnel costs-to-sales ratio from 33.0% expected for 2024 to 31.1% in 2027.

- For the balance of other operating income and other operating expenses, we expect a rather stable burden overall of around 12.5% of revenues for this year and the next few years.
- Based on the aforementioned assumptions, we expect the EBITDA margin to have improved from 10.5% in 2023 to 12.0% in 2024 (9M 2024: 12.6%). We expect a similar margin (12.1%) for 2025 before stronger top-line growth allows for a margin improvement to 13.1% in 2026e and 13.5% in 2027e.
- The acquisition of Rico has led to a substantial increase in D&A. While depreciation and amortization amounted to ca. EUR 7.4m each in Q1 and Q2 2023 the value increased to EUR 10.4m in Q3 2023 and EUR 11.2m in Q4 2023. For the first three quarters of 2024, D&A averaged at EUR 12.4m for each of the three-month periods. For the FY, we thus expect depreciation and amortization to be EUR 50.3m, well ahead of the FY 2023 figure (EUR 36.4m).
- Consequently, EBIT of EUR 30.0m in 2024 is assumed to come in well below the prior year's EUR 35.5m, despite an increase in reported EBITDA from EUR 71.8m to EUR 80.2m. We expect an EBIT margin of 4.5% (2023: 5.2%). As D&A should grow slower than sales in the years ahead, we expect the EBIT margin to expand to 7.0% in 2027e.
- In addition to the increase in D&A, the payment of the purchase price for Rico (EUR 197.5m cash and debt free) has – in combination with generally higher interest rates – also led to an increase in interest spending which weighs on EBT and thus net income.

Semperit Group: P&L structure

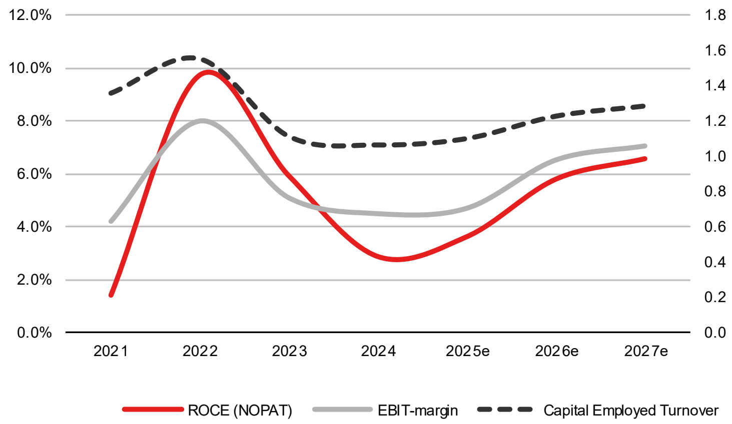
in % of Sales	2021	2022	2023	2024e	2025e	2026e	2027e
Sales	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Increase / decrease in inventory	1.6%	1.5%	-1.6%	-0.7%	0.2%	0.2%	0.2%
Own work capitalised	0.5%	0.3%	0.4%	0.4%	0.4%	0.3%	0.1%
Total sales	**102.1%**	**101.8%**	**98.8%**	**99.7%**	**100.7%**	**100.5%**	**100.3%**
Material Expenses	49.8%	52.6%	44.8%	42.2%	42.9%	43.1%	43.2%
Gross profit	**52.3%**	**49.3%**	**53.9%**	**57.5%**	**57.7%**	**57.4%**	**57.1%**
Personnel expenses	30.4%	25.3%	30.1%	33.0%	32.8%	31.9%	31.1%
Other operating income	1.4%	1.2%	0.9%	1.2%	1.1%	0.9%	0.9%
Other operating expenses	14.3%	12.3%	14.2%	13.7%	13.9%	13.4%	13.4%
EBITDA	**9.0%**	**12.9%**	**10.5%**	**12.0%**	**12.1%**	**13.1%**	**13.5%**
Depreciation of fixed assets	4.4%	4.6%	4.9%	6.9%	6.8%	6.1%	6.0%
EBITA	**4.5%**	**8.3%**	**5.6%**	**5.1%**	**5.2%**	**7.0%**	**7.5%**
Amortisation of intangible fixed assets	0.4%	0.4%	0.5%	0.6%	0.6%	0.5%	0.4%
EBIT	**4.2%**	**8.0%**	**5.1%**	**4.5%**	**4.7%**	**6.5%**	**7.0%**
Financial result	-1.6%	-1.3%	-1.3%	-2.3%	-2.1%	-1.8%	-1.6%
EBT	**2.5%**	**6.6%**	**3.8%**	**2.2%**	**2.6%**	**4.7%**	**5.4%**
Taxes total	1.9%	1.7%	0.2%	0.9%	0.8%	1.3%	1.5%
Net income from continuing operations	**0.6%**	**4.9%**	**3.6%**	**1.3%**	**1.8%**	**3.4%**	**3.9%**
Income from discontinued operations (net of tax)	40.5%	-5.6%	-6.2%	0.0%	0.0%	0.0%	0.0%

Source: Semperit Group, Warburg Research

Return on capital employed

In view of high requirements for the fixed asset base as well as working capital, ROCE (NOPAT / average CE) at Semperit is comparatively low at expected levels of between 2.9% (2024e) and 6.6% (2027e). At these levels, ROCE stays behind our assumption for WACC (WRe: 7.6%).

Semperit Group: ROCE



Source: Semperit Group, Warburg Research

However, a rather low return on the capital employed is already reflected in the company's valuation. While the returns displayed above are calculated on the basis of our CE definition as the aggregate of fixed assets and net working capital, a lower CE is calculated when considering the company's current market value (ca. EUR 255m) plus net debt (ca. EUR 200m). At market value, ROCEs amount to between 4.0% (2024e) and 10.0% in 2027e, exceeding WACC (7.6%) from 2026 (8.5%). At our price target (EUR 17.50), the average ROCE for 2026 and 2027 at 7.5% would be broadly on par with WACC.

Growth / Financials

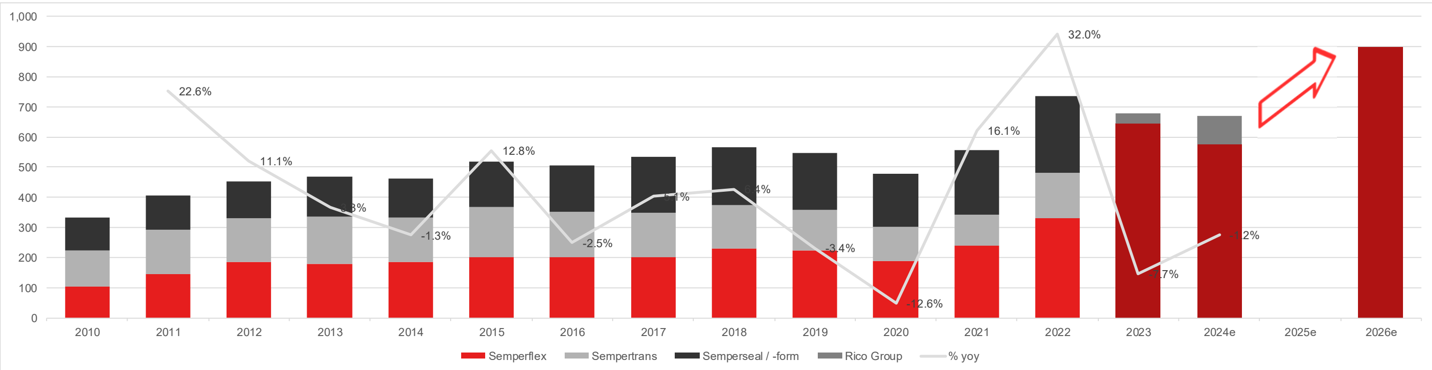
- Substantial top-line growth forecast for the years ahead based on a cyclical recovery as well as structural growth in interesting niche markets supported by new product-market combinations
- Even stronger earnings growth expected based on earnings-enhancement measures that have already been implemented and reduced overhead costs
- Strong balance sheet and sound FCF generation are prerequisites for further growth initiatives in the years ahead

Top-line momentum to improve as of 2025

Ambitious > EUR 900m sales target set for 2026

In August 2024, Semperit Group issued ambitious mid-term targets for (organic) growth and profitability. Based on our FY 2024 revenue estimate of EUR 669m, the top-line target of > EUR 900m requires an average sales increase of at least ca. 16% in each of the years 2025 and 2026. The targeted growth compares to a 3.8% top-line CAGR for the company's industrial business for the period between 2013 and 2023 and thus appears very ambitious at first glance. However, considering the shortness of the timeframe to reach the target, management certainly has a clear view of how to reach the goal.

Semperit Group: Sales Industrial Business 2010-26e (EUR m)



Source: FactSet; Semperit Group; Warburg Research

The company's expectation for the top line is based on two key levers:

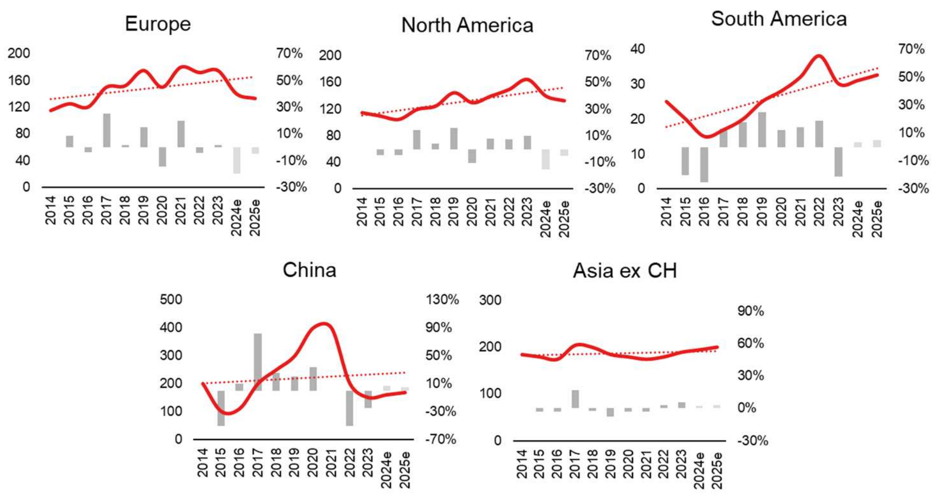
1. **Cyclical upside:** Following an economic downturn which, up to now, has led to yoy decreases in 12m rolling revenues from Q1 2023 until Q3 2024, Semperit assumes the top line will be supported by an improvement in demand from the building, construction, agricultural and other industries. Based on its cost leadership position, e.g. in hoses and profiles, as well as its focus on attractive niche markets and new product / market combinations to expand its product offering, the company expects to outperform the respective end-markets.
2. **Structural growth:** Semperit's product portfolio should benefit from global megatrends which will foster a long-cycle upturn. Population growth, demographics, climate change, urbanization, mobility and electrification are among the key drivers. Product examples include conveyor belts used in mining, sealing profiles for windows and facades, track underlays for trains / public transport, equipment for agricultural machinery and yellow goods, escalator handrails as well as products for healthcare / sanitary and food industry from liquid silicone rubber (Rico).

Potential for recovery of key customer industries from next year

The overall picture for Semperit's sector exposure in 2025 is stable to slightly positive. The majority of sectors to which Semperit is exposed are currently at below-average volume levels, either because of the strong performance in the early years of the pandemic or their dependence on prevailing macroeconomic conditions. While conditions in most markets remain challenging for now, the basis is low and the downside should be somewhat protected. Interestingly, almost all industries expect a significant cyclical recovery to take place in FY26. We discuss our underlying assumptions for the years ahead below.

Construction equipment – flat to slightly up, but stronger recovery likely in the years ahead: Large parts of Semperit's industrial hoses (SIA) and belting businesses (SEA) supply the construction industry. The following charts summarise the historical construction market volumes according to Volvo, a major player in the industry for construction equipment. We consider it a good starting point to get a feeling for the long-term trend of the different regional markets and their current status.

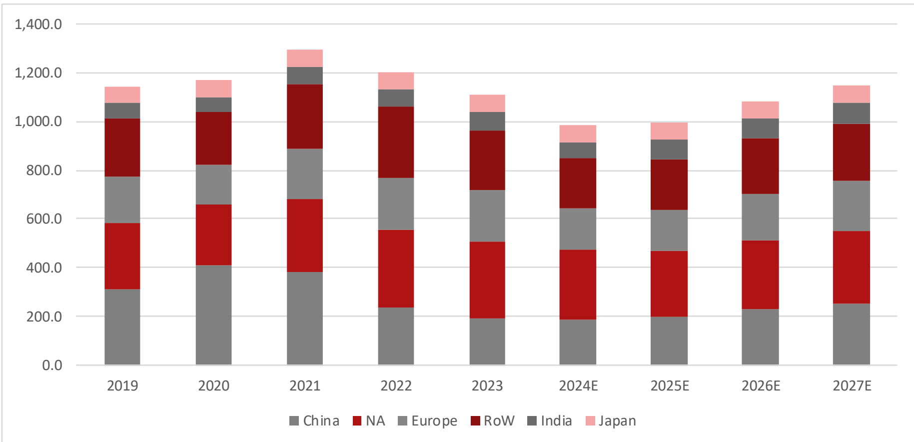
Construction Equipment market outlook



Source: Volvo, Warburg Research

The 20-year volume trend level is expected to be 11% higher than the FY24e market in Europe, 3% higher than the FY24e market in North America, 7% ahead in South America, 40% ahead in China (though China has been highly volatile in recent years), and 8% ahead of the FY24e market in Asia ex China.

Construction Equipment market outlook

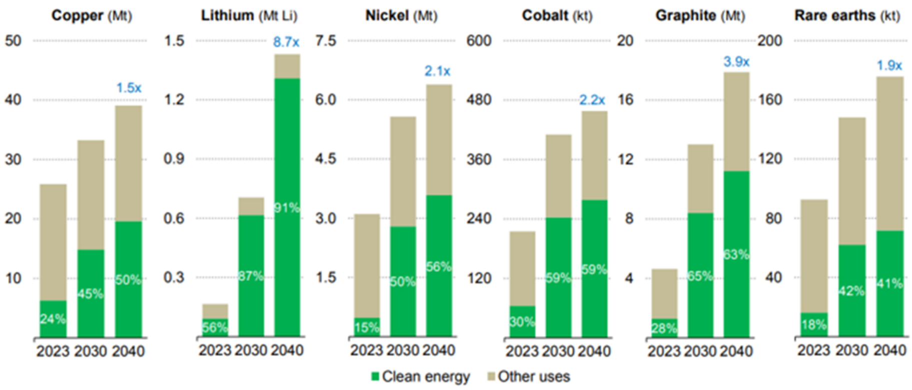


Source: Statista, Warburg Research

Considering Semperit's regional exposure, this implies that its construction volumes are currently ca. 10% lower than the 20yr trend level. As the years FY21-23 were above this trend level in most markets, a cooling-off was to be expected, especially under current macroeconomic conditions. Assuming a five-year cycle (in which the trend-volume should have been achieved per year, on average), suggests flat overall development again in FY25. This is in line with Volvo's recent FY25 outlook provided during Q324 reporting on Oct. 18, and appears reasonable against the backdrop of the current economic climate. After FY25 though, we assume a moderate increase will reflect the trend-reversion for the construction-side of Semperit's business, supported by lower interest rates as well as replacement needs.

Mining – remains challenging for now, but fundamentals indicate longer upswing ahead: Semperit's belting business, in particular, is exposed to the mining industry. Global (population) growth and the transition to e-mobility with the respective needs for materials used in e-motors and batteries are expected to lead to further growth in mining activity although recycled materials may play an increasing role in supply in the future. In its latest report the International Energy Agency (IEA) expects demand for global critical minerals for a Net Zero Emission (NZE) scenario in 2050 to grow by factors of 1.5x to 8.7x compared to the 2023 level by 2040.

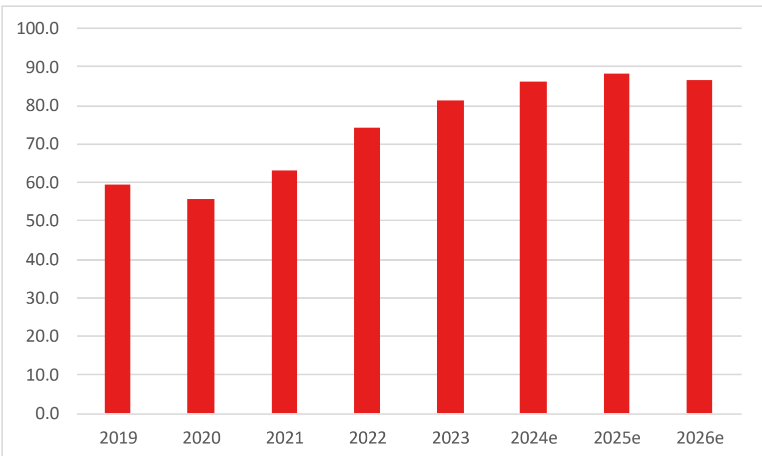
Global critical minerals demand in the NZE scenario



Source: IEA, Warburg Research

The respective investment requirements are said to amount to USD 800bn which would correspond to annual capex of USD 47bn. According to consensus data available at Bloomberg, capex spending from mining companies for metals added to USD 81bn in 2023 year and are expected to have reached USD 86.5bn in 2024.

Global metal mining capex estimates



Source: Market Estimates, Warburg Research

Although a certain plateau is assumed for the years ahead, spending activity is assumed to remain high which should support the belting business. In this regard, Semperit should benefit not only from investments in new mines or replacement / maintenance business but also from measures to improve efficiency of existing mines as, in some cases, material transport by heavy trucks is replaced by conveyor belts to save costs.

Real estate – flat to slightly up, with stabilisation expected in mid-term

Semperit is directly exposed to the real-estate market with its sealing business (SIA) and escalator handrails (SEA). The current consensus for FY25 appears to be a stabilisation with low growth of 0-1%. Despite the currently difficult conditions with higher manufacturing costs, higher interest rates, and a complex regulatory environment, a further mid-term stabilisation is plausible. The sector has a high correlation to interest rates. Until the end of FY25, the market is currently pricing rate-cuts of 140bp in Europe. Transaction volumes are already improving from a low level, making developers cautiously optimistic for the medium term. Residential construction could lead the upswing.

Energy efficiency and renovations are an important driver. In Europe some EUR 127bn have been spent on energy renovation investment annually - with two-thirds of these investments assigned to light renovations improving energy efficiency by 3-30%. Nevertheless, the Buildings Performance Institute Europe (BPIE) expects that this figure has to increase to EUR 243bn p.a. to achieve the required contribution from the building sector to achieve climate neutrality by 2050 only taking medium and deep renovation into consideration. The German association for windows and facades (Verband Fester + Fassade, VFF) calculates that in Germany alone some 209m window units (with one window unit representing 1.69m²) are due to be replaced to improve efficiency. This corresponds to ca. one-third of all window units in Germany alone.

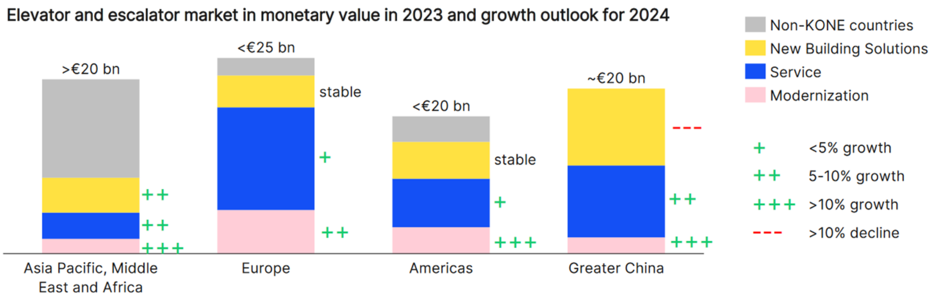
Escalator Handrail market dominated by replacement demand: Demand for escalator handrails is determined by newly built escalators as well as (growth in) the installed base as the handrails are replaced as part of maintenance based on wear and tear. According to KONE, the number of newly built elevators and escalators came in at <1m units in 2023 and was down >5% from the 2022 level which had already decreased by more than 10% from 2021. The negative trend particularly reflects weaker demand from China which still represents a share of 60% of all new building solutions. The equipment base has reached <25m.

Global elevator and escalator market (units)

Source: KONE, Warburg Research

While the trend in new units should have continued in 2024 as low single-digit growth in markets outside China will not have been sufficient to compensate for the expectation of a further high single-digit decline in sales in the important Chinese market, modernization is becoming an increasingly important business which should already have grown favourably in 2024. The modernization business is already larger than new business in Europe and the Americas are not far behind. In view of a rather young installed base, modernization needs in APAC/RoW and China are still limited but should grow substantially in the years ahead becoming more important for the future growth outlook of the market overall.

Elevator and escalator market outlook and structure

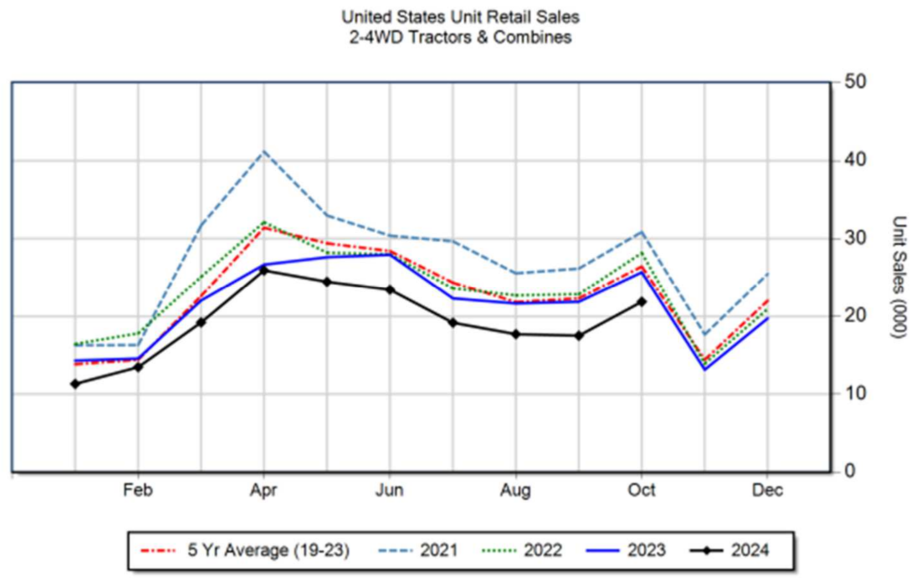


Source: KONE, Warburg Research

Agriculture: Markets can hardly get any worse

Semperit's hosing business is exposed to the global agriculture equipment industries. Following a strong performance during lockdowns, the segment contracted sharply in FY23. So far, the market has not come back. Until December 2024, US farm tractor sales, for instance, have declined another 13.3%.

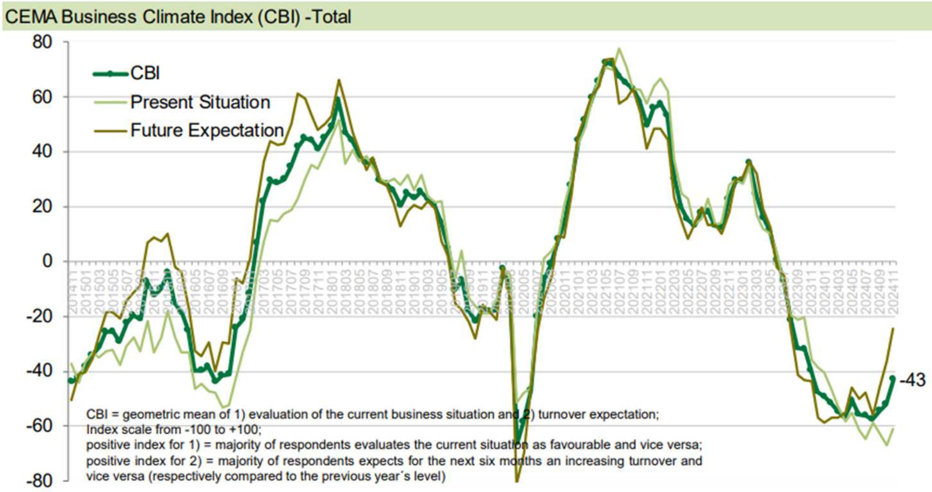
U.S. Unit Sales 2-3WD Tractors



Source: AEM, Warburg Research

The European market also declined in FY23 because of the strong prior years, and uncertainties regarding inflation and interest rates. In contrast to initial expectations, market have shown any signs of recovery so far. According to CEMA, the business climate has never been as bad for as long in the agricultural machinery industry but showed its biggest increase since entering the recession period in November 2024. The index increased from -52 to -43 points (scale -100 to +100), but is still deep in negative territory, however. Dealers have reportedly not been able to pass on their orders to their customers (farmers). Inventories remain elevated but future expectations have slightly improved. Some participants in the sector were initially expecting a recovery at the end of last year, but have since postponed this view to FY25. Early indicators for the farming season as well as current dealer behaviour appear encouraging. We currently expect -10% for the overall market in FY24, followed by a 15% recovery in FY25 as conditions normalise and eagerness to invest in new tractors rises.

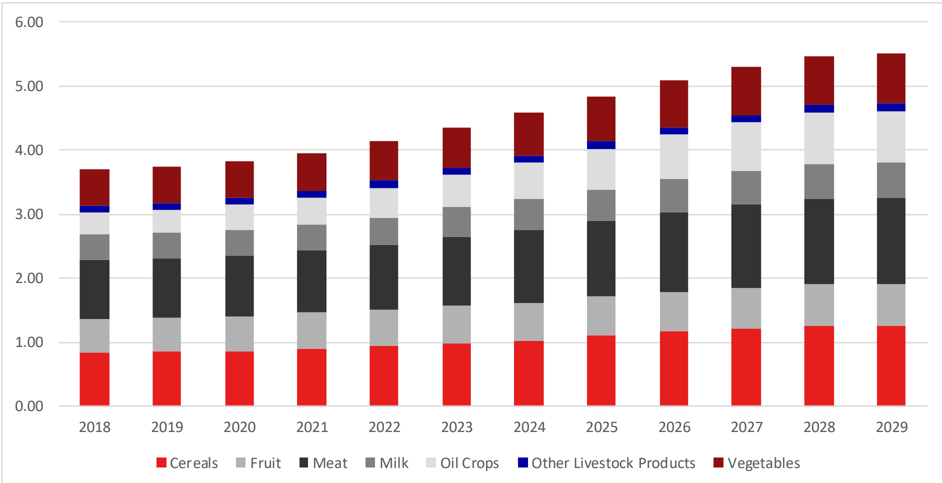
Business climate European agro machinery industry



Source: CEMA, Warburg Research

Growth in the medium to longer term should be supported by increasing demand for field crops as the global population grows and increasing wealth in emerging countries leads to higher demand for meat which requires a further increase in crop plant production for animal feed.

Agriculture gross production value (USD trn)



Source: Statista, Warburg Research

Rail – Positive trend to continue: Semperit is mainly exposed with its railway pads. Global rail markets should continue their positively stable trend of roughly 4% p.a., as the importance of rail-bound transportation continues. Many developed nations (DE, FR, UK, US, AU) have, by their own account, made insufficient investments in rail infrastructure in the past, leading to constrained and ailing capacity. According to Deutsche Bahn, approximately 80% of unpunctuality is caused by the poor condition of the infrastructure. The global investment and maintenance backlog is at a record level and indicates stable growth for decades. Any future investment will also include measures to improve comfort and emissions (e.g. noise) which should further support demand for Semperit's Form products. According to our understanding the company is well positioned to gain new business from an investment in high-speed railway infrastructure in the U.S. which would also support a further internationalization of the business.

Examples of required rail network investments

Source: Vossloh, Warburg Research

Slow economic growth in advanced economies

In its latest forecast last October, the IMF was expecting global economic growth of 3.2% for last year and this year. With this, the forecast has remained rather stable compared to the two previous projections in April and July. While the outlook for the Advanced Economies has not changed substantially either, this is mainly just a reflection of a more buoyant outlook for the U.S. where higher investments and solid consumer spending are assumed to support economic growth. For the Euro area – and Germany in particular – expectations have been reduced rather substantially. Following a very weak performance in 2023 with growth of just 0.4%, the IMF is anticipating merely a slight recovery of economic growth to 0.8% in 2024 and 1.2% in 2025.

IMF global growth expectations October 2024

		Projections		Difference from July 2024 WEO *Update*[1]		Difference from April 2024 WEO[1]	
	2023	2024	2025	2024	2025	2024	2025
World Output	**3.3**	**3.2**	**3.2**	**0.0**	**-0.1**	**0.0**	**0.0**
Advanced Economies	**1.7**	**1.8**	**1.8**	**0.1**	**0.0**	**0.1**	**0.0**
United States	2.9	2.8	2.2	0.2	0.3	0.1	0.3
Euro Area	0.4	0.8	1.2	-0.1	-0.3	0.0	-0.3
Germany	-0.3	0.0	0.8	-0.2	-0.5	-0.2	-0.5
France	1.1	1.1	1.1	0.2	-0.2	0.4	-0.3
Italy	0.7	0.7	0.8	0.0	-0.1	0.0	0.1
Spain	2.7	2.9	2.1	0.5	0.0	1.0	0.0
Japan	1.7	0.3	1.1	-0.4	0.1	-0.6	0.1
United Kingdom	0.3	1.1	1.5	0.4	0.0	0.6	0.0
Canada	1.2	1.3	2.4	0.0	0.0	0.1	0.1
Other Advanced Economies[2]	1.8	2.1	2.2	0.1	0.0	0.1	-0.2
Emerging Market and Developing Economies	**4.4**	**4.2**	**4.2**	**0.0**	**-0.1**	**0.1**	**0.0**
Emerging and Developing Asia	5.7	5.3	5.0	-0.1	-0.1	0.1	0.1
China	5.2	4.8	4.5	-0.2	0.0	0.2	0.4
India[3]	8.2	7.0	6.5	0.0	0.0	0.2	0.0
Emerging and Developing Europe	3.3	3.2	2.2	0.0	-0.3	0.1	-0.6
Russia	3.6	3.6	1.3	0.4	-0.2	0.4	-0.5
Latin America and the Caribbean	2.2	2.1	2.5	0.3	-0.2	0.2	0.0
Brazil	2.9	3.0	2.2	0.9	-0.2	0.8	0.1
Mexico	3.2	1.5	1.3	-0.7	-0.3	-0.9	-0.1
Middle East and Central Asia	2.1	2.4	3.9	0.0	0.0	-0.4	-0.3
Saudi Arabia	-0.8	1.5	4.6	-0.2	-0.1	-1.1	-1.4
Sub-Saharan Africa	3.6	3.6	4.2	-0.1	0.1	-0.2	0.1
Nigeria	2.9	2.9	3.2	-0.2	0.2	-0.4	0.2
South Africa	0.7	1.1	1.5	0.2	0.3	0.2	0.3
Memorandum							
World Growth Based on Market Exchange Rates	2.8	2.7	2.8	0.0	0.0	0.0	0.1
European Union	0.6	1.1	1.6	-0.1	-0.2	0.0	-0.2
ASEAN-5[4]	4.0	4.5	4.5	0.1	-0.1	0.1	0.0
Middle East and North Africa	1.9	2.1	4.0	-0.1	0.1	-0.6	-0.2
Emerging Market and Middle-Income Economies	4.4	4.2	4.2	-0.1	0.0	0.1	0.1
Low-Income Developing Countries	4.1	4.0	4.7	-0.2	-0.4	-0.5	-0.4

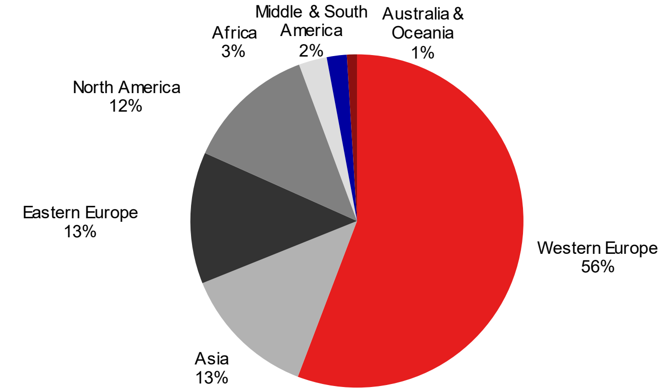
Source: IMF; Warburg Research

Semperit has said that GDP growth of ca. 2.6% until 2026 would be one of the underlying assumptions for its top-line growth target. While this assumption is below the IMF's forecast for world economic growth, we assume that the targeted figure should be looked at from the point of view of Semperit's regional revenue split although regions of stronger economic growth may also gain in importance for Semperit in the years ahead and customers from one region may still export the final product to other regions which may not be revealed by simply looking at last year's regional sales split.

In 2023, Semperit generated 69% of Group revenues in Europe (56% Western Europe; 13% Eastern Europe), 12% in North America, 13% in Asia (mainly China) and the remainder in South America, Africa and Australia/Oceania. The weighted GDP growth for Semperit's sales regions is thus assumed at ca. 1.8% for 2024 and 2.0% for 2025.

Slow growth this year, in combination with a certain destocking by customers is already mirrored in the 9M 2024 revenue performance. While the incremental revenue contribution from the Rico Group could limit the revenue decline to -2.5% yoy, sales decreased by 13.1% organically in the first three quarters of last year. Although destocking by customers should come to an end soon, we expect that a just moderate acceleration of economic growth in key regions / markets – at least in H1 2025 – should limit the growth potential for 2025 which leaves a substantial remainder to be expected for 2026.

Semperit Group FY 23 revenue split

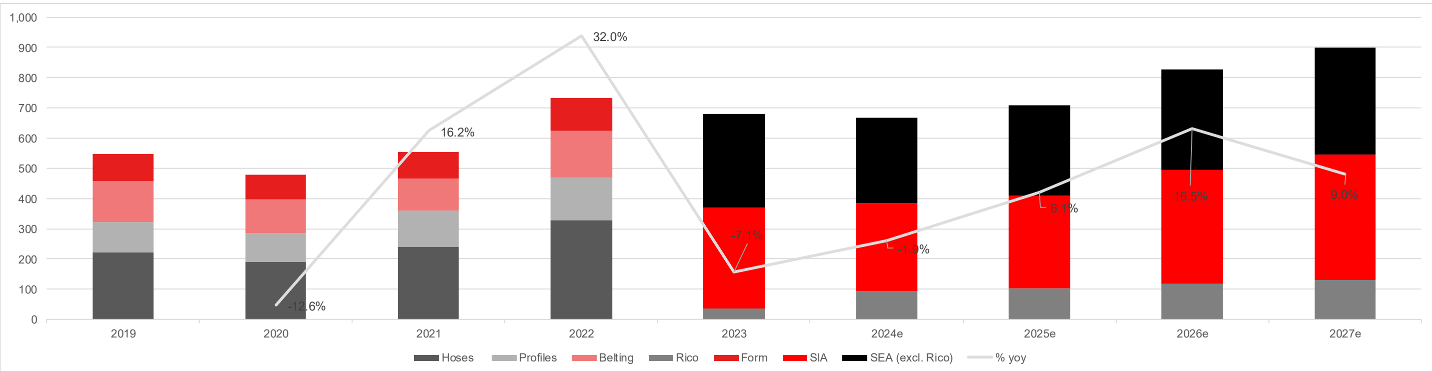


Source: Semperit Group, Warburg Research

We expect the top-line target to be reached in 2027

In view of only moderate economic growth and uncertainties as to when, and to what extent, key customer industries will return to growth, we expect the FY 2026 top-line targets to be reached one year later, in 2027. For 2025, we are expecting merely moderate growth of 6.1% as cautious ordering behaviour by customers will probably continue, especially in the first six months. For 2026, we expect a much more dynamic top-line expansion of 16.5% to EUR 827m before the mid-term target is reached in 2027 (WRe: EUR 901m).

Semperit Group: revenue expectations (WRe; EUR m)



Source: Semperit Group; Warburg Research

Our top-line growth expectations for the 2023-2027 period correspond to an expected top-line CAGR of 7.2%. Excluding the positive contribution to growth from Rico – which has been consolidated since 1 August 2023 – organic top-line CAGR is assumed at 4.5% which is between the values for average revenue growth of the Industrial business in the 2013-2023 (+3.8%) as well as the pre-pandemic 2010-19 period (+5.7%).

Revenues in the **SIA business** should grow from EUR 331m in 2023 to EUR 413m in 2027e (CAGR: +5.7%). While we expect the Hoses business to grow substantially (CAGR: +8.3%) based on Semperit's leading market position, high quality products and cost leadership position, we are more cautious for the Profiles segment, as we assume 2027 revenues will merely match the 2023 levels. Although investments in energy efficiency may support the business, we expect the environment in the important construction industry to remain challenging with corresponding limitation on potential for substantial revenue increases. A focus on profitability should also mean that Semperit Group will not chase top-line growth at the expense of margins.

We expect revenues in the **SEA business** to increase from EUR 351m to EUR 489m in 2027. While Rico contributed just EUR 37m to sales in 2023 as it was only included for four months, we expect a revenue contribution from the liquid silicone rubber specialist to the tune of EUR 132m. Consequently, we expect sales in the Belting and Form activities to grow from EUR 314m in 2023 to EUR 357m in 2027 (CAGR: 3.3%).

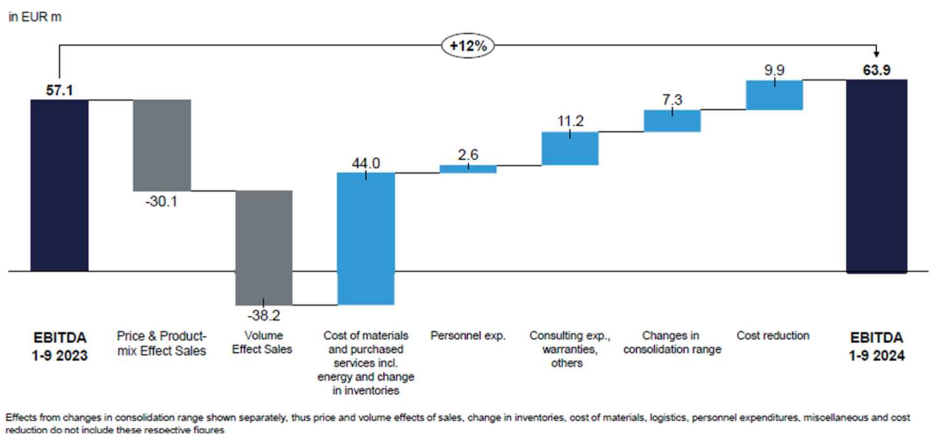
The rather low expectation for organic sales growth takes into consideration that 2023 was still a very strong year for Belting and probably also Form. The more late-cyclical character of the business provided for an organic increase of 11% in SEA's top line in 2023 while the SIA business already recorded a 26.5% yoy decrease in sales as a result of substantial inventory build-ups by customers in 2022.

Stronger growth in earnings expected through 2027

Stable EBITDA targeted for 2024

Semperit achieved a yoy-increase of 11.9% in EBITDA in 9M 2024 to EUR 63.9m. With this, the company notched up solid earnings growth despite a 13.1% organic revenue decrease which resulted from reduced demand and lower prices. Positive effects from the consolidation of Rico (incremental EBITDA contribution of EUR 7.3m), cost-saving measures (EUR 9.9m) as well as lower consultancy and warranty costs (EUR 11.2m) contributed to the positive development. The relief from the material cost side (EUR 44.0m) should have contributed to a 1.7pp improvement in the gross margin (ex Rico) based on the organic EUR 68m revenue decrease based on lower volumes as well as price and product-mix effects. Adjusted for acquisition and restructuring costs, which weighed on the prior year's 9M result (EUR 6.6m), EBITDA would have remained broadly stable.

Semperit Group EBITDA development 9M 2024



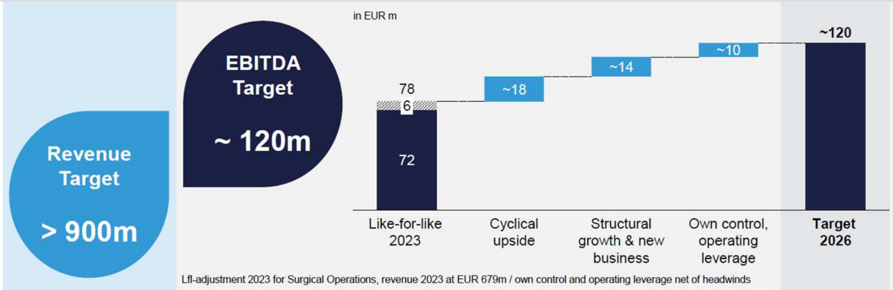
Source: Semperit Group; Warburg Research

For FY 2024, Semperit Group confirmed its EBITDA target of ca. EUR 80m (WRe: EUR 80.2m) with the release of 9M 2024 figures at the beginning of November. Based on EBITDA of EUR 63.9m for the first three quarters, the goal appears clearly achievable, although earnings in Q4 are usually seasonally weaker, particularly when compared to the results in the first two quarters of each year. Compared to adj. like-for-like EBITDA of ca. EUR 78m in 2023, the company is thus targeting a stable to slightly higher result, despite top-line pressure from a weak economic environment as well as labour cost inflation.

EBITDA of EUR 120m targeted for 2026

As part of its mid-term 2026 guidance, Semperit Group has – in addition to the > EUR 900m revenue goal – set an EBITDA target of ca. EUR 120m which would correspond to a >50% increase in EBITDA compared to the like-for-like figure of EUR 78m which was achieved in 2023 (CAGR: ca. 15%).

Semperit Group financial targets for 2026



Source: Semperit Group, Warburg Research

Top-line growth, fuelled by a) an anticipated cyclical upswing and b) structural growth as well as new business opportunities, is expected to contribute the bulk of the expected earnings improvement (EUR 32m) while operating leverage and efficiency-enhancement measures are expected to contribute just EUR 10m. This is reflected in the expectation of a rather limited expansion of the EBITDA margin from 11.5% in 2023 (based on like-for-like figures) to ca. 13.3% in 2026 when considering an assumed top-line increase of >30% and positive effects on profitability from the above-average profitability of business at Rico (9M 2024 op. EBITDA margin of 14.8%).

Like the revenue target, we also expect the EBITDA target to be reached one year later

Our assumptions for revenue growth are more cautious because we anticipate the cyclical recovery to be slower than potentially hoped for by Semperit. As already mentioned, we expect the > EUR 900m sales target to be reached one year later, in 2027. Likewise, we also assume that the EBITDA target will be reached one year later, in 2027. However, despite lower sales, we expect the 2026 EBITDA margin of 13.1% to almost reach the ca. 13.3% level targeted in the scope of the mid-term planning.

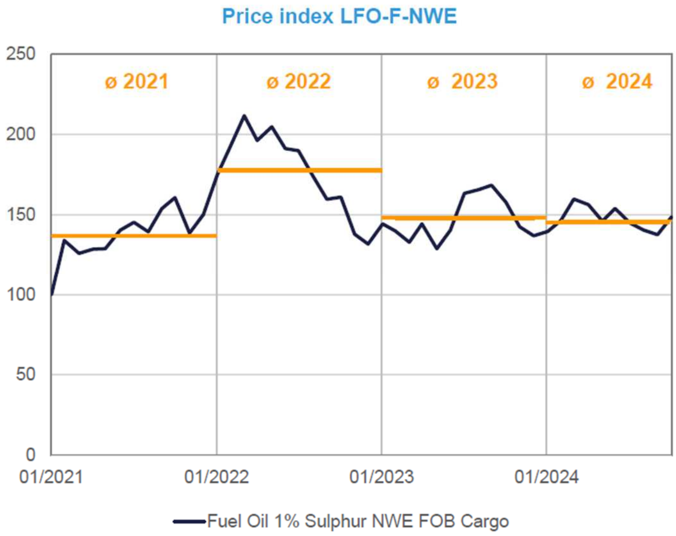
Semperit Group EBITDA development

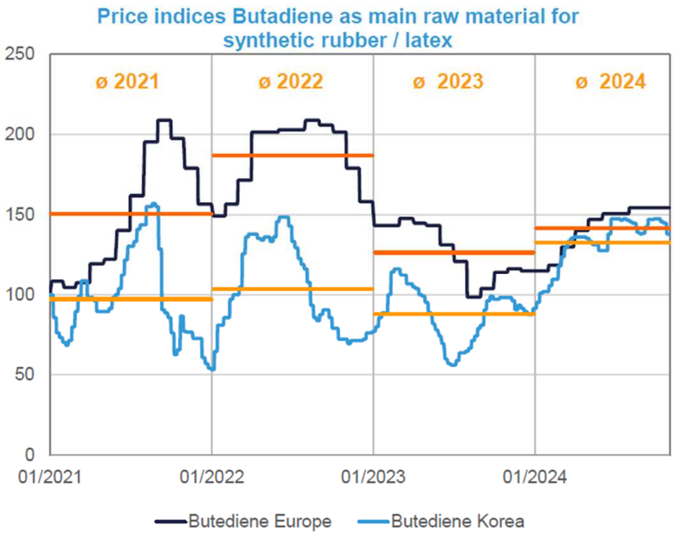
in EUR m	2021	2022	2023	2024e	2025e	2026e	2027e
Sales	**601.8**	**779.8**	**681.8**	**668.9**	**710.0**	**827.2**	**901.4**
Increase / decrease in inventory	9.8	11.8	-11.0	-4.8	1.8	2.0	1.5
Own work capitalised	2.8	2.7	2.6	2.9	3.0	2.5	1.3
Total sales	**614.4**	**794.3**	**673.4**	**667.0**	**714.7**	**831.7**	**904.2**
Material Expenses	299.9	410.2	305.7	282.4	304.7	356.5	389.4
Gross profit	**314.5**	**384.1**	**367.7**	**384.5**	**410.0**	**475.1**	**514.8**
Personnel expenses	182.7	197.1	205.1	220.7	233.0	263.9	280.3
Other operating income	8.3	9.3	6.2	8.0	7.5	7.8	8.0
Other operating expenses	86.2	95.8	97.0	91.6	98.9	110.5	121.1
EBITDA	**54.0**	**100.5**	**71.8**	**80.2**	**85.6**	**108.5**	**121.4**
% margin	**9.0%**	**12.9%**	**10.5%**	**12.0%**	**12.1%**	**13.1%**	**13.5%**
Depreciation of fixed assets	26.6	35.5	33.7	46.0	48.4	50.8	54.0
EBITA	**27.4**	**65.0**	**38.2**	**34.2**	**37.2**	**57.8**	**67.4**
Amortisation of intangible fixed assets	2.1	2.9	3.5	4.3	4.0	4.0	4.0
EBIT	**25.2**	**62.1**	**34.6**	**30.0**	**33.2**	**53.8**	**63.4**
Financial result	-9.9	-10.4	-8.7	-15.4	-15.1	-14.8	-14.5
EBT	**15.3**	**51.7**	**25.9**	**14.6**	**18.1**	**39.0**	**48.9**
Taxes total	11.7	13.4	1.1	5.8	5.4	11.1	13.9
Net income from continuing operations	**3.6**	**38.4**	**24.9**	**8.8**	**12.7**	**27.9**	**35.0**
Income from discontinued operations (net of tax)	243.9	-44.0	-41.9	0.1	0.0	0.0	0.0
Net income before minorities	**247.5**	**-5.6**	**-17.1**	**8.9**	**12.7**	**27.9**	**35.0**
Minority interest	0.9	-0.1	-0.3	0.0	0.0	0.0	0.0
Net income	**247**	**-5.5**	**-16.8**	**8.9**	**12.7**	**27.9**	**35.0**
Sales	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Increase / decrease in inventory	1.6%	1.5%	-1.6%	-0.7%	0.2%	0.2%	0.2%
Own work capitalised	0.5%	0.3%	0.4%	0.4%	0.4%	0.3%	0.1%
Total sales	**102.1%**	**101.8%**	**98.8%**	**99.7%**	**100.7%**	**100.5%**	**100.3%**
Material Expenses	49.8%	52.6%	44.8%	42.2%	42.9%	43.1%	43.2%
Gross profit	**52.3%**	**49.3%**	**53.9%**	**57.5%**	**57.7%**	**57.4%**	**57.1%**
Personnel expenses	30.4%	25.3%	30.1%	33.0%	32.8%	31.9%	31.1%
Other operating income	1.4%	1.2%	0.9%	1.2%	1.1%	0.9%	0.9%
Other operating expenses	14.3%	12.3%	14.2%	13.7%	13.9%	13.4%	13.4%
EBITDA	**9.0%**	**12.9%**	**10.5%**	**12.0%**	**12.1%**	**13.1%**	**13.5%**
EBIT	**4.2%**	**8.0%**	**5.1%**	**4.5%**	**4.7%**	**6.5%**	**7.0%**
EBT	**2.5%**	**6.6%**	**3.8%**	**2.2%**	**2.6%**	**4.7%**	**5.4%**
Net income	**41.0%**	**-0.7%**	**-2.5%**	**1.3%**	**1.8%**	**3.4%**	**3.9%**

Source: Semperit Group; Warburg Research

For the years ahead, we expect only a slight increase in the material-cost ratio. As an elastomer (i.e. rubber) company, butadiene, as the main raw material for synthetic rubber as well as latex, and fuel-oil prices, as a proxy for oil-based chemicals used in the manufacturing process (e.g. carbon black), are key elements for material costs. In addition, steel prices play a role in reinforced hoses as well as heavy belts. While the product mix and price increases for raw materials and energy have a substantial impact on the bill of materials, Semperit has historically been successful in mitigating these by increasing customer prices, securing profitability for the Group. After the yoy increases in average prices for butadiene in 2024, we have not incorporated any changes in base input costs in our estimates and thus expect broadly stable development of the material price ratio with an increase from 42.2% in 2024e to just 43.2% in 2027e.

Semperit Group: raw material price development





[1] Selected raw materials are shown for illustration purposes only. Indices based on 01/01/2021 = 100.0

Source: Semperit Group; Warburg Research

In 2023, Semperit Group had launched a cost reduction programme and was aiming for an annual cost reduction of EUR 10m in overhead costs. The company more than achieved this target with cost savings of EUR 14.4m by the end of H1 2024. While the programme already contributed to maintaining earnings stability in the face of weak top-line development in recent quarters, we assume that the positive effects will become more visible once top-line development becomes more favourable as the increase in personnel costs should be less than the increase in revenues. We assume a decrease in the personnel costs-to-sales ratio from 33.0% in 2024e to 31.1% in 2027.

Substantial increase in D&A after acquisition of Rico

The acquisition of Rico has led to a substantial increase in D&A. While depreciation and amortization amounted to ca. EUR 7.4m for each of the quarters Q1 and Q2 2023 the value increased to EUR 10.4m in Q3 2023 and EUR 11.2m in Q4 2023. For the first three quarters of 2024, D&A averaged at EUR 12.4m for each of the three-month periods. For the FY, we thus expect depreciation and amortization of EUR 50.3m, well ahead of the 2023 figure of EUR 36.4m. Consequently, 2024 EBIT of EUR 30.0m is assumed to come in well below the prior year's EUR 35.5m despite an increase in reported EBITDA from EUR 71.8m to EUR 80.2m. We expect a 2024 EBIT margin of 4.5% (2023: 5.2%).

In addition to the increase in D&A, the payment of the purchase price for Rico (EUR 197.5m cash and debt-free) has – in combination with generally higher interest rates – also led to an increase in interest spending which weighs on EBT and thus net income.

Strong balance sheet, …

Semperit boasts a strong balance sheet which supports the company's ambition to expand its business and avail of additional business opportunities within attractive market niches.

a) At the end of 2023, the company's equity ratio amounted to 45%. Assuming positive net results in 2024 and beyond and considering the company's policy to distribute dividends of around 50% of earnings after taxes, we expect the equity ratio to slightly increase towards 47% it the years ahead. The BPS amounted to EUR 20.7 at the end of 2023.

b) Intangible assets amounted to ca. EUR 125m at the end of 2023. Thereof ca. EUR 51m are attributable to goodwill and ca. EUR 74m to other intangible assets (software licenses, industrial property rights and similar rights). R&D is not capitalized. Goodwill is almost entirely attributable to the (highly profitable) and recently acquired Rico Group. Excluding all intangible assets, the company's book value amounted to EUR 14.6 per share.

c) The sales-to-PP&E ratio amounts to 1.5x and PP&E represents almost half of total assets (48%). The capex ratio amounted to 7.0% in 2022, 8.2% in 2023 and has probably increased to 10.6% in 2024 based on the company's capex target (EUR 70m) and our revenue estimate (EUR 669m). About 60% of 2024 capex is assigned to maintenance and small growth projects while 40% is earmarked for growth. We expect the capex-sales ratio to drop to 8% in the years ahead mainly as a function of increasing sales and continuous capex spending of around ca. EUR 65m in the 2025 to 2027 period.

Semperit Group balance sheet

Semperit Group Balance Sheet in EUR m	2021	2022	2023	2024e	2025e	2026e	2027e
Assets							
Cash and cash equivalents	235.539	106.631	112.671	107.033	101.775	101.534	113.322
Financial assets	1.536	2.457	1.574	1.574	1.574	1.574	1.574
Trade receivables	98.766	88.861	86.074	79.716	86.556	101.978	111.132
Other receivables and non-financial assets	23.625	11.241	23.781	18.633	19.010	20.046	20.640
Inventories	186.834	128.214	110.760	105.336	110.930	127.254	138.678
Current tax assets	4.064	1.010	4.750	2.500	2.500	2.500	2.500
Non-current assets held for sale	0.764	187.875	0.541	0.000	0.000	0.000	0.000
Current assets	**551.128**	**526.289**	**340.150**	**314.792**	**322.345**	**354.885**	**387.845**
Intangible assets	8.492	6.283	124.971	121.471	118.471	115.971	113.971
thereof: Goodwill	*1.677*	*1.677*	*51.035*	*51.035*	*51.035*	*51.035*	*51.035*
thereof: Capitalised R&D	*0.000*	*0.000*	*0.000*	*0.000*	*0.000*	*0.000*	*0.000*
thereof: Other	*6.815*	*4.605*	*73.936*	*70.436*	*67.436*	*64.936*	*62.936*
PPE	376.576	293.531	447.498	469.113	490.513	506.763	522.263
Financial assets	7.430	5.628	6.491	5.291	5.291	5.291	5.291
At-equity investments	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Deferred tax assets	11.707	5.344	4.302	4.221	4.480	5.219	5.688
Other non-current assets	3.241	5.842	14.473	14.473	14.473	14.473	14.473
Non-current assets	**407.447**	**316.628**	**597.734**	**614.569**	**633.228**	**647.718**	**661.687**
ASSETS (total)	**958.575**	**842.917**	**937.885**	**929.361**	**955.574**	**1,002.603**	**1,049.532**
Equity and Liabilities							
Financial liabilities	39.654	14.503	8.657	10.000	10.000	10.000	10.000
Trade payables	95.166	63.890	68.336	62.307	68.078	79.316	86.436
Current tax liabilities	56.826	7.586	5.674	2.500	2.500	2.500	2.500
Other liabilities	46.439	42.036	44.706	37.245	38.288	41.199	43.048
Other financial liabilities	12.826	9.553	14.330	18.666	18.666	18.666	18.666
Liabilities held for sale	0.000	46.909	0.421	0.000	0.000	0.000	0.000
Provisions	26.406	23.442	23.824	22.742	24.493	28.950	31.549
Current liabilities	**277.317**	**207.919**	**165.948**	**153.460**	**162.025**	**180.631**	**192.199**
Financial liabilities	51.685	37.956	219.165	225.000	225.000	220.000	225.000
Deferred tax liabilities	11.954	12.629	26.693	26.315	27.527	30.935	33.017
Other financial liabilities	19.602	18.925	49.776	45.000	46.500	47.500	47.500
Other liabilities	14.043	14.210	15.812	15.562	15.662	15.912	15.912
Provisions	42.824	32.134	35.184	35.073	36.098	37.718	38.809
Non-current liabilities	**140.108**	**115.854**	**346.630**	**346.950**	**350.787**	**352.064**	**360.238**
Issued capital	21.359	21.359	21.359	21.359	21.359	21.359	21.359
Capital Reserve	21.503	21.503	21.503	21.503	21.503	21.503	21.503
Retained Earnings	512.216	482.136	371.554	370.134	378.716	400.419	421.997
Other Comprehensive Income	-14.956	-6.825	10.891	15.956	21.184	26.627	32.235
Shareholders' Equity	540.122	518.173	425.307	428.952	442.762	469.908	497.094
Minorities	1.028	0.970	0.000	0.000	0.000	0.000	0.000
Equity	**541.150**	**519.144**	**425.307**	**428.952**	**442.762**	**469.908**	**497.094**
EQUITY & LIABILITIES (total)	**958.575**	**842.917**	**937.885**	**929.361**	**955.574**	**1,002.603**	**1,049.532**

Source: Semperit Group, Warburg Research

d) The net working capital-to-sales ratio stood at 18.8% at the end of 2023 and at 18.0% for the 9M 2024 period. This ratio is fully in line with the company's target for the working capital ratio of ca. 20%. Net working capital of EUR 121m at the end of September was reduced by factoring. Adding back the factoring volume (EUR 12.5m), the working capital-sales ratio would have amounted to 19.8%. As management has a clear focus on working capital requirements, we do not expect any major changes to the working capital ratio going forward and assume values of slightly more than 18% for the 2024-27 period.

e) Following two years of very strong FCF generation in 2020 and 2021 – particularly driven by strong earnings at the Sempermed medical glove business which has meanwhile been sold – as well as rather low capex activity in these two years, Semperit Group was able to achieve a financial net cash position of EUR 144m at the end of 2021. With higher growth investments in the past two years, rather high cash taxes in 2022 and the purchase price for Rico (EUR 197.5m cash and debt-free) the net cash position turned into a net financial debt position of EUR 115m at the end of 2023. For the end of 2024, we expect net financial debt of EUR 128m, corresponding to a gearing ratio of 0.3x and net financial debt / EBITDA of 1.6x. While the company is not subject to any minimum levels for the equity ratio or maximum levels for gearing, **covenants** exist with regard to the leverage ratio: While the company should ensure that it does not exceed a leverage ratio of 3.5x, a default would occur if a leverage ratio of 4.0x is exceeded twice.

One special topic within Semperit's accounts is the stake in Semperflex Asia Corp. Ltd, Thailand (SAC). The entity is fully consolidated by the Semperit Group (based on control and management structure) although the company holds a stake of just 50% and the Thai Sri Trang Group holds the other 50%. The minority interest is not shown as minority interest but as liabilities from non-controlling interest within current and non-current liabilities of the Semperit Group. This treatment reflects the non-controlling shareholders' unconditional termination right for his shareholding. The carrying amount of the liabilities stood at EUR 14.7m at the end of FY 2023. At EUR 86.0m, the fair value of the redeemable non-current interest was substantially higher. While the co-shareholder has termination rights, Semperit may (until mid-2026) acquire the outstanding stake in Semperflex Asia Corp at a pre-defined but undisclosed price.

… and solid FCF generation to finance growth and dividends

As discussed in the previous section, we assume that Semperit will continue to invest not only in maintenance and small growth activities but also in structural growth initiatives. While we assume that growth investments have represented slightly >40% of total capex in 2024 (thus broadly in line with the company's ca. 40% target), we expect between 30-40% as growth investments for the years ahead. Despite these investments, we reckon that the Semperit Group will be able to record solid cash generation, allowing it to keep its net financial position rather stable while paying out ca. 50% of Group net income as a dividend to shareholders and paying the respective dividend to minority shareholders at Semperflex Asia Corp. Ltd., Thailand (Sri Trang Group).

Semperit Group FCF generation

Semperit Group CF Calculation	2022	2023	2024e	2025e	2026e	2027e
Cashflow from Operating Activities	50.7	65.3	77.4	84.1	93.7	105.4
Adj. for disc. operations	-4.5	0.0	0.0	0.0	0.0	0.0
Interest paid	-2.8	-7.5	-13.5	-12.9	-12.3	-12.1
Interest received	1.2	2.8	3.2	3.1	3.0	3.2
Maintenance & Small Growth CAPEX	-54.5	-36.2	-33.4	-35.5	-41.4	-45.1
CAPEX adj.	7.2	0.9	2.3	0.0	0.0	0.0
FCF pre M&A and Growth CAPEX	**-2.8**	**25.4**	**35.9**	**38.7**	**43.0**	**51.4**
Growth CAPEX	7.2	-18.5	-37.4	-30.5	-27.6	-31.6
M&A	0.0	-79.6	6.6	0.0	0.0	0.0
FCF incl. M&A / Growth Investments	**4.4**	**-72.6**	**5.1**	**8.2**	**15.3**	**19.9**
Dividend Payments	-36.6	-99.1	-13.1	-8.6	-10.8	-18.2
Other (IFRS 16)	-57.8	2.4	-4.8	-4.8	-4.8	-4.8
Change in Net financial position	-90.0	-169.3	-12.8	-5.3	-0.2	-3.2

Source: Semperit Group; Warburg Research

Valuation

- DCF model points to fair value of EUR 17.53 per share assuming a mid to long-term EBITDA margin of 12.5% and mid to long-term growth of 3.5% p.a.
- FV derived from FCFVP approach reflects the anticipated sharp rise in earnings in the years ahead with FV based on 26e at EUR 22.05 well ahead of 25e (EUR 12.93)
- Peer group multiples point to FV of EUR 18.42

DCF valuation

Our DCF model assumptions can be summarised as follows:

- **Revenue growth**: Semperit Group has provided a mid-term revenue target of more than EUR 900m which the company intends to achieve by 2026. We are a bit more cautious and expect the company to reach this goal one year later in 2027. Our 2027 revenue estimate corresponds to revenue CAGR of 10.5% based on our top-line assumption for 2024 (EUR 669m). With this, we reflect top-line growth opportunities from a cyclical recovery as well as design wins as implied by the company's mid-term target. For the transition period after 2027, we expect revenue growth to slow down to 3.5% which is just slightly below the CAGR level the company has achieved in its Industrial business for the last five years (3.6%) or 10 years (3.8%). In perpetuity, we have assumed rather modest growth of just 1.5% reflecting the rather mature status of the business overall.
- **EBIT margin:** Following a decline in the EBIT margin from 5.2% in 2023 to 4.5% in 2024e, we forecast an EBIT margin expansion to 4.7% in 2025 and 6.5% in 2026. For the long term, we also calculate with an EBIT margin of 6.5%. With this, we consider that Semperit may sustain decent profitability by maintaining its cost leadership position in the SIA segment while realizing good prices for products tailored to customers' needs in the SEA business while simultaneously acknowledging that the business environment is highly competitive.
- **D&A**: The D&A-to-sales level is expected to increase from ca. 5% for the 2021-23 period to 7.5% for 2024. The sharp increase is mainly a result of the acquisition of the Rico Group (consolidated since 1 August 2023). For the years ahead, we expect D&A growth to be slower than revenue growth leading to a decline in the D&A ratio to 6.6% in 2026 and 6.0% at the end of the transition period and in perpetuity.
- **Capex**: For 2024, Semperit Group has earmarked investments of EUR 70m, of which 60% are assigned to maintenance and small growth projects while the remainder will be used to invest in structural growth opportunities. The capex ratio of 10.6% is thus expected to be at a rather high level and well ahead of D&A. We expect capex ratios to come down in the years ahead. Long-term capex-sales ratios are assumed at 6.1% and this just about 1pp ahead of maintenance capex and in line with the anticipated reduction in top-line growth.
- **Working capital**: The WC/sales ratio amounted to 18.8% in 2023. For 2024 we expect a similar level of 18.4%. Mid-term and in perpetuity, a reduction to 18.0% is considered to be feasible.
- **Net financial position**: We calculate with a relevant net indebtedness of EUR 205m (base year 2023) for the Semperit Group. In addition to net debt of ca. EUR 192m, this figure includes pension debt of ca. EUR 12m.
- **WACC**: A qualitative beta of 1.30 is applied, taking the cyclical business environment to which Semperit Group is exposed into account (rated 1.50), liquidity considerations (1.40) due to just 46% free float, financial strength (1.10; solid financial position), transparency (1.20) and "other" (1.30). For the cost of debt, we consider 5.0%. The tax rate is 28.5%. An expected market return of 8.25% and a risk-free return of 2.75%,

combined with a balanced net financial position (incl. pension debt), lead to cost of equity of 9.9%. At fair value, we calculate with a debt ratio of 36.5% for the Semperit Group leading to WACC of 7.59%.

DCF model

	Detailed forecast period			Transitional period										Term. Value
Figures in EUR m	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	2036e	
-	668.9	710.0	827.2	901.4	955.5	993.7	1,028.5	1,064.5	1,101.7	1,140.3	1,180.2	1,221.5	1,264.3	
Sales change	*-1.9 %*	*6.1 %*	*16.5 %*	*9.0 %*	*6.0 %*	*4.0 %*	*3.5 %*	*3.5 %*	*3.5 %*	*3.5 %*	*3.5 %*	*3.5 %*	*3.5 %*	*1.5 %*
EBIT	30.0	33.2	53.8	63.4	65.9	67.6	68.9	70.3	71.6	74.1	76.7	79.4	82.2	
EBIT-margin	*4.5 %*	*4.7 %*	*6.5 %*	*7.0 %*	*6.9 %*	*6.8 %*	*6.7 %*	*6.6 %*	*6.5 %*	*6.5 %*	*6.5 %*	*6.5 %*	*6.5 %*	
Tax rate (EBT)	*40.0 %*	*30.0 %*	*28.5 %*	*28.5 %*	*28.5 %*	*28.5 %*	*28.5 %*	*28.5 %*	*28.5 %*	*28.5 %*	*28.5 %*	*28.5 %*	*28.5 %*	
NOPAT	18.0	23.3	38.4	45.3	47.1	48.3	49.3	50.2	51.2	53.0	54.9	56.8	58.8	
Depreciation	50.3	52.4	54.8	58.0	60.2	61.6	62.7	63.9	66.1	68.4	70.8	73.3	75.9	
in % of Sales	*7.5 %*	*7.4 %*	*6.6 %*	*6.4 %*	*6.3 %*	*6.2 %*	*6.1 %*	*6.0 %*	*6.0 %*	*6.0 %*	*6.0 %*	*6.0 %*	*6.0 %*	
Changes in provisions	0.5	0.5	0.5	1.9	1.4	1.2	1.2	1.7	0.7	0.8	0.8	0.8	0.9	
Change in Liquidity from														
- Working Capital	-5.8	6.7	20.5	12.3	9.7	6.9	6.3	6.5	6.7	6.9	7.2	7.4	7.7	
- Capex	70.8	66.0	64.0	67.6	66.9	64.6	65.8	67.1	68.3	69.6	72.0	74.5	77.1	
Capex in % of Sales	*10.6 %*	*9.3 %*	*7.7 %*	*7.5 %*	*7.0 %*	*6.5 %*	*6.4 %*	*6.3 %*	*6.2 %*	*6.1 %*	*6.1 %*	*6.1 %*	*6.1 %*	
- Other	4.8	4.9	4.8	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	
Free Cash Flow (WACC Model)	-1.1	-1.4	4.4	20.8	27.6	35.1	36.6	37.8	38.5	41.2	42.8	44.4	46.2	51
PV of FCF	-1.1	-1.3	3.9	16.9	20.9	24.7	23.9	22.9	21.7	21.6	20.8	20.1	19.4	351
share of PVs	**0.26 %**			**37.66 %**										**62.08 %**

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	36.50 %	Financial Strength	1.10
Cost of debt (after tax)	3.6 %	Liquidity (share)	1.40
Market return	8.25 %	Cyclicality	1.50
Risk free rate	2.75 %	Transparency	1.20
		Others	1.30
WACC	**7.59 %**	**Beta**	**1.30**

Valuation (m)

Present values 2036e	214		
Terminal Value	351		
Financial liabilities	292		
Pension liabilities	12		
Hybrid capital	0		
Minority interest	15		
Market val. of investments	0		
Liquidity	114	No. of shares (m)	20.6
Equity Value	**361**	**Value per share (EUR)**	**17.53**

Sensitivity Value per Share (EUR)

		Terminal Growth						
Beta	WACC	0.75 %	1.00 %	1.25 %	**1.50 %**	1.75 %	2.00 %	2.25 %
1.59	8.6 %	11.67	12.06	12.48	12.92	13.40	13.92	14.48
1.44	8.1 %	13.52	13.99	14.50	15.04	15.63	16.27	16.96
1.37	7.8 %	14.55	15.07	15.63	16.23	16.89	17.60	18.37
1.30	7.6 %	15.66	16.23	16.85	**17.53**	18.26	19.05	19.92
1.23	7.3 %	16.85	17.49	18.18	18.93	19.75	20.64	21.62
1.16	7.1 %	18.14	18.85	19.62	20.47	21.38	22.39	23.51
1.01	6.6 %	21.07	21.96	22.93	24.00	25.18	26.48	27.94

		Delta EBIT-margin						
Beta	WACC	-1.5 pp	-1.0 pp	-0.5 pp	**+0.0 pp**	+0.5 pp	+1.0 pp	+1.5 pp
1.59	8.6 %	5.26	7.81	10.37	12.92	15.48	18.03	20.59
1.44	8.1 %	6.79	9.54	12.29	15.04	17.80	20.55	23.30
1.37	7.8 %	7.65	10.51	13.37	16.23	19.10	21.96	24.82
1.30	7.6 %	8.58	11.56	14.54	**17.53**	20.51	23.49	26.47
1.23	7.3 %	9.60	12.71	15.82	18.93	22.04	25.15	28.26
1.16	7.1 %	10.71	13.96	17.21	20.47	23.72	26.97	30.22
1.01	6.6 %	13.27	16.85	20.42	24.00	27.58	31.15	34.73

- Sales growth in transition period expected to fade to 3.5% broadly in line with average global GDP expansion
- EBITDA margin seen at 12.5% on average in the transition period and perpetuity
- Beta factor of >1x as company is active in a cyclical economy
- Net debt includes liabilities from redeemable non-controlling interests at fair value

FCF Value Potential

Keeping maintenance capex at ca. 5% of sales, and thus at 55-60% of total capex, and keeping working capital constant leaves us with a value of EUR 12.93 per share for 2025e and EUR 22.05 for 2026e. The sharp increases in fair values derived from the FCFVP-model reflects the assumed substantial top-line and, in turn, earnings improvement although we expect just a slight increase in the EBITDA margin from 12.0% in 2024e to 13.1%.

Free Cash Flow Value Potential

Warburg Research's valuation tool "FCF Value Potential" reflects the ability of the company to generate sustainable free cash flows. It is based on the "FCF potential" - a FCF "ex growth" figure - which assumes unchanged working capital and pure maintenance capex. A value indication is derived via the perpetuity of a given year’s “FCF potential” with consideration of the weighted costs of capital. The fluctuating value indications over time add a timing element to the DCF model (our preferred valuation tool).

in EUR m	2020	2021	2022	2023	2024e	2025e	2026e
Net Income before minorities	194.6	247.5	-5.6	-17.1	8.9	12.7	27.9
+ Depreciation + Amortisation	-29.2	28.8	38.4	37.2	50.3	52.4	54.8
- Net Interest Income	-8.6	-9.9	-10.4	-8.7	-15.4	-15.1	-14.8
- Maintenance Capex	46.4	30.1	39.0	34.1	38.4	38.0	41.4
+ Other	0.0	0.0	0.0	0.0	-4.8	-4.9	-4.8
= Free Cash Flow Potential	**127.6**	**256.1**	**4.2**	**-5.3**	**31.3**	**37.3**	**51.3**
FCF Potential Yield (on market EV)	32.7 %	45.7 %	0.9 %	-0.8 %	6.5 %	7.7 %	10.6 %
WACC	7.59 %	7.59 %	7.59 %	7.59 %	7.59 %	7.59 %	7.59 %
= Enterprise Value (EV)	**389.7**	**560.1**	**439.8**	**622.4**	**478.6**	**485.8**	**482.6**
= Fair Enterprise Value	**1,680.8**	**3,372.9**	**55.0**	**n.a.**	**412.4**	**491.4**	**675.7**
- Net Debt (Cash)	177.7	177.7	177.7	177.7	190.1	196.8	193.1
- Pension Liabilities	12.4	12.4	12.4	12.4	12.9	13.4	13.8
- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- Market value of minorities	15.2	15.2	15.2	15.2	15.2	15.2	15.2
+ Market value of investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
= Fair Market Capitalisation	**1,475.5**	**3,167.6**	**n.a.**	**n.a.**	**194.3**	**266.0**	**453.6**
Number of shares, average	20.6	20.6	20.6	20.6	20.6	20.6	20.6
= Fair value per share (EUR)	**71.72**	**153.97**	**n.a.**	**n.a.**	**9.44**	**12.93**	**22.05**
premium (-) / discount (+) in %					-25.4 %	2.1 %	74.2 %

Sensitivity Fair value per Share (EUR)

	10.59 %	48.58	107.53	n.a.	n.a.	3.76	6.16	12.75
	9.59 %	54.68	119.78	n.a.	n.a.	5.26	7.95	15.20
	8.59 %	62.21	134.88	n.a.	n.a.	7.11	10.15	18.23
WACC	**7.59 %**	**71.72**	**153.97**	**n.a.**	**n.a.**	**9.44**	**12.93**	**22.05**
	6.59 %	84.12	178.84	n.a.	n.a.	12.48	16.55	27.03
	5.59 %	100.94	212.61	n.a.	n.a.	16.61	21.47	33.80
	4.59 %	125.10	261.09	n.a.	n.a.	22.54	28.54	43.51

- Maintenance Capex assumed at ca. 5% of sales
- Beta factor of >1x as company is active in a cyclical economy
- Net debt includes liabilities from redeemable non-controlling interests at fair value

Peer Group

As a further valuation tool, we have compiled a peer group of companies comparable to Semperit Group with regard to the product offering and key end-markets.

Trelleborg AB is a Swedish engineered polymer solutions company with a history dating back to 1905. The company specializes in products that seal, damp and protect applications across various environments. The company operates Industrial Solutions (hoses, anti-vibration, sealing), Sealing (precision seals) and Medical Solutions (polymer-based solutions for medical devices and biopharmaceutical applications. In 2023, the company generated sales of SEK 34bn (EUR 3.0bn).

Hexpol AB, also from Sweden, is a manufacturer of polymer compounds and engineered products with strong global market positions in advanced polymer compounds (Compunding), gaskets for plate heat exchangers (Gaskets) and wheels made of plastic and rubber materials for forklifts and castor wheel applications (Wheels). In 2023 the company generated sales of SEK 22.0bn (EUR 1.92bn).

Gates Industrial Corp., is a Denver, Colorado, U.S. based company which operates the Power Transmission and Fluid Power segments. Products at Power Transmission include elastomer drive belts and related components while the Fluid Power segment offers hoses, tubing and fittings designed to convey hydraulic fluid at high-pressures in mobile as well as stationary applications. In 2023, the company generated sales of USD 3.6bn (EUR 3.3bn).

Daetwyler Holding AG engages in supply of system-critical elastomer components for injectable drug delivery systems. Its operational divisions include Healthcare Solutions (system-critical components for containers and delivery systems for injectable drugs and diagnostics in the pharmaceutical and medical markets) and Industrial Solutions (components for applications in the mobility, food, beverage, and general industry markets). The Swiss company was founded in 1915 and recorded sales of CHF 1.15bn (EUR 1.19bn) in 2023.

Nolato AB (Sweden) develops and manufactures polymer product systems for customers in medical technology, telecommunications, hygiene, automotive products and other selected industrial sectors. It operates the following segments: Medical Solutions, Integrated Solutions, and Industrial Solutions. The company was founded in 1938 and generated revenues of SEK 9.5bn (EUR 0.83bn) in 2023.

RPM International, Inc. engages in the manufacture, marketing, and sale of coatings, sealants, building materials, and related services. It operates the following segments: Construction Products Group (CPG), Performance Coatings Group (PCG), Consumer Group, and Specialty Products Group (SPG). The company generated revenues of USD 7.3bn (EUR 6.8bn) in the last fiscal year which ended in May 2024.

Peer Group

	EV/sales			EV/EBITDA			EV/EBIT			P/B			P/E		
	2024e	**2025e**	**2026e**	**2024e**	**2025e**	**2026e**	**2024e**	**2025e**	**2026e**	**2024e**	**2025e**	**2026e**	**2024e**	**2025e**	**2026e**
Trelleborg AB Class B	2.8	2.6	2.5	13.5	11.9	10.8	17.4	15.5	13.8	2.3	2.2	2.0	23.5	19.3	17.4
Hexpol AB Class B	1.8	1.7	1.6	9.3	9.0	8.3	11.0	10.3	9.5	2.4	2.2	2.0	14.8	13.8	12.8
Gates Industrial Corporation plc	2.0	1.8	1.6	9.0	7.8	6.6	10.3	8.8	7.4	1.7	1.5	1.3	14.9	12.9	11.2
Daetwyler Holding AG	2.5	2.4	2.2	13.5	11.4	9.9	22.5	17.1	13.9	6.0	5.3	4.8	31.5	21.3	17.1
Nolato AB Class B	1.6	1.5	1.4	10.4	9.5	8.7	17.3	15.0	13.2	2.7	2.5	2.3	20.9	18.0	15.9
RPM International Inc.	2.4	2.3	2.1	14.6	13.2	12.1	17.2	15.5	14.1	5.6	5.0	4.5	22.1	20.0	18.2
Average Peer Group ex Tires	**2.2**	**2.0**	**1.9**	**12.0**	**10.4**	**9.3**	**17.3**	**15.2**	**13.5**	**2.5**	**2.3**	**2.2**	**21.5**	**18.7**	**16.5**
Semperit AG Holding	0.7	0.7	0.6	5.9	5.6	4.4	15.7	14.3	8.9	0.6	0.6	0.5	29.0	20.3	9.2
vs. average ex tyres	*-68%*	*-67%*	*-69%*	*-51%*	*-46%*	*-53%*	*-9%*	*-6%*	*-34%*	*-76%*	*-75%*	*-75%*	*35%*	*8%*	*-44%*
Bridgestone Corporation	0.8	0.8	0.8	4.6	4.3	3.9	7.6	6.9	6.2	1.0	1.0	0.9	10.6	10.0	9.2
Michelin	0.9	0.9	0.8	4.8	4.5	4.1	7.6	7.1	6.4	1.2	1.1	1.1	9.5	8.8	8.0
Average Total Peer Group	**1.9**	**1.8**	**1.6**	**9.9**	**9.2**	**8.5**	**14.1**	**12.7**	**11.3**	**2.3**	**2.2**	**2.0**	**17.9**	**15.9**	**14.3**

Source: FactSet (09 January 2025), Warburg Research

Several competitors to Semperit are part of companies which are frequently more well known for their respective Tyre business:

In 2023, **Bridgestone Industrial products** generated sales of EUR 1.9bn focusing on conveyor belts, hydraulic hoses, elastomer plates as well as golf equipment. The Bridgestone Corp. in total generated sales of EUR 28.4bn. Its tyres business was the main contributor.

Michelin recorded sales of EUR 28.3bn in 2023 of which EUR 1.35bn were contributed by the Polymer Composites Solution business which focuses on conveyor belts, seals, coatings and implants for controlled drug releases.

ContiTech generated sales of EUR 6.8bn in 2023 with a wide range of products for many different industries. The Automotive business contributed 45% to the division's revenues. In the non-automotive business, Continental is active in the areas of compounding/sheetings, conveyor belts, fluid handling (hoses), power transmission, printing technology, sealing systems, surface materials and suspension / anti-vibration. Products from the areas above are also offered to automobile customers. We have not included Continental AG as the company is perceived as more of an automobile supplier than an industrial polymer specialist.

Another Semperit peer that we have not included in the peer group is **Parker-Hannifin Corp.**, The U.S. based motion and control technologies company provides solutions for a wide range of mobile, industrial and aerospace markets. The company's product portfolio includes components and systems in hydraulics, pneumatics, electromechanical, filtration as well as sealing and shielding technologies. With its electronics and systems competence, Parker Hannifin enjoys substantially higher profitability and valuation multiples than the other companies in our peer group. In the last fiscal year, the company generated revenues of USD 19.9bn (EUR 18.4bn).

Based on FY 2024-26 EV/EBITDA, EV/EBIT and PER, Semperit would – based on our estimates – trade in line with the respective peer multiples at a share price of EUR 16.4. It must be mentioned here that while the company trades at substantially lower multiples than peers on EV/EBITDA multiples, Semperit's higher D&A than competitors' leads to a substantially lower discount or even premium when considering PER and EV/EBIT.

Company trading well below book value

Group equity at Semperit amounted to EUR 424m at the end of FY 2023. At ca. 20.6m shares outstanding, this corresponds to a book value per share of EUR 20.67. Consequently, the company trades at a price/book multiple of just 0.60x based on the current share-price level of ca. EUR 12.50. The book value excluding intangible assets of EUR 14.60 is also above the current share-price level.

The low valuation of Group equity (at our price target of EUR 17.50, the company would still trade below book value) reflects rather low ROCE (NOPAT/CE) in view of high investment ratios. Capex-to-sales amounted to between 7-8% from 2021 to 2023 and is expected to have come in at >10% for 2024. While the investments boost the asset base, the corresponding D&A reduces NOPAT. Although comparatively high capex should be expected for manufacturing companies, we note that investment spending at Semperit is higher than that of key peers like Trelleborg (4-5%), ContiTech (3-4%), Hexpol (2-3%) or Gates (2-3%).

While we assume that some of the above-average capex reflects requirements for local production with, in some cases, special tools to cater to customer needs in niches, the rather high capital stock may also indicate substantial growth potential, based on an already installed base. This could also be interesting, either for Semperit when seeking M&A opportunities where a strong technology may potentially be rolled out in existing facilities e.g. in new regions, or for companies seeking to acquire Semperit (although unlikely in view of the shareholder structure) rising the output level in existing facilities.

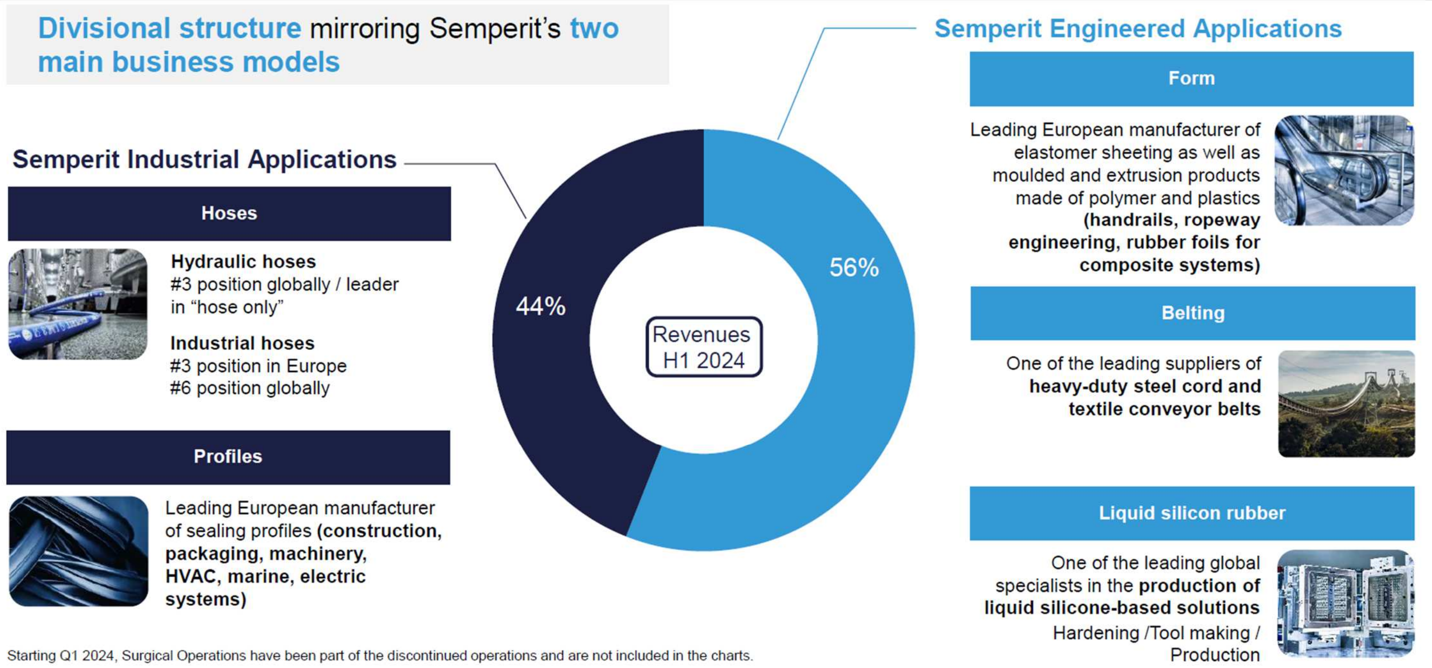
Company & Products

Semperit Group is an industrial company with a 200-year history. It specializes in high-performance elastomer products and solutions. In 2023, the company operated 16 production sites worldwide and generated EUR 682m in revenue from continued operations. Semperit focuses on two divisions: **Semperit Industrial Applications (SIA)**, which emphasizes industrial products like hydraulic hoses and profiles, and **Semperit Engineered Applications (SEA)**, which offers customized elastomer-based solutions. The company employs ca. 4,200 people globally.

Segments

Following the disposal of the medical (glove) business (Sempermed) in 2022, Semperit operates two main divisions: **Semperit Industrial Applications (SIA)** and **Semperit Engineered Applications (SEA)**. In H1 2024, SIA contributed 44% of the company's total revenue, focusing on large-scale, cost-efficient production of industrial applications such as hoses and profiles. Meanwhile, SEA accounted for 56% of the revenue, specializing in customized technical solutions like handrails, conveyor belts, and liquid silicone components (RICO).

Semperit Group overview



Source: Semperit Group, Warburg Research

SIA Products

Pressure Washer Hoses serve industrial and commercial cleaning needs, offering robust solutions for high-pressure washing systems. These hoses are built for long-term performance in heavy-duty cleaning applications in sectors like agriculture and manufacturing.

Hydraulic Hoses are designed for high-pressure applications in industries such as construction, mining, and agriculture. These hoses comply with global standards like SAE J 517 and EN 853, ensuring performance under extreme conditions, including high pressure, temperature variability, and intense mechanical stress. Known for their durability, these hoses are critical in hydraulic systems where precision and reliability are essential for fluid power transmission.

Industrial Hoses serve a broad range of industries, including agriculture, food and beverage, construction, and chemical processing. Engineered to withstand high abrasion, extreme temperatures, and chemical exposure, the product portfolio includes abrasion-resistant hoses for heavy-duty applications in mining, food-grade hoses for hygienic transport in food processing, and chemical-resistant hoses for industrial processes. Manufactured at facilities in Austria and the Czech Republic, these hoses ensure consistent quality and durability across global markets. Semperit's industrial hoses also play a critical role in renewable energy and power generation sectors, where reliability and robustness in fluid transfer systems are essential.

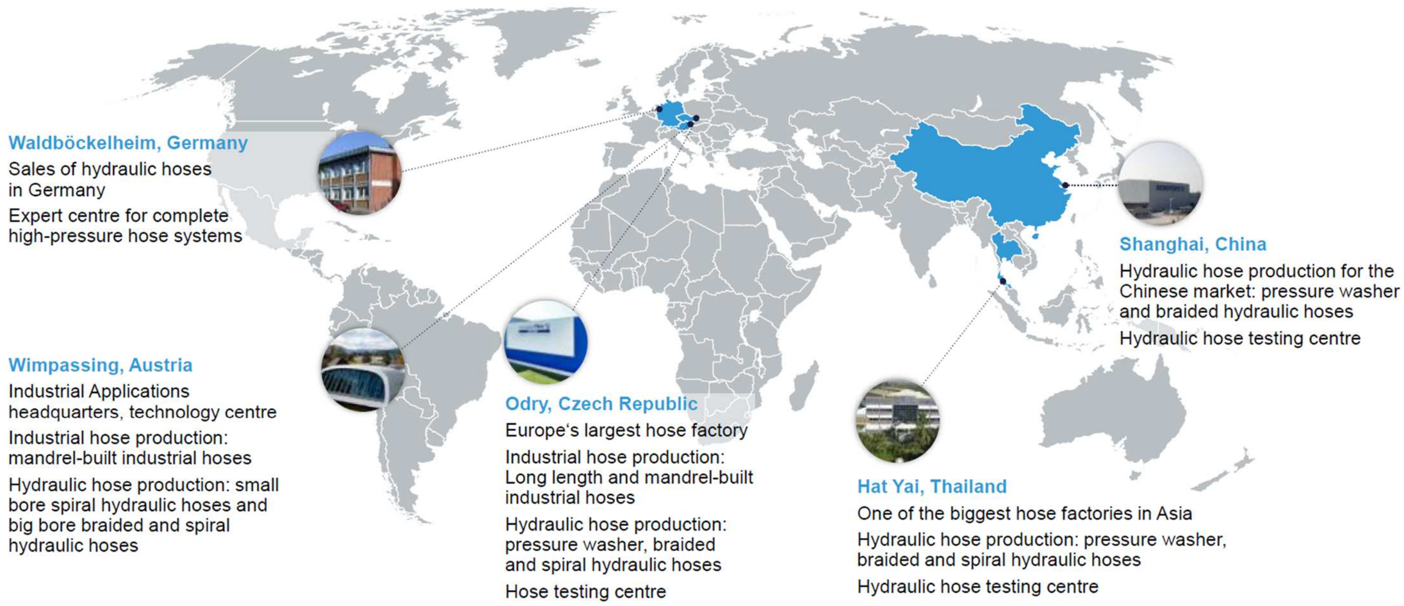
Hoses – product portfolio & operations footprint

Hydraulic and pressure washer hoses

Steel reinforced high pressure hydraulic hoses (>100 bar).
Energy transport as part of hydraulic systems
for the construction, agriculture and mining industry, high pressure cleaning.

Industrial hoses

Textile or steel reinforced industrial hoses (5 to 100 bar).
Material transport (water, gas, chemicals…)
for a wide range of industries, e.g. chemical, construction, food processing, welding, etc.

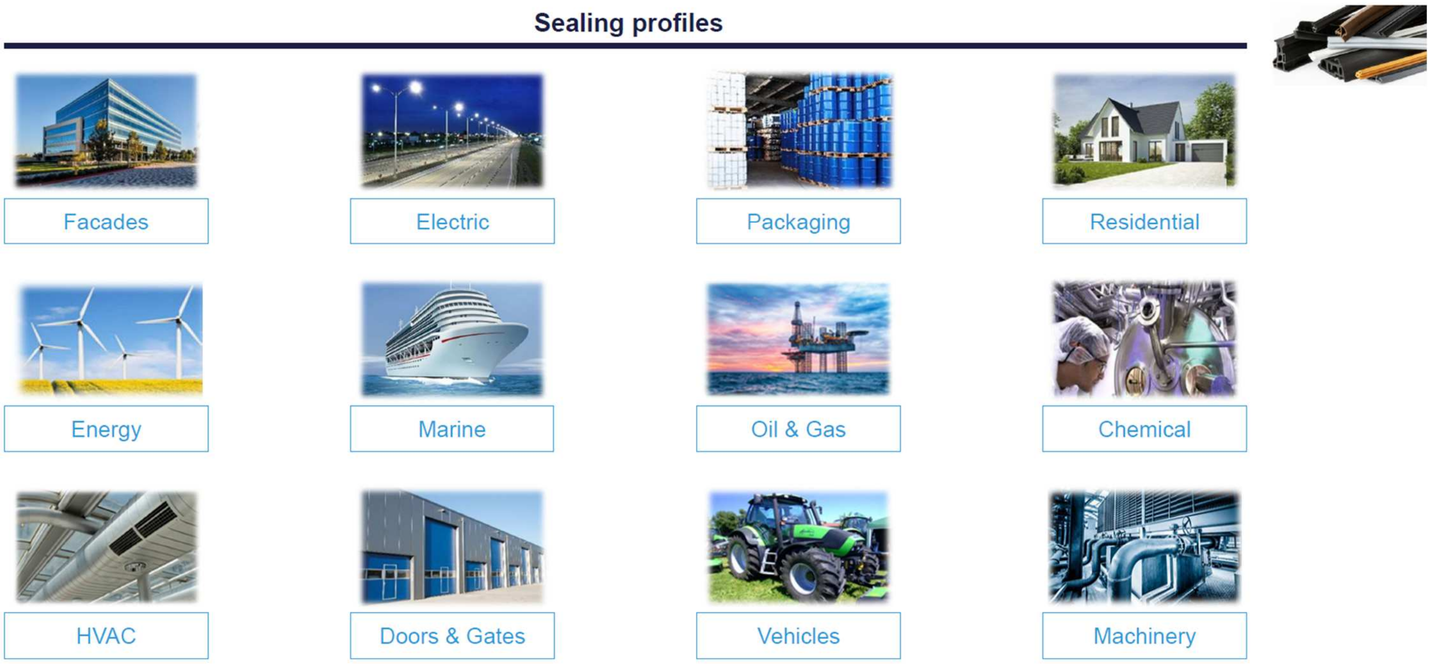


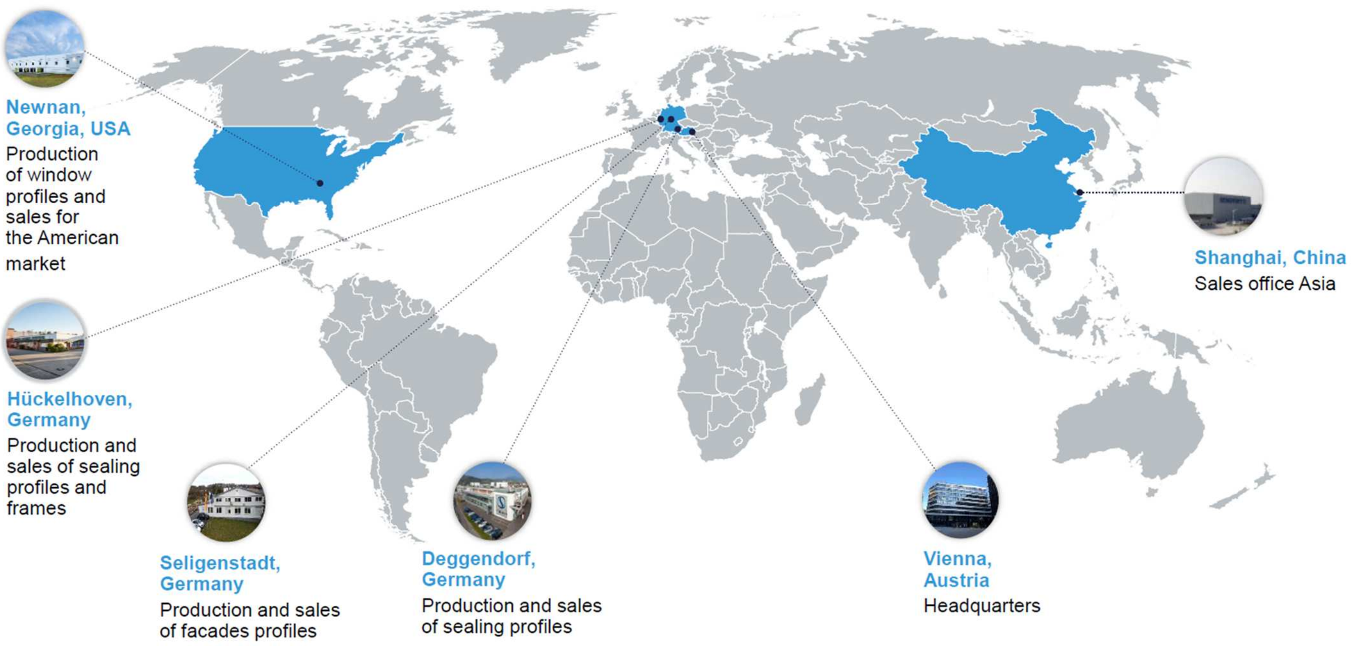
Industrial Applications also operates regional sales and distribution companies in Germany, India, Singapore and the US.

Source: Semperit Group, Warburg Research

The **Profiles** business focuses on high-performance elastomer sealing solutions for a wide range of industries, including construction, transportation, and energy. Their product offerings include window and door seals, facade systems, and specialized profiles for industrial applications. These profiles ensure effective thermal insulation, noise reduction, and weather protection, making them crucial in enhancing energy efficiency and structural durability in buildings and transportation systems.

Profiles – product portfolio & operations footprint



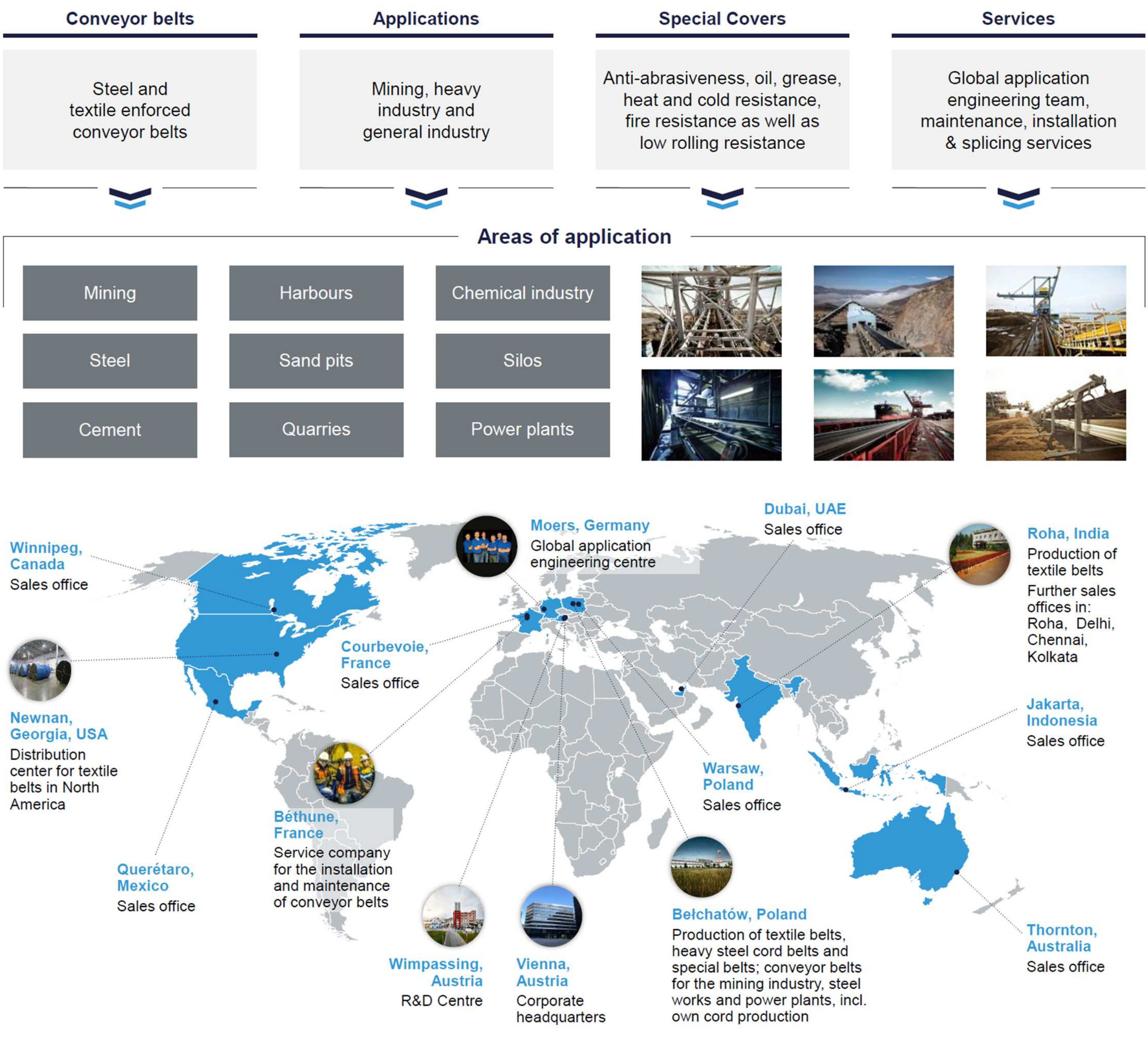


Source: Semperit Group, Warburg Research

SEA Products

Semperit's **Conveyor Belts** cater to heavy-duty industries such as mining, steel production, and cement. These belts are designed for high tensile strength, abrasion resistance, and operational reliability under extreme conditions. Available as steel cord and textile-reinforced belts, they support high-capacity material transport, reducing downtime and maintenance costs while improving efficiency in high-stress environments.

Belting – product portfolio & operations footprint



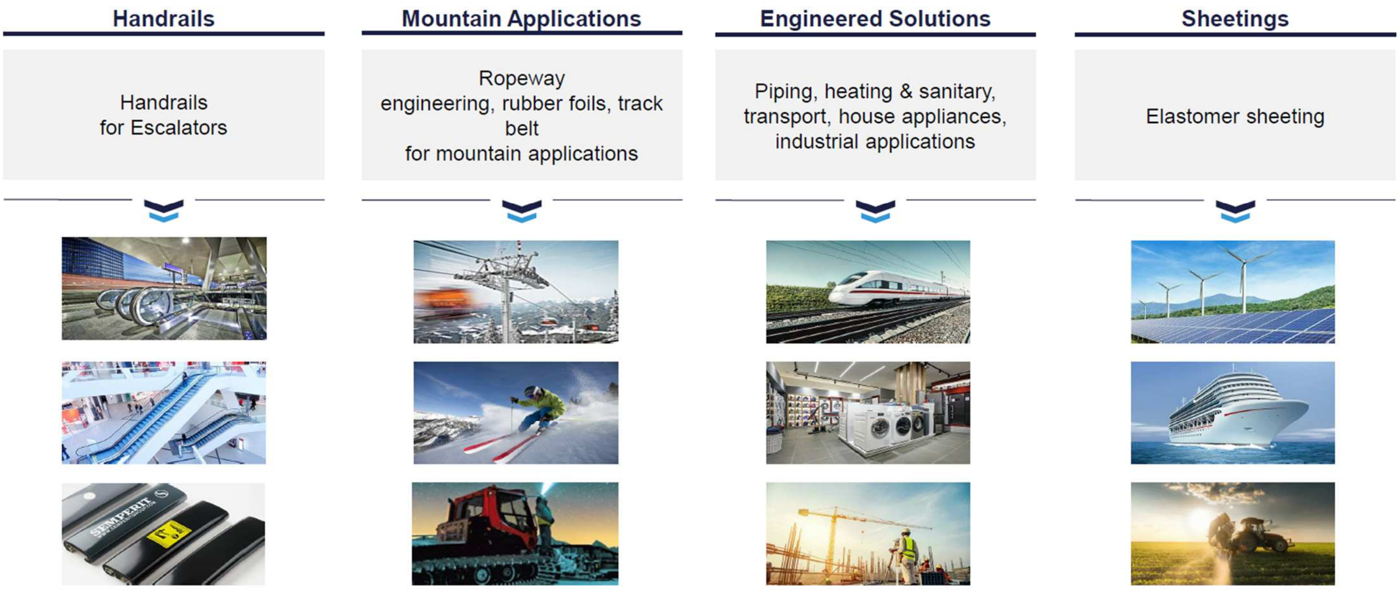
Source: Semperit Group, Warburg Research

Formed Elastomer Components segment includes custom solutions like escalator handrails, ropeway sheaves, and railway pads. These products are designed for sectors requiring high durability and precision, such as public transportation and industrial systems. Known for their wear resistance and ability to perform under stress, these components are vital in ensuring the safety and efficiency of transportation infrastructure.

Semperit commands approximately **75% of the European market** for escalator handrails, and around **40%** in **America** and **Asia**. In total, Semperit handrails are used in escalators and moving staircases in over **80 countries** worldwide.

Rail pads, **dowels**, and **guide angle plates** are integral to modern railway systems, ensuring the safety and efficiency of train operations. A key example is the **Koralm Railway**, part of Austria's new southern line and one of Europe's most significant infrastructure projects. With trains rolling over these critical components, Semperit products are designed to withstand high mechanical stress and ensure long-lasting reliability, playing a vital role in the performance of rail networks.

Form – product portfolio & operations footprint



Further regional sales and distribution companies in France and the US.

RICO Group, which is included in Semperit's accounts since 31 July 2023, focuses on advanced liquid silicone rubber (LSR) and high-precision mould-making solutions, serving industries such as healthcare, automotive, and consumer goods. Rico's expertise in developing prototypes and high-automation production processes enables efficient, large-scale manufacturing of silicone components with exceptional precision and durability. The company offers a complete value chain, from design and prototyping to tooling and production, allowing clients to scale innovative products quickly. This capability makes Rico a leader in the high-end liquid silicone rubber market.

RICO – product portfolio & operations footprint

Source: Semperit Group, Warburg Research

Regions

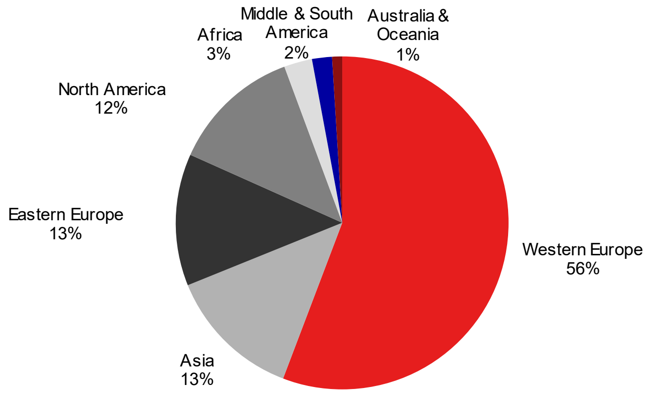
Semperit operates in over 100 countries across six continents, with **Western Europe** as its core market. While Western Europe remains a key revenue driver, Semperit maintains strong positions in regions such as **Asia, North America**, and **emerging markets like Africa** and **South America**, capitalizing on growing industrial and infrastructure demand.

Western Europe remains the largest revenue contributor for Semperit (56%), generating EUR 380.2 million in total. Strong industrial demand in sectors such as construction, and engineering drives this region's performance, making it a key market for both hydraulic and industrial hoses as well as engineered applications. In **Eastern Europe** Semperit generated EUR 87.3m (13% of Group sales). The region's industrial development, especially in sectors like infrastructure and manufacturing, supports demand.

In the **Americas,** Semperit generated revenue of EUR 86.3m in North America (12% share) and EUR 13.2m in Central & South America (2% share). Mining is a key driver behind South American sales.

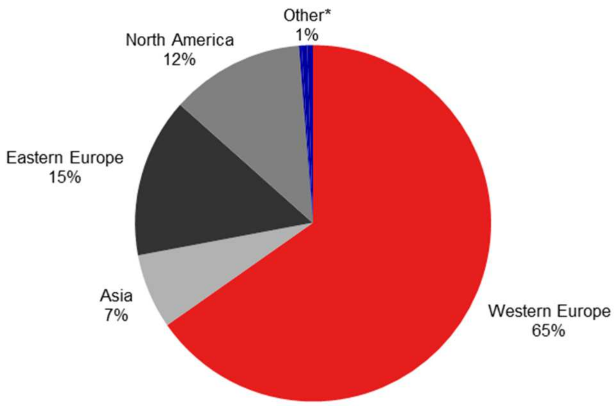
Following the disposal of the medical glove business, revenues in **Asia** amount to EUR 89.5m corresponding to a 13% share of Group sales. Asia continues to offer high growth potential, particularly in rapidly industrializing markets like China and India, where demand for hydraulic hoses and customized elastomer solutions is robust.

Semperit Group FY 23 revenue split

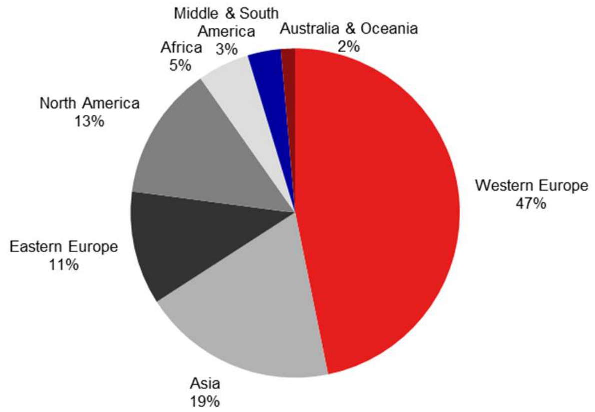


Source: Semperit, Warburg Research

Semperit Industrial Applications FY 23 revenue split



Semperit Engineered Applications FY 23 revenue split



*includes Middle- & South America, Africa and Australia & Oceania

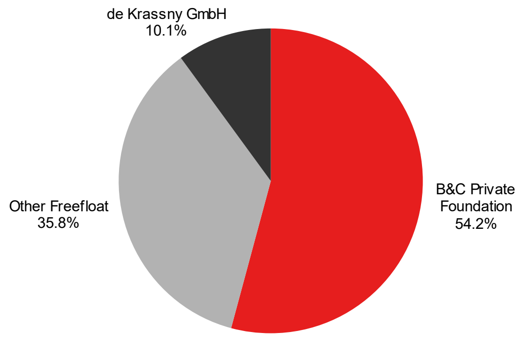
Source: Semperit, Warburg Research

Shareholder structure

Semperit has been listed on the Vienna Stock Exchange since 1890. The company's share capital is divided into 20,573,434 shares. Around 54.18% of the company's share capital are held by B&C Privatstiftung (B&C Private Foundation). The purpose of the B&C Private Foundation is to foster entrepreneurship in Austria. This primarily takes the form of long-term investments in the respective Austrian companies. Besides making a significant contribution to the long-term commercial success of its investments, B&C, according to its own website, also assumes an important role in fostering Austria as a location for industry, while also helping to retain the future of corporate headquarters in the country - irrespective of any changes in ownership and other third-party business or political interests.

Another major shareholder is the de Krassny GmbH with a stake of 10.07%. However, as the stake is not regarded as strategic, it is considered to be part of the ca. 45.82% free float of the company.

Shareholder structure



Source: Semperit Group, Warburg Research

Management

Management Board

The company's management board consists of three members, Karl Haider (CEO), Helmut Sorger (CFO) and Gerfried Eder (CIO).

Karl Haider (CEO) – until 31 March 2025

Karl Haider was appointed CEO of Semperit in January 2022. He holds a PhD in Technical Chemistry from Johannes Kepler University in Linz, Austria. Haider began his career as a chemical laboratory technician before moving into sales and project management roles at voestalpine, where he eventually became a board member of the stainless-steel division. Prior to Semperit, he served as Chief Commercial Officer at Tata Steel Europe, overseeing major M&A transactions and acting as Director of Operations Downstream.

During his time at Semperit, the company has disposed the surgical and medical gloves business (Sempermed), strengthened the Industrial business with the acquisition of the highly profitable liquid silicone rubber company Rico and improved efficiency with a restructuring programme. To our understanding, Karl Haider will leave the company at his own request, was active in the search for his successor Manfred Stanek, and will continue to give 100% in his current role until the end of March 2025.

Manfred Stanek – CEO from April 1, 2025 onwards

On 26 September, Semperit announced the appointment of Manfred Stanek as the new CEO of the Semperit AG Holding. He will join the Executive Board on 1 March 2025 and take over the role of CEO on 1 April 2025. His initial board mandate is for three years until the end of February 2028. Manfred Stanek has been the Chief Operating Officer (COO) of Greiner AG, an Austrian plastics and foam company, since early 2023. Previously, he was CEO of Greiner Packaging for six years. With over 25 years of international industry experience, Stanek has held executive roles at Votorantim Metais and Novelis. He holds a degree in Business Administration from the Vienna University of Economics and Business and completed an Executive Education Programme at INSEAD.

Helmut Sorger (CFO)

Helmut Sorger has been CFO of Semperit since October 2022. He holds a PhD in Economics and Social Sciences and began his career as a research assistant and lecturer at the Vienna University of Economics and Business. In 2007, he joined Wienerberger AG, first in Corporate Controlling and, soon after, led external reporting. In 2010, Sorger moved to the U.S. to head the finance and IT departments at General Shale Brick Inc. He returned to Vienna in 2013 as Head of Corporate Reporting at Wienerberger AG and, in 2015, became CFO for North America, where he played a key role in driving acquisitions and their integration.

Gerfried Eder (CIO)

Gerfried Eder took on the role of Chief Industrial Officer (CIO) at Semperit in July 2023. Eder has been with Semperit since 2000, holding various senior positions, including Managing Director for the hydraulic and industrial hoses production segment, where he oversaw operations in the Czech Republic, Thailand, China, Austria, the U.S., India, and Singapore. He holds a degree in Business Administration from the Vienna University of Economics and Business.

Semperit Group Overview

Karl Haider CEO	Helmut Sorger CFO		Gerfried Eder CIO
Division Engineered Applications	Finance	Accounting & Tax	Division Industrial Applications
Surgical Operations	Business Performance Management	Business Process Automation	Commercial Excellence
Corporate Development & ESG	CISO	Corporate Development & ESG	HSEQ
Group Communications, Brand Management & Investor Relations	Controlling	Information Technology	Research & Development
Human Resources	Internal Audit, Risk Management & Assurance	Legal	Supply Chain Management & Procurement
Manufacturing & Engineering	Treasury		
Mixing Operations			

Source: Semperit Group, Warburg Research

Supervisory Board

Semperit AG Holding as a publicly listed stock corporation has a dual management structure consisting of an executive board and a supervisory board. Each organ is strictly separate in terms of personnel and tasks and can therefore perform their different roles independently. While the executive board is responsible for managing the company, the supervisory board is responsible for monitoring the executive board. Currently the supervisory board consists of six shareholder representatives and three employee representatives.

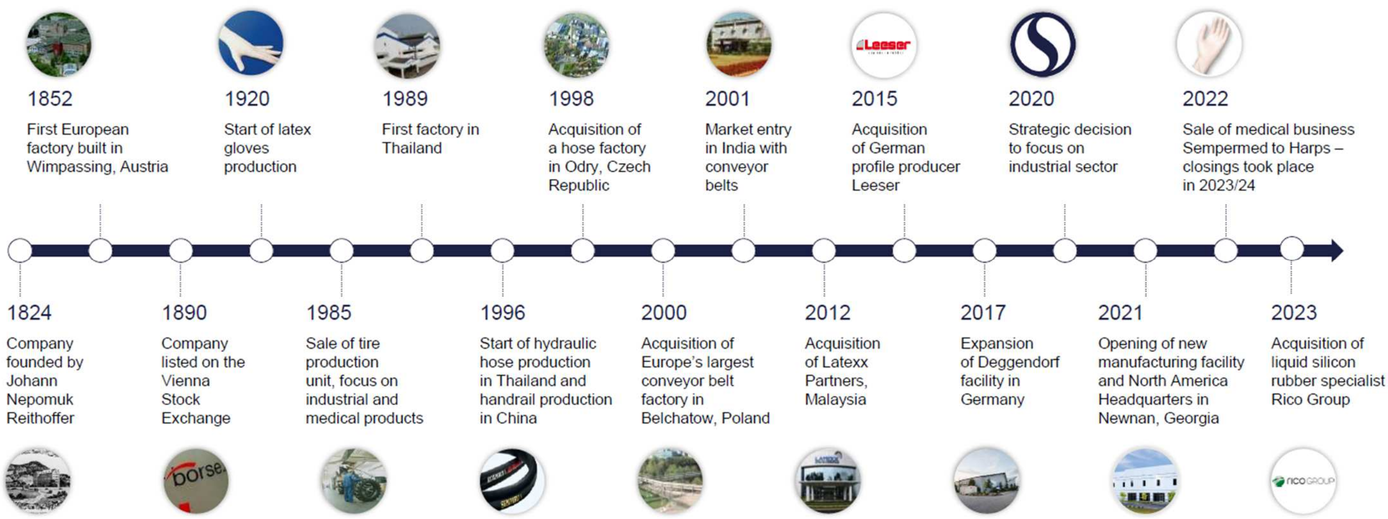
Supervisory Board: shareholder representatives	Supervisory Board: employee representatives
▪ Thomas Cord Prinzhorn (Chairman)	
▪ Stefan Fida (Deputy Chairman)	▪ Monika Mueller
▪ Stephan Büttner	▪ Michael Schwiegelhofer
▪ Klaus F. Erkes	▪ Markus Stocker
▪ Birgit Noggler	
▪ Marion A. Weissenberger-Eibl	

Source: Semperit Group, Warburg Research

Company history – 200th anniversary in 2024

Semperit celebrated its 200th anniversary under the motto "200 Years Semperit – Experience for Tomorrow" in 2024. Success factors such as globalization, an innovative spirit and customer orientation are not only important today but have been key elements of the company's positive development over the past 200 years. The following chart illustrates some of the key milestones in the company's history.

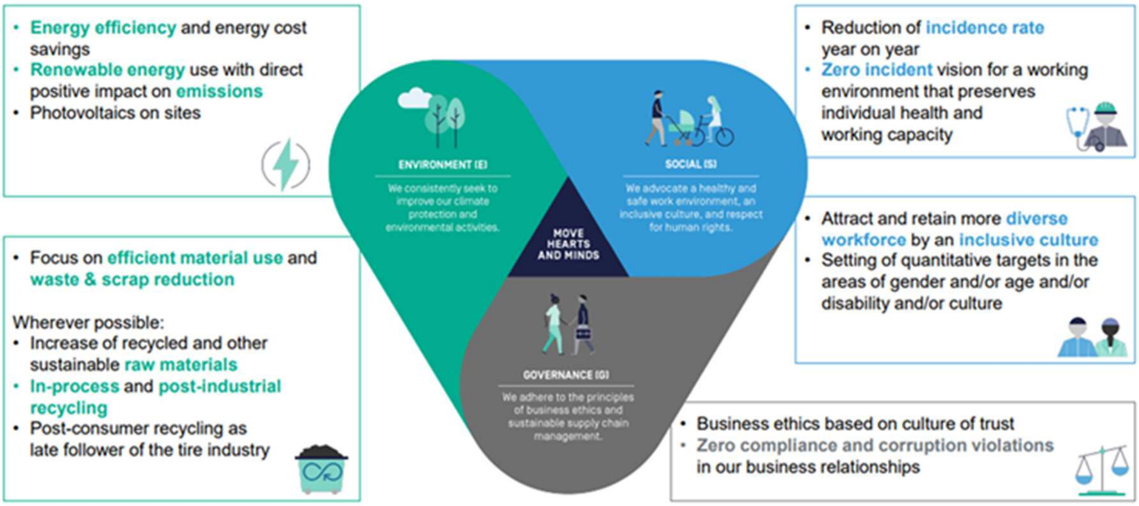
Semperit Group history



ESG – core sustainability topics

Semperit's sustainability vision centres on integrating **environmental stewardship**, **social responsibility**, and **ethical governance** to drive innovation, reduce impact, and create long-term value for both society and the planet.

ESG at Semperit



Source: Semperit Group, Warburg Research

Sustainability is a core focus for Semperit, as the company integrates **environmental, social, and governance (ESG)** principles into its business strategy to meet the evolving demands of stakeholders and regulators. Recognized with a **Platinum rating by EcoVadis**, Semperit ranks within the top **1% of the industry**, demonstrating its leadership in sustainable practices. The company has made significant strides in reducing its environmental impact through efforts to improve **energy efficiency**, promote **renewable energy use**, and reduce waste across its production processes.

One of Semperit's most significant environmental initiatives is its commitment to **renewable energy**. The company has scaled up **photovoltaic (PV) systems** at several production sites, including **Rivalit Germany**, **SSH Shanghai**, and **Thailand**, allowing PVs to deliver more than **10% of its own electrical energy demand**. This not only reduces **electricity costs** but also contributes to **climate change mitigation** by decarbonizing its energy mix. This initiative aligns with Semperit's broader goal to reduce emissions and minimize its carbon footprint, as part of the company's long-term commitment to sustainability.

In addition to energy initiatives, Semperit is focused on the **efficient use of materials** and the reduction of **waste** and **scrap** in its production processes. Through the integration of **recycled and sustainable raw materials**, as well as **in-process and post-industrial recycling**, Semperit is optimizing material use to enhance sustainability throughout the product lifecycle. A notable effort is the company's initiative to reclaim waste and scrap from **vulcanized EPDM profiles**, enabling the integration of these materials into a new life cycle. The company aims to increase its internal and external **recycling rate** as much as possible, reflecting a circular approach to resource use and waste management.

Semperit's sustainability commitment is further demonstrated in the **expansion of production capabilities** at its site in **Odry, Czech Republic**. As one of the world's largest production facilities for **industrial and hydraulic hoses**, the site's expansion includes plans to power the new production hall **exclusively by renewable energy**. This facility is also aligned with **EU Taxonomy** standards for **CO2-conscious hose production**, emphasizing the company's commitment to sustainable industrial practices. The expansion, expected to start operations in 2025, underscores Semperit's drive to incorporate automation and sustainability into its global production footprint.

On the social front, Semperit actively promotes a diverse and inclusive workplace, with top management committing to the **Charter of Diversity**. This commitment aims to foster a connected and inclusive culture while promoting **diversity, inclusion, and equality** across the company. Setting **quantitative targets** in areas such as **gender**, **age**, and **disability**, Semperit ensures that diversity becomes an integral part of its corporate culture, creating a more resilient and agile workforce.

Semperit's governance is centred around business ethics and compliance, with a **zero-tolerance policy** for **corruption and compliance violations**. The company integrates **ESG principles** into its **organizational decision-making processes**, ensuring a responsible and transparent corporate structure. The establishment of an **ESG Committee** further reinforces Semperit's governance framework, enabling the executive and supervisory boards to define strategic sustainability roadmaps and regularly review the company's ESG performance.

As part of its ongoing effort to raise awareness and improve sustainability practices across the organization, Semperit has invested in **E-learning platforms** and **communication initiatives** to educate its workforce on **ESG compliance** and best practices. This includes preparing for compliance with evolving **EU regulations**, such as the **Corporate Sustainability Reporting Directive (CSRD)** and **EU Taxonomy** standards, ensuring that the company remains ahead of legislative developments while continuing to drive its sustainability agenda.

Through these efforts, Semperit is positioning itself as a leader in sustainable industrial practices, with a holistic approach to environmental, social, and governance issues. From **energy efficiency** and **material optimization** to a focus on **diversity** and **compliance**, Semperit's sustainability strategy is an integral part of its long-term business model, ensuring resilience and success in an increasingly eco-conscious marketplace.

DCF model

	Detailed forecast period			Transitional period										Term. Value
Figures in EUR m	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	2036e	
Sales	668.9	710.0	827.2	901.4	955.5	993.7	1,028.5	1,064.5	1,101.7	1,140.3	1,180.2	1,221.5	1,264.3	
Sales change	*-1.9 %*	*6.1 %*	*16.5 %*	*9.0 %*	*6.0 %*	*4.0 %*	*3.5 %*	*3.5 %*	*3.5 %*	*3.5 %*	*3.5 %*	*3.5 %*	*3.5 %*	*1.5 %*
EBIT	30.0	33.2	53.8	63.4	65.9	67.6	68.9	70.3	71.6	74.1	76.7	79.4	82.2	
EBIT-margin	*4.5 %*	*4.7 %*	*6.5 %*	*7.0 %*	*6.9 %*	*6.8 %*	*6.7 %*	*6.6 %*	*6.5 %*	*6.5 %*	*6.5 %*	*6.5 %*	*6.5 %*	
Tax rate (EBT)	*40.0 %*	*30.0 %*	*28.5 %*	*28.5 %*	*28.5 %*	*28.5 %*	*28.5 %*	*28.5 %*	*28.5 %*	*28.5 %*	*28.5 %*	*28.5 %*	*28.5 %*	
NOPAT	18.0	23.3	38.4	45.3	47.1	48.3	49.3	50.2	51.2	53.0	54.9	56.8	58.8	
Depreciation	50.3	52.4	54.8	58.0	60.2	61.6	62.7	63.9	66.1	68.4	70.8	73.3	75.9	
in % of Sales	*7.5 %*	*7.4 %*	*6.6 %*	*6.4 %*	*6.3 %*	*6.2 %*	*6.1 %*	*6.0 %*	*6.0 %*	*6.0 %*	*6.0 %*	*6.0 %*	*6.0 %*	
Changes in provisions	0.5	0.5	0.5	1.9	1.4	1.2	1.2	1.7	0.7	0.8	0.8	0.8	0.9	
Change in Liquidity from														
- Working Capital	-5.8	6.7	20.5	12.3	9.7	6.9	6.3	6.5	6.7	6.9	7.2	7.4	7.7	
- Capex	70.8	66.0	64.0	67.6	66.9	64.6	65.8	67.1	68.3	69.6	72.0	74.5	77.1	
Capex in % of Sales	*10.6 %*	*9.3 %*	*7.7 %*	*7.5 %*	*7.0 %*	*6.5 %*	*6.4 %*	*6.3 %*	*6.2 %*	*6.1 %*	*6.1 %*	*6.1 %*	*6.1 %*	
- Other	4.8	4.9	4.8	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	
Free Cash Flow (WACC Model)	-1.1	-1.4	4.4	20.8	27.6	35.1	36.6	37.8	38.5	41.2	42.8	44.4	46.2	51
PV of FCF	-1.1	-1.3	3.9	16.9	20.9	24.7	23.9	22.9	21.7	21.6	20.8	20.1	19.4	351
share of PVs	0.26 %			37.66 %										62.08 %

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	36.50 %	Financial Strength	1.10
Cost of debt (after tax)	3.6 %	Liquidity (share)	1.40
Market return	8.25 %	Cyclicality	1.50
Risk free rate	2.75 %	Transparency	1.20
		Others	1.30
WACC	**7.59 %**	**Beta**	**1.30**

Valuation (m)

Present values 2036e	214		
Terminal Value	351		
Financial liabilities	292		
Pension liabilities	12		
Hybrid capital	0		
Minority interest	15		
Market val. of investments	0		
Liquidity	114	No. of shares (m)	20.6
Equity Value	**361**	**Value per share (EUR)**	**17.53**

Sensitivity Value per Share (EUR)

		Terminal Growth						
Beta	WACC	0.75 %	1.00 %	1.25 %	**1.50 %**	1.75 %	2.00 %	2.25 %
1.59	8.6 %	11.67	12.06	12.48	12.92	13.40	13.92	14.48
1.44	8.1 %	13.52	13.99	14.50	15.04	15.63	16.27	16.96
1.37	7.8 %	14.55	15.07	15.63	16.23	16.89	17.60	18.37
1.30	7.6 %	15.66	16.23	16.85	**17.53**	18.26	19.05	19.92
1.23	7.3 %	16.85	17.49	18.18	18.93	19.75	20.64	21.62
1.16	7.1 %	18.14	18.85	19.62	20.47	21.38	22.39	23.51
1.01	6.6 %	21.07	21.96	22.93	24.00	25.18	26.48	27.94

		Delta EBIT-margin						
Beta	WACC	-1.5 pp	-1.0 pp	-0.5 pp	**+0.0 pp**	+0.5 pp	+1.0 pp	+1.5 pp
1.59	8.6 %	5.26	7.81	10.37	12.92	15.48	18.03	20.59
1.44	8.1 %	6.79	9.54	12.29	15.04	17.80	20.55	23.30
1.37	7.8 %	7.65	10.51	13.37	16.23	19.10	21.96	24.82
1.30	7.6 %	8.58	11.56	14.54	**17.53**	20.51	23.49	26.47
1.23	7.3 %	9.60	12.71	15.82	18.93	22.04	25.15	28.26
1.16	7.1 %	10.71	13.96	17.21	20.47	23.72	26.97	30.22
1.01	6.6 %	13.27	16.85	20.42	24.00	27.58	31.15	34.73

- Sales growth in transition period expected to fade to 3.5% broadly in line with average global GDP expansion
- EBITDA margin seen at 12.5% on average in the transition period and perpetuity
- Beta factor of >1x as company is active in a cyclical economy
- Net debt includes liabilities from redeemable non-controlling interests at fair value

Free Cash Flow Value Potential

Warburg Research's valuation tool "FCF Value Potential" reflects the ability of the company to generate sustainable free cash flows. It is based on the "FCF potential" - a FCF "ex growth" figure - which assumes unchanged working capital and pure maintenance capex. A value indication is derived via the perpetuity of a given year's "FCF potential" with consideration of the weighted costs of capital. The fluctuating value indications over time add a timing element to the DCF model (our preferred valuation tool).

in EUR m	2020	2021	2022	2023	2024e	2025e	2026e
Net Income before minorities	194.6	247.5	-5.6	-17.1	8.9	12.7	27.9
+ Depreciation + Amortisation	-29.2	28.8	38.4	37.2	50.3	52.4	54.8
- Net Interest Income	-8.6	-9.9	-10.4	-8.7	-15.4	-15.1	-14.8
- Maintenance Capex	46.4	30.1	39.0	34.1	38.4	38.0	41.4
+ Other	0.0	0.0	0.0	0.0	-4.8	-4.9	-4.8
= Free Cash Flow Potential	**127.6**	**256.1**	**4.2**	**-5.3**	**31.3**	**37.3**	**51.3**
FCF Potential Yield (on market EV)	32.7 %	45.7 %	0.9 %	-0.8 %	6.5 %	7.7 %	10.6 %
WACC	7.59 %	7.59 %	7.59 %	7.59 %	7.59 %	7.59 %	7.59 %
= Enterprise Value (EV)	**389.7**	**560.1**	**439.8**	**622.4**	**478.6**	**485.8**	**482.6**
= Fair Enterprise Value	**1,680.8**	**3,372.9**	**55.0**	**n.a.**	**412.4**	**491.4**	**675.7**
- Net Debt (Cash)	177.7	177.7	177.7	177.7	190.1	196.8	193.1
- Pension Liabilities	12.4	12.4	12.4	12.4	12.9	13.4	13.8
- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- Market value of minorities	15.2	15.2	15.2	15.2	15.2	15.2	15.2
+ Market value of investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
= Fair Market Capitalisation	**1,475.5**	**3,167.6**	**n.a.**	**n.a.**	**194.3**	**266.0**	**453.6**
Number of shares, average	20.6	20.6	20.6	20.6	20.6	20.6	20.6
= Fair value per share (EUR)	**71.72**	**153.97**	**n.a.**	**n.a.**	**9.44**	**12.93**	**22.05**
premium (-) / discount (+) in %					-25.4 %	2.1 %	74.2 %

Sensitivity Fair value per Share (EUR)

		2020	2021	2022	2023	2024e	2025e	2026e
	10.59 %	48.58	107.53	n.a.	n.a.	3.76	6.16	12.75
	9.59 %	54.68	119.78	n.a.	n.a.	5.26	7.95	15.20
	8.59 %	62.21	134.88	n.a.	n.a.	7.11	10.15	18.23
WACC	**7.59 %**	**71.72**	**153.97**	**n.a.**	**n.a.**	**9.44**	**12.93**	**22.05**
	6.59 %	84.12	178.84	n.a.	n.a.	12.48	16.55	27.03
	5.59 %	100.94	212.61	n.a.	n.a.	16.61	21.47	33.80
	4.59 %	125.10	261.09	n.a.	n.a.	22.54	28.54	43.51

- Maintenance Capex assumed at ca. 5% of sales
- Beta factor of >1x as company is active in a cyclical economy
- Net debt includes liabilities from redeemable non-controlling interests at fair value

Valuation

	2020	2021	2022	2023	2024e	2025e	2026e
Price / Book	1.1 x	1.2 x	0.9 x	1.0 x	0.6 x	0.6 x	0.6 x
Book value per share ex intangibles	14.32	25.84	24.88	14.60	14.95	15.76	17.20
EV / Sales	0.4 x	0.9 x	0.6 x	0.9 x	0.7 x	0.7 x	0.6 x
EV / EBITDA	1.9 x	10.4 x	4.4 x	8.7 x	6.0 x	5.7 x	4.4 x
EV / EBIT	1.6 x	22.2 x	7.1 x	18.0 x	16.0 x	14.6 x	9.0 x
EV / EBIT adj.*	1.6 x	22.2 x	7.1 x	14.9 x	10.9 x	9.0 x	5.9 x
P / FCF	2.1 x	2.7 x	n.a.	82.8 x	n.a.	31.7 x	12.8 x
P / E	1.7 x	2.6 x	n.a.	n.a.	29.4 x	20.4 x	9.4 x
P / E adj.*	1.6 x	177.0 x	11.5 x	16.8 x	29.7 x	20.5 x	9.3 x
Dividend Yield	9.7 %	4.8 %	21.0 %	2.5 %	1.6 %	2.4 %	5.1 %
FCF Potential Yield (on market EV)	32.7 %	45.7 %	0.9 %	-0.8 %	6.5 %	7.7 %	10.6 %

*Adjustments made for: none

Company Specific Items

	2020	2021	2022	2023	2024e	2025e	2026e
EBITDA margin SIA	n.a.	17.3 %	19.6 %	14.2 %	18.1 %	18.3 %	18.5 %
EBITDA margin SEA	n.a.	10.7 %	13.1 %	14.4 %	12.0 %	11.6 %	12.5 %

Consolidated profit & loss

In EUR m	2020	2021	2022	2023	2024e	2025e	2026e
Sales	**927.6**	**601.8**	**779.8**	**681.8**	**668.9**	**710.0**	**827.2**
Change Sales yoy	10.4 %	-35.1 %	29.6 %	-12.6 %	-1.9 %	6.1 %	16.5 %
Increase / decrease in inventory	6.1	9.8	11.8	-11.0	-4.8	1.8	2.0
Own work capitalised	3.5	2.8	2.7	2.6	2.9	3.0	2.5
Total Sales	**937.2**	**614.4**	**794.3**	**673.4**	**667.0**	**714.7**	**831.7**
Material expenses	431.4	299.9	410.2	305.7	282.4	304.7	356.5
Gross profit	**505.8**	**314.5**	**384.1**	**367.7**	**384.5**	**410.0**	**475.1**
Gross profit margin	*54.5 %*	*52.3 %*	*49.3 %*	*53.9 %*	*57.5 %*	*57.7 %*	*57.4 %*
Personnel expenses	209.8	182.7	197.1	205.1	220.7	233.0	263.9
Other operating income	7.8	8.3	9.3	6.2	8.0	7.5	7.8
Other operating expenses	95.3	86.2	95.8	97.0	91.6	98.9	110.5
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	**208.6**	**54.0**	**100.5**	**71.8**	**80.2**	**85.6**	**108.5**
Margin	*22.5 %*	*9.0 %*	*12.9 %*	*10.5 %*	*12.0 %*	*12.1 %*	*13.1 %*
Depreciation of fixed assets	-31.1	26.6	35.5	33.7	46.0	48.4	50.8
EBITA	**239.7**	**27.4**	**65.0**	**38.2**	**34.2**	**37.2**	**57.8**
Amortisation of intangible assets	1.9	2.1	2.9	3.5	4.3	4.0	4.0
Goodwill amortisation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	**237.8**	**25.2**	**62.1**	**34.6**	**30.0**	**33.2**	**53.8**
Margin	*25.6 %*	*4.2 %*	*8.0 %*	*5.1 %*	*4.5 %*	*4.7 %*	*6.5 %*
EBIT adj.	**237.8**	**25.2**	**62.1**	**41.6**	**44.0**	**54.2**	**81.8**
Interest income	0.4	0.2	0.4	2.9	3.2	3.1	3.0
Interest expenses	5.4	4.0	2.6	7.8	14.1	13.5	12.9
Other financial income (loss)	-3.6	-6.1	-8.2	-3.8	-4.5	-4.7	-4.9
EBT	**229.2**	**15.3**	**51.7**	**25.9**	**14.6**	**18.1**	**39.0**
Margin	*24.7 %*	*2.5 %*	*6.6 %*	*3.8 %*	*2.2 %*	*2.6 %*	*4.7 %*
Total taxes	34.6	11.7	13.4	1.1	5.8	5.4	11.1
Net income from continuing operations	**194.6**	**3.6**	**38.4**	**24.9**	**8.8**	**12.7**	**27.9**
Income from discontinued operations (net of tax)	0.0	243.9	-44.0	-41.9	0.1	0.0	0.0
Net income before minorities	**194.6**	**247.5**	**-5.6**	**-17.1**	**8.9**	**12.7**	**27.9**
Minority interest	8.2	0.9	-0.1	-0.3	0.0	0.0	0.0
Net income	**186.4**	**246.6**	**-5.5**	**-16.8**	**8.9**	**12.7**	**27.9**
Margin	*20.1 %*	*41.0 %*	*-0.7 %*	*-2.5 %*	*1.3 %*	*1.8 %*	*3.4 %*
Number of shares, average	20.6	20.6	20.6	20.6	20.6	20.6	20.6
EPS	**9.06**	**11.99**	**-0.27**	**-0.82**	**0.43**	**0.62**	**1.35**
EPS adj.	9.46	0.18	1.86	1.21	0.43	0.62	1.35

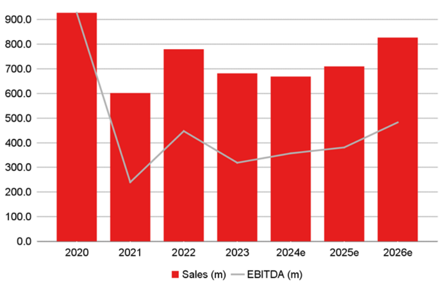
*Adjustments made for: none

Guidance: FY 2024: EBITDA of ca. EUR 80m

Financial Ratios

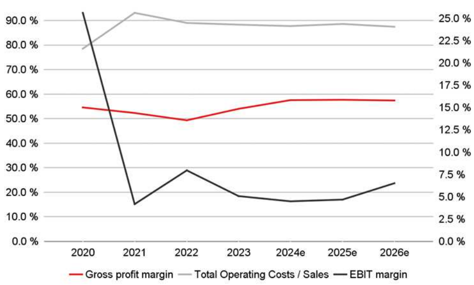
	2020	2021	2022	2023	2024e	2025e	2026e
Total Operating Costs / Sales	78.6 %	93.1 %	89.0 %	88.2 %	87.7 %	88.6 %	87.4 %
Operating Leverage	n.a.	2.5 x	4.9 x	3.5 x	7.1 x	1.8 x	3.7 x
EBITDA / Interest expenses	38.5 x	13.3 x	38.4 x	9.2 x	5.7 x	6.3 x	8.4 x
Tax rate (EBT)	15.1 %	76.4 %	25.9 %	4.1 %	40.0 %	30.0 %	28.5 %
Dividend Payout Ratio	15.9 %	850.6 %	241.3 %	41.4 %	47.0 %	48.6 %	48.0 %
Sales per Employee	133,068	145,712	181,360	158,956	158,654	164,151	172,323

Sales, EBITDA
in EUR m



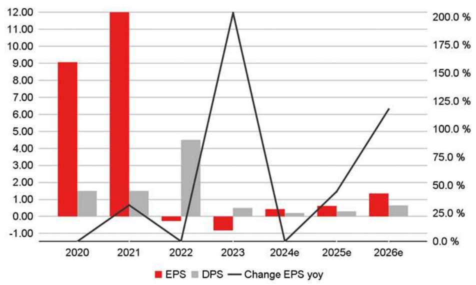
Source: Warburg Research

Operating Performance
in %



Source: Warburg Research

Performance per Share



Source: Warburg Research

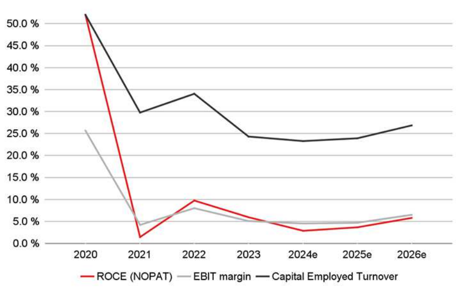
Consolidated balance sheet

In EUR m	2020	2021	2022	2023	2024e	2025e	2026e
Assets							
Goodwill and other intangible assets	7.6	8.5	6.3	125.0	121.5	118.5	116.0
thereof other intangible assets	5.9	6.8	4.6	73.9	70.4	67.4	64.9
thereof Goodwill	1.7	1.7	1.7	51.0	51.0	51.0	51.0
Property, plant and equipment	340.2	376.6	293.5	447.5	469.1	490.5	506.8
Financial assets	7.1	7.4	5.6	6.5	5.3	5.3	5.3
Other long-term assets	8.6	14.9	11.2	18.8	18.7	19.0	19.7
Fixed assets	**363.5**	**407.4**	**316.6**	**597.7**	**614.6**	**633.2**	**647.7**
Inventories	141.1	186.8	128.2	110.8	105.3	110.9	127.3
Accounts receivable	99.3	98.8	88.9	86.1	79.7	86.6	102.0
Liquid assets	147.1	237.1	109.1	114.2	108.6	103.3	103.1
Other short-term assets	13.3	28.5	200.1	29.1	21.1	21.5	22.5
Current assets	**400.9**	**551.1**	**526.3**	**340.2**	**314.8**	**322.3**	**354.9**
Total Assets	**764.4**	**958.6**	**842.9**	**937.9**	**929.4**	**955.6**	**1,002.6**
Liabilities and shareholders' equity							
Subscribed capital	21.4	21.4	21.4	21.4	21.4	21.4	21.4
Capital reserve	21.5	21.5	21.5	21.5	21.5	21.5	21.5
Retained earnings	294.9	512.2	482.1	371.6	370.1	378.7	400.4
Other equity components	-35.5	-15.0	-6.8	10.9	16.0	21.2	26.6
Shareholders' equity	302.3	540.1	518.2	425.3	429.0	442.8	469.9
Minority interest	32.3	1.0	1.0	0.0	0.0	0.0	0.0
Total equity	**334.6**	**541.2**	**519.1**	**425.3**	**429.0**	**442.8**	**469.9**
Provisions	100.1	126.1	63.2	64.7	60.3	63.1	69.2
thereof provisions for pensions and similar obligations	17.7	16.1	11.9	12.4	12.9	13.4	13.8
Financial liabilities (total)	186.4	123.8	80.9	291.9	298.7	300.2	296.2
Short-term financial liabilities	81.8	39.7	14.5	8.7	10.0	10.0	10.0
Accounts payable	77.7	95.2	63.9	68.3	62.3	68.1	79.3
Other liabilities	65.6	72.5	115.8	87.6	79.2	81.5	88.0
Liabilities	**429.8**	**417.5**	**323.8**	**512.6**	**500.4**	**512.8**	**532.7**
Total liabilities and shareholders' equity	**764.4**	**958.6**	**842.9**	**937.9**	**929.4**	**955.6**	**1,002.6**

Financial Ratios

	2020	2021	2022	2023	2024e	2025e	2026e
Efficiency of Capital Employment							
Operating Assets Turnover	1.8 x	1.1 x	1.7 x	1.2 x	1.1 x	1.1 x	1.3 x
Capital Employed Turnover	2.4 x	1.4 x	1.6 x	1.1 x	1.1 x	1.1 x	1.2 x
ROA	51.3 %	60.5 %	-1.7 %	-2.8 %	1.4 %	2.0 %	4.3 %
Return on Capital							
ROCE (NOPAT)	52.0 %	1.4 %	9.7 %	5.9 %	2.9 %	3.6 %	5.8 %
ROE	83.6 %	58.5 %	-1.0 %	-3.6 %	2.1 %	2.9 %	6.1 %
Adj. ROE	83.6 %	58.5 %	-1.0 %	-3.6 %	2.1 %	2.9 %	6.1 %
Balance sheet quality							
Net Debt	57.0	-97.2	-16.2	190.1	202.9	210.2	206.9
Net Financial Debt	39.3	-113.3	-28.2	177.7	190.1	196.8	193.1
Net Gearing	17.0 %	-18.0 %	-3.1 %	44.7 %	47.3 %	47.5 %	44.0 %
Net Fin. Debt / EBITDA	18.8 %	n.a.	n.a.	247.3 %	236.9 %	229.9 %	177.9 %
Book Value / Share	14.7	26.3	25.2	20.7	20.8	21.5	22.8
Book value per share ex intangibles	14.3	25.8	24.9	14.6	14.9	15.8	17.2

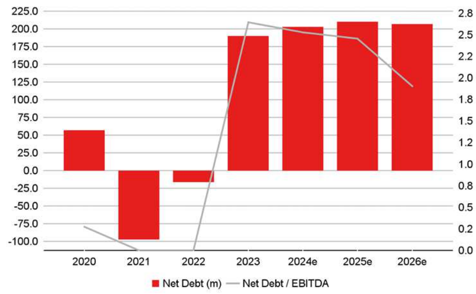
ROCE Development



Source: Warburg Research

Net debt

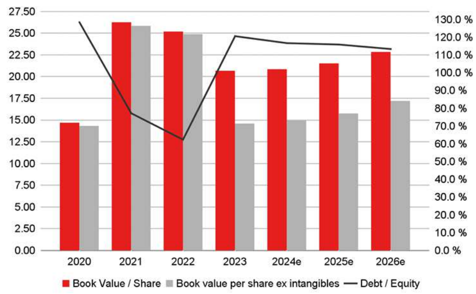
in EUR m



Source: Warburg Research

Book Value per Share

in EUR



Source: Warburg Research

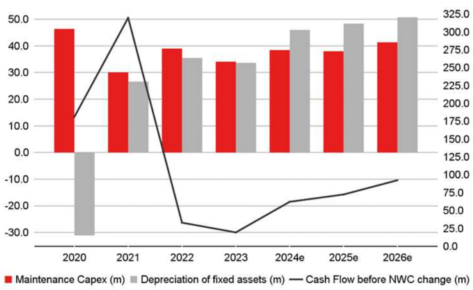
Consolidated cash flow statement

In EUR m	2020	2021	2022	2023	2024e	2025e	2026e
Net income	186.4	246.6	-5.5	-16.8	8.9	12.7	27.9
Depreciation of fixed assets	-31.1	26.6	35.5	33.7	46.0	48.4	50.8
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	1.9	2.1	2.9	3.5	4.3	4.0	4.0
Increase/decrease in long-term provisions	1.0	-2.5	1.2	-3.8	-0.1	1.0	1.6
Other non-cash income and expenses	22.9	47.1	-0.8	2.6	3.5	6.3	8.4
Cash Flow before NWC change	**181.0**	**319.9**	**33.3**	**19.2**	**62.5**	**72.4**	**92.6**
Increase / decrease in inventory	-27.0	-38.8	19.7	44.5	5.4	-5.6	-16.3
Increase / decrease in accounts receivable	-9.4	6.1	-5.5	16.8	6.4	-6.8	-15.4
Increase / decrease in accounts payable	17.6	9.7	-9.0	-13.8	-6.0	5.8	11.2
Increase / decrease in other working capital positions	17.9	-11.1	10.5	-6.2	-1.2	8.5	12.2
Increase / decrease in working capital (total)	-0.9	-34.2	15.7	41.4	4.6	1.9	-8.3
Net cash provided by operating activities [1]	**180.2**	**285.7**	**49.0**	**60.6**	**67.1**	**74.2**	**84.3**
Investments in intangible assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Investments in property, plant and equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Payments for acquisitions	3.3	-1.1	0.0	-79.6	6.6	0.0	0.0
Financial investments	0.6	0.4	0.6	0.0	1.2	0.0	0.0
Income from asset disposals	5.6	0.4	6.6	0.9	1.1	0.0	0.0
Net cash provided by investing activities [2]	**-17.6**	**-48.3**	**-47.3**	**-134.2**	**-61.9**	**-66.0**	**-64.0**
Change in financial liabilities	-43.8	-85.1	-42.4	127.0	2.4	-4.9	-9.8
Dividends paid	0.0	-30.9	-30.9	-92.6	-10.3	-4.1	-6.2
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	-103.9	-35.9	-6.1	-6.5	-2.8	-4.5	-4.7
Net cash provided by financing activities [3]	**-147.7**	**-151.8**	**-79.3**	**28.0**	**-10.7**	**-13.5**	**-20.6**
Change in liquid funds [1]+[2]+[3]	**14.9**	**85.6**	**-77.6**	**-45.6**	**-5.4**	**-5.3**	**-0.2**
Effects of exchange-rate changes on cash	-11.3	4.9	-51.3	50.8	0.8	0.0	0.0
Cash and cash equivalent at end of period	145.0	235.5	106.6	111.8	107.1	101.8	101.5

Financial Ratios

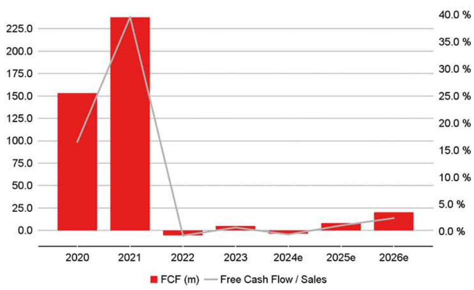
	2020	2021	2022	2023	2024e	2025e	2026e
Cash Flow							
FCF	153.2	237.8	-5.5	5.0	-3.7	8.2	20.3
Free Cash Flow / Sales	16.5 %	39.5 %	-0.7 %	0.7 %	-0.5 %	1.2 %	2.5 %
Free Cash Flow Potential	127.6	256.1	4.2	-5.3	31.3	37.3	51.3
Free Cash Flow / Net Profit	82.2 %	96.4 %	100.1 %	-30.0 %	-41.4 %	64.6 %	72.9 %
Interest Received / Avg. Cash	0.2 %	0.1 %	0.2 %	2.6 %	2.9 %	2.9 %	2.9 %
Interest Paid / Avg. Debt	2.6 %	2.6 %	2.6 %	4.2 %	4.8 %	4.5 %	4.3 %
Management of Funds							
Investment ratio	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Maint. Capex / Sales	5.0 %	5.0 %	5.0 %	5.0 %	5.7 %	5.4 %	5.0 %
Capex / Dep	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Avg. Working Capital / Sales	17.1 %	29.3 %	22.0 %	20.7 %	18.8 %	17.8 %	16.9 %
Trade Debtors / Trade Creditors	127.9 %	103.8 %	139.1 %	126.0 %	127.9 %	127.1 %	128.6 %
Inventory Turnover	3.1 x	1.6 x	3.2 x	2.8 x	2.7 x	2.7 x	2.8 x
Receivables collection period (days)	39	60	42	46	44	45	45
Payables payment period (days)	66	116	57	82	81	82	81
Cash conversion cycle (Days)	93	171	99	97	99	96	94

CAPEX and Cash Flow
in EUR m



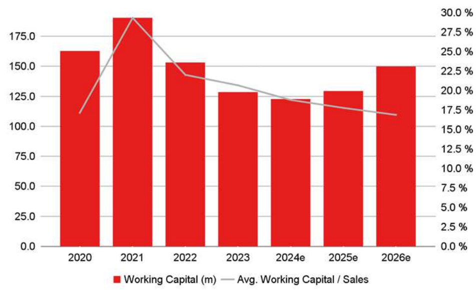
Source: Warburg Research

Free Cash Flow Generation



Source: Warburg Research

Working Capital



Source: Warburg Research

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Company	Disclosure	Link to the historical price targets and rating changes (last 12 months)
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"-"	**Rating suspended:**	The available information currently does not permit an evaluation of the company.

WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING

Rating	Number of stocks	% of Universe
Buy	139	70
Hold	44	22
Sell	11	6
Rating suspended	6	3
Total	**200**	**100**

WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING …

… taking into account only those companies which were provided with major investment services in the last twelve months.

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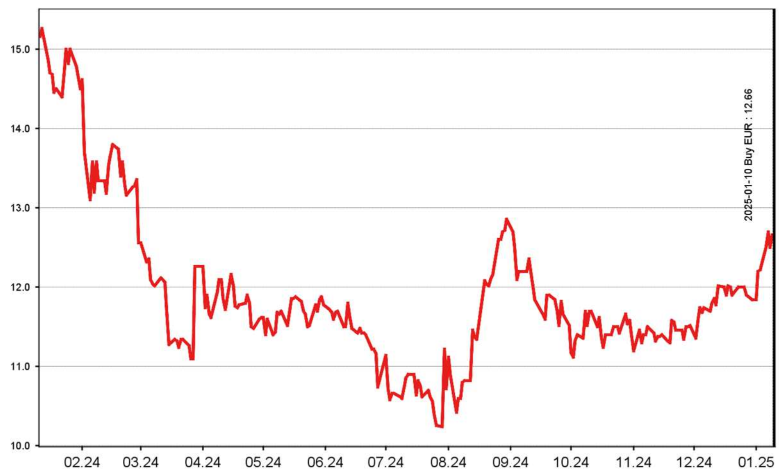
Buy	43	78
Hold	7	13
Sell	2	4
Rating suspended	3	5
Total	**55**	**100**

PRICE AND RATING HISTORY SEMPERIT AS OF 10.01.2025



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