

SEMPERIT AG Holding

LETTER TO SHAREHOLDERS 1st QUARTER 2007



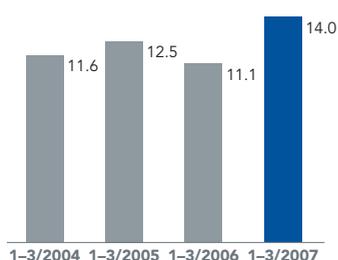
SEMPERIT

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Semperit at a glance

| | 1-3/2004 | 1-3/2005 | 1-3/2006 | 1-3/2007 | Change 06/07 in % |
|---|----------|----------|----------|----------|----------------------|
| Sales in EUR million | 118.6 | 124.8 | 141.6 | 149.9 | +5.9 |
| Earnings before tax (EBT) in EUR million | 11.6 | 12.5 | 11.1 | 14.0 | +25.9 |
| Net profit for the period in EUR million | 6.6 | 8.2 | 8.4 | 10.1 | +19.6 |
| Number of employees on March 31, 2007 | 5,679 | 5,935 | 6,639 | 7,023 | +5.8 |

**EBT development
1st quarter
in EUR million**



Dear shareholders,

Following a successful 2006 financial year, Semperit AG Holding once again achieved sales growth and an improvement in earnings in the first quarter of 2007. Group sales increased by 5.9% in the first three months of 2007, to EUR 149.9 million. Operating profit (EBIT) climbed 18.6%, to EUR 12.8 million, while earnings before tax (EBT) improved even more significantly, rising 25.9% to EUR 14.0 million. Consolidated net profit for the period increased 19.6%, to EUR 10.1 million.

The Semperit Group's gratifying business results can be attributed to the continual growth of all divisions. The Semperform division posted the strongest growth, with sales rising 10.1%, followed by the Sempertrans division, whose sales increased 8.2%. Semperflex and Sempermed increased their sales by 6.3% and 2.6% respectively.



BUSINESS ENVIRONMENT

Continued strength of the global economy

Perceptible impulses for growth from Germany

The global economy sustained its upswing in the first quarter of the year. European economic growth was favorable at the beginning of 2007. In particular, demand rose considerably on the German market, whereas the ongoing increase in American production slowed down. These developments were reflected in the performance of the Semperit Group. The company profited from the upturn in the Eurozone. However, sales volume and revenue in the USA remained at last year's levels. Developing and emerging markets continued their dynamic economic growth. China and India posted high growth rates, which had a positive impact on the level of new orders for Semperit products.

In contrast, the situation on the global raw materials markets remained tense in the first quarter of 2007. Prices for natural rubber and latex have significantly risen again since the beginning of the year, quite similar to developments in the first three months of 2006. The prices for synthetic rubber and other raw materials were essentially stable in the first quarter. However, the limited availability of some individual raw materials and sorts of synthetic rubber is expected to considerably push up their purchasing prices in the second quarter of 2007.

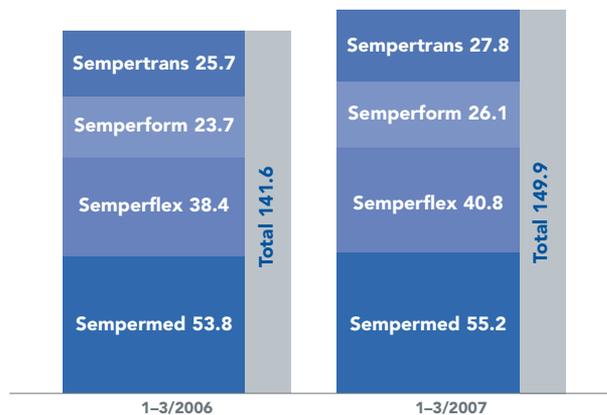
The ongoing appreciation of the euro as well as the Thai baht against the US dollar had a disadvantageous impact on the business activities of the Semperit Group in the first quarter. Suitable hedging measures helped to limit direct currency exchange losses. Nevertheless, the resulting negative effects on the company's competitiveness vis-à-vis competitors from other countries impeded Semperit's business in the USA.



BUSINESS DEVELOPMENT

Positive development in all divisions

Sales by division in EUR million



Sempermed

Strong demand for premium gloves

In the first three months of 2007, the Sempermed division reported a mere 2.6% nominal increase in sales compared to the same period of the previous year, to EUR 55.2 million. However, currency translation losses attributed to the high share of business settled in US dollars largely distort the key figures provided in euro. The earnings of the division improved considerably compared to the first quarter of 2006. Business with surgical gloves remained healthy. In this segment the significant increase in sales was primarily driven by tender offer transactions from the Middle East. The market for powder-free latex gloves and synthetic surgical gloves continued to expand, whereas powdered surgical gloves even succeeded in posting double-digit growth.

Production capacity increase for synthetic examination gloves

Sempermed generated strong growth in the examination glove market in Europe compared to the previous year, particularly in the high-quality, powder-free segment, whereas first quarter sales in the USA declined. Due to especially robust demand for synthetic examination gloves, Semperit moved ahead to expand production capacity in this segment.

The manufacturing facility in China specialising in non-latex medical and industrial gloves suffered serious damage from a fire at the end of January, which temporarily halted production. Subsequently, only half of the existing capacity could be utilised, which had a negative effect on sales and revenue.

Similar to the situation in 2006, the increasing strength of the Thai bath against the US dollar has had a dampening effect on Sempermed's business. However, corresponding hedging measures at least succeeded in limiting the negative earnings effects in the first quarter of 2007. During the period under review, Sempermed continued to be at a competitive disadvantage in relation to producers from other countries.

Semperflex

Dynamic demand for industrial hoses and elastomer sheeting

Sales of the Semperflex division rose 6.3% in the first quarter of 2007, to EUR 40.8 million, with industrial hoses and elastomer sheeting remaining the primary growth drivers.

Growth in the business with elastomer sheeting was fueled by all of the division's core markets. Capacity increases through expanded shifts were required to meet the extraordinarily high demand during the entire first quarter of the year.

All four hydraulic hose production plants were operating at a satisfactory level of production capacity utilisation in the first three months. Production at the newly-opened facility in Shanghai fulfilled initial expectations at the beginning of 2007. Capacity will be successively expanded during the course of the year.

Solid demand for hydraulic hoses in Europe and Asia

Taking a closer look at individual markets, Semperflex benefited from the cyclical rise in demand for hydraulic hoses in Europe. The business with hydraulic hoses in Asia also generated higher sales volumes compared to the preceding year. However, sales development in the USA was below expectations.

Dynamic business expansion in the industrial hoses segment continued during the period under review, powered by demand from Western and Eastern Europe. Accordingly, production capacity utilisation at all manufacturing locations was good. However, an increasing level of competition from low-cost manufacturers posed a challenge to sales efforts in Southern Europe.

Ongoing growth at Semperform

Semperform

The Semperform division sustained its ongoing expansion of recent years, reporting a sales increase amounting to 10.1% in the first quarter of 2007, to EUR 26.1 million. Once again, growth was driven by the Deggendorf plant, as well as the new handrail factory in China. Semperform has initiated investment projects designed to raise production capacity in Deggendorf, which will be completed at the beginning of the peak season.

The moulded goods and elastomer profile segments also continued their growth in the first quarter, powered by the cable car equipment segment, which further improved upon the good performance achieved last year, as well as the pipe seal product area.

Semperform Hungary continued to raise sales volume and revenue in the first three months of the year. Growth is anticipated to continue, which can be attributed to the solid level of orders at the end of the period under review as well as the restructuring and optimisation of synergies between the Wimpassing and Sopron plants.

Lively demand for conveyor belts

Sempertrans

The Sempertrans division reported an increase in sales totalling 8.2%, to EUR 27.8 million, accompanied by a further improvement in earnings. Manufacturing capacity utilisation was good at all production facilities.

The Sempertrans Belchatow plant profited from the lively demand for conveyor belts, which could be fulfilled by full capacity utilisation of the newly-installed press line. In addition to Poland, important markets included the export markets of Eastern Europe and South America, as well as Germany.

In the first quarter of 2007, Sempertrans Nirlon also saw gratifying business development. The preparations underway to install a new press line have proceeded on schedule. In the meantime, the industrial output of the factory could be increased once again due to the optimised utilisation of production capacity.



OUTLOOK

Ongoing positive development

In light of the ongoing favourable economic forecasts, it is anticipated that the good business development of the company will continue in the 2007 financial year.

Suitable measures will be taken to compensate for purchasing price increases for some raw materials, particularly latex and chloroprene. In addition to the uncertainty surrounding future raw material prices, the currency exchange rates of the US dollar and Thai bath are further risk factors.

The focus of Semperit's activities will be on optimising production processes, exploiting the positive market situation in Europe and Asia, sustaining its tight cost management and promoting earnings growth through the internationalisation of business operations. Accordingly, the Semperit Group expects a further increase in sales and profits in 2007.



INTERIM RESULTS

Balance sheet

Assets

| in TEUR | 31.12.2006 | 31.3.2007 |
|--------------------------------------|------------------|------------------|
| Intangible assets | 3,029.8 | 2,789.7 |
| Property, plant and equipment | 169,504.2 | 173,308.9 |
| Financial assets | 46,084.2 | 46,968.2 |
| Non-current trade receivables | 29.6 | 46.9 |
| Other non-current receivables | 809.0 | 796.7 |
| Other deferred charges | 577.7 | 590.2 |
| Non-current assets | 220,034.5 | 224,500.6 |
| Inventories | 84,549.5 | 86,921.3 |
| Current trade receivables | 81,889.0 | 89,804.6 |
| Other current receivables | 9,759.8 | 12,685.6 |
| Cash and cash equivalents | 49,895.3 | 55,768.2 |
| Marketable securities | 31.3 | 2,020.1 |
| Other deferred charges | 1,435.6 | 1,808.1 |
| Deferred tax | 8,096.0 | 8,216.9 |
| Current assets | 235,656.5 | 257,224.8 |
| Total assets | 455,691.0 | 481,725.4 |

Equity and liabilities

| in TEUR | 31.12.2006 | 31.3.2007 |
|---|------------------|------------------|
| Issued capital | 21,359.0 | 21,359.0 |
| Share premium | 21,503.2 | 21,503.2 |
| Retained earnings | 205,237.2 | 215,334.6 |
| Currency translation | 3,918.1 | 6,083.3 |
| Minority interest | 51,070.6 | 55,217.8 |
| Equity | 303,088.1 | 319,497.9 |
| Provisions for pensions and severance payments | 44,374.3 | 44,348.9 |
| Provisions for deferred taxes | 2,793.5 | 2,730.6 |
| Other non-current provisions | 12,939.0 | 12,842.5 |
| Non-current liabilities due to banks | 6,115.0 | 5,349.2 |
| Non-current trade payables | 20.6 | 19.3 |
| Other non-current payables | 1,164.6 | 1,151.2 |
| Deferred charges | 292.0 | 249.0 |
| Non-current provisions and liabilities | 67,699.0 | 66,690.7 |
| Provisions for current taxes | 1,221.9 | 2,123.4 |
| Other current provisions | 13,585.7 | 16,741.6 |
| Current liabilities due to banks | 16,781.8 | 16,994.2 |
| Current trade payables | 34,424.9 | 40,752.0 |
| Prepayments | 238.1 | 320.3 |
| Other current payables | 18,538.1 | 18,447.6 |
| Deferred charges | 113.4 | 157.7 |
| Current provisions and liabilities | 84,903.9 | 95,536.8 |
| Equity and liabilities | 455,691.0 | 481,725.4 |

Cash flow statement

| in TEUR | 1.1.–31.3.2006 | 1.1.–31.3.2007 |
|---|-----------------|-----------------|
| Cash flow from result | 15,447.3 | 19,349.0 |
| Changes in working capital | 831.0 | -3,361.6 |
| Cash flow from operating activities | 16,278.3 | 15,987.4 |
| Cash flow from the purchase of property, plant and equipment and intangible assets | -11,112.1 | -6,731.6 |
| Cash flow from investments in financial assets | 16,633.5 | -1,930.2 |
| Cash flow from investing activities | 5,521.4 | -8,661.8 |
| Cash flow from financing activities | 767.5 | -1,452.7 |
| Changes in cash and cash equivalents | 22,567.2 | 5,872.9 |
| Cash and cash equivalents at the beginning of the period | 36,574.2 | 49,895.3 |
| Cash and cash equivalents at the end of the period | 59,141.4 | 55,768.2 |

Profit and loss account

| in TEUR | 1.1.-31.3.2006 | 1.1.-31.3.2007 |
|---|------------------|------------------|
| Sales | 141,625.4 | 149,925.2 |
| Differences between opening and closing stocks | 2,184.6 | 4,938.3 |
| Own work capitalised | 257.3 | 121.0 |
| Operating revenues | 144,067.3 | 154,984.5 |
| Other operating income | 2,690.4 | 3,235.2 |
| Cost of materials | -81,616.3 | -87,401.7 |
| Personnel expenses | -24,036.5 | -25,786.1 |
| Depreciation | -5,766.2 | -6,837.5 |
| Other operating expenses | -24,533.7 | -25,377.2 |
| Operating profit (EBIT) | 10,805.0 | 12,817.2 |
| Income from companies in which the Group has a participating interest | 0.0 | 0.0 |
| Interest results | -153.2 | 33.4 |
| Other financial results | 470.8 | 1,156.6 |
| Financial results | 317.6 | 1,190.0 |
| Earnings before tax (EBT) | 11,122.6 | 14,007.2 |
| Taxes on income | -2,305.2 | -3,308.1 |
| Earnings after tax | 8,817.4 | 10,699.1 |
| Minority interest | -369.6 | -597.7 |
| Net profit for the period | 8,447.8 | 10,101.4 |
| Earnings per share in EUR | 0.41 | 0.49 |
| Weighted average number of shares | 20,573,434 | 20,573,434 |

Capital and reserves

| in TEUR | Issued capital | Share premium | Retained earnings | Revaluation provision | Currency translation | Minority interest | Total |
|--|-----------------|-----------------|-------------------|-----------------------|----------------------|-------------------|------------------|
| Balance at 31.12.2005 | 21,359.0 | 21,503.2 | 180,596.5 | 124.4 | 1,335.4 | 43,736.0 | 268,654.5 |
| Net profit | | | 8,447.8 | | | 369.6 | 8,817.4 |
| Valuation gains/ losses for financial assets | | | | -75.6 | | | -75.6 |
| Currency translation adjustments | | | | | 693.6 | 641.6 | 1,335.2 |
| Balance at 31.3.2006 | 21,359.0 | 21,503.2 | 189,044.3 | 48.8 | 2,029.0 | 44,747.2 | 278,731.5 |
| in TEUR | Issued capital | Share premium | Retained earnings | Revaluation provision | Currency translation | Minority interest | Total |
| Balance at 31.12.2006 | 21,359.0 | 21,503.2 | 205,292.6 | -55.4 | 3,918.1 | 51,070.6 | 303,088.1 |
| Net profit | | | 10,101.4 | | | 597.7 | 10,699.1 |
| Valuation gains/ losses for financial assets | | | | -4.0 | | | -4.0 |
| New minority interest | | | | | | 380.0 | 380.0 |
| Currency translation adjustments | | | | | 2,165.2 | 3,169.5 | 5,334.7 |
| Balance at 31.3.2007 | 21,359.0 | 21,503.2 | 215,394.0 | -59.4 | 6,083.3 | 55,217.8 | 319,497.9 |

Semperit share information

| | |
|---|--------------|
| International Securities Identification Number (ISIN) | AT0000785555 |
| Share price low Q1 2007 in EUR | 27.75 |
| Share price high Q1 2007 in EUR | 33.21 |
| Share price at 30.3.2007 in EUR | 33.00 |
| Market capitalisation at 30.3.2007 in EUR million | 678.9 |
| Earnings per share Q1 2007 in EUR | 0.49 |

Financial calendar 2007

| | |
|----------------------------------|---------------------------|
| Ex-dividend day | May 29, 2007 |
| Dividend payment | June 1, 2007 |
| 1 st half-year report | August 24, 2007 |
| 3 rd quarter report | November 23, 2007 |
| Preliminary results 2007 | 9 th week 2008 |

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