

DEAR SHAREHOLDERS,

The overall business trend in the industrial group of Semperit AG Holding was quite encouraging in the first three quarters of 2004. The group recorded steadily expanding quantity sales and was pleased to post higher than expected growth in profits.

Group sales for the first three quarters in 2004 rose by about 4 % as compared with last year, increasing to EUR 364.8 million. Profit before tax (PBT) grew by about 20 % to EUR 40.1 million.

SEMPERIT AT A GLANCE

	1-9/2000	1-9/2001	1-9/2002	1-9/2003	1-9/2004	Diff. 04 to 03
Sales in EUR million	273.5	301.0	335.1	350.7	364.8	+ 4.0 %
Profit before tax (PBT) in EUR million	28.2	30.2	31.9	33.5	40.1	+ 19.7 %
Number of employees as of 30 th Sept.	5.351	5.044	5.821	5.997	5.604	- 6.6 %

The Semperit Group as a whole continued its dynamic growth again in the third quarter. Third quarter sales rose by about 4 % against 2003 to EUR 120.1 million while profit before tax increased by about 25 % to EUR 13.0 million.

All group companies showed fundamental strength in withstanding the heavy strains of external influences. In some cases, they even managed to transform these adverse conditions into competitive advantages.

The effects of skyrocketing oil prices extended beyond energy prices to push up the prices of the base materials for many of our raw materials. Purchase prices for raw rubber and many other raw materials remained at high levels. The weakness of the US dollar on global markets further exacerbated the situation, creating distortions in competition felt all too keenly at several Semperit companies.

The group continued to face excess capacity internationally despite a revival in demand. As a result, fierce price competition continued.

Counteracting the effects of these trends was an extraordinary challenge. All operating units in the group persisted in improving production processes, raising productivity and cutting material consumption. These efforts increased the competitiveness of many Semperit products.

Stronger Emphasis on Earnings at Sempermed

The production operations for medical gloves at Sempermed operated largely at the very limits of their capacity. The division therefore adopted a sales policy of selectively selling products to maximize profits, quite intentionally accepting certain declines in sales volume. The policy applied especially to products from the Thai factories for the United States, the world's largest selling market.

Sales on the European market stagnated at last year's levels owing to competitive distortions from the weak dollar. Exports of surgical gloves from the Wimpassing factory to the US were most keenly affected, although

these declines were largely offset by increased sales of examination and industrial gloves.

Among the group's production sites in Asia, the Thai factories of Siam Sempermed far surpassed last year's sales figures in volume and value for rubber-based examination gloves. Earnings growth was highly satisfactory.

Shanghai Foremost, the group subsidiary in China fared somewhat less well, falling short of sales targets in terms of volume and value in the vinyl examination glove segment. Two factors were to blame: aggressive international competition and weak demand from the US. Earnings were curbed by energy bottlenecks and dramatic increases in the price of major types of oil-based input stock.

Semperflex Hit the Limits of its Production Capacity

Buoyed by continued strong demand, all the Semperflex companies achieved impressive business growth. The hydraulic hose unit led the way with double-digit growth rates and had to tap all production reserves to fill the new orders that had come in. The industrial hose segment was close behind.

The production units at the Austrian parent plant in Wimpassing operated at full capacity to supply their customers with hydraulic and industrial hose. Faced with aggressive pricing by competitors from low-wage countries, the elastomer sheeting unit maintained its market position in Europe as a whole and even improved it in Germany, its biggest market. Prices adjustments were made in response to aggressive competition in bidding but were able to be offset by increases in productivity.

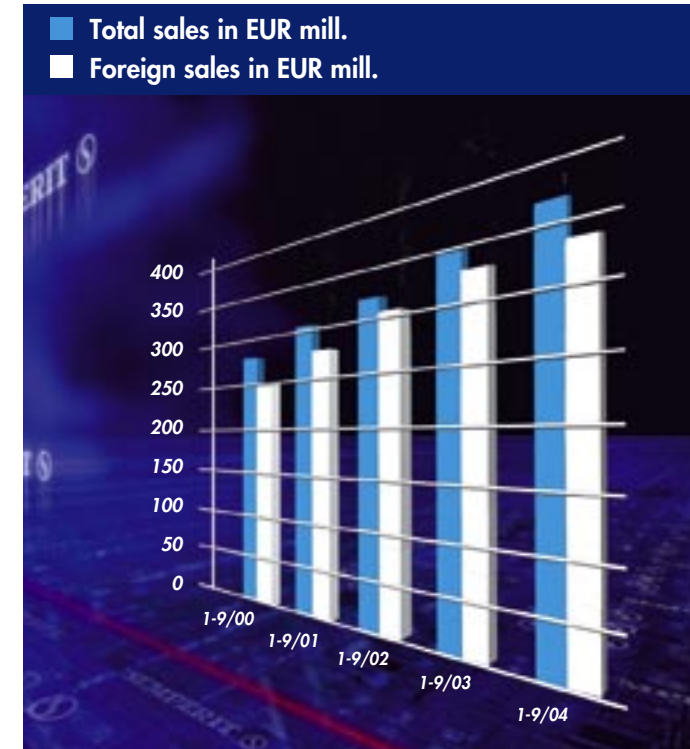
In the first three quarters of the year, the Czech hose factory Semperflex Optimitt topped the 10-million meter mark in the amount of hydraulic hose it supplied to the market. Business in the industrial hose segment expanded as planned. Stringent cost discipline and productivity increases further improved the already encouraging earnings situation.

Bolstered by lively demand from Europe and the US, the Thai group company Semperflex Asia made full use of capacity and largely offset the significant hikes in raw material prices.

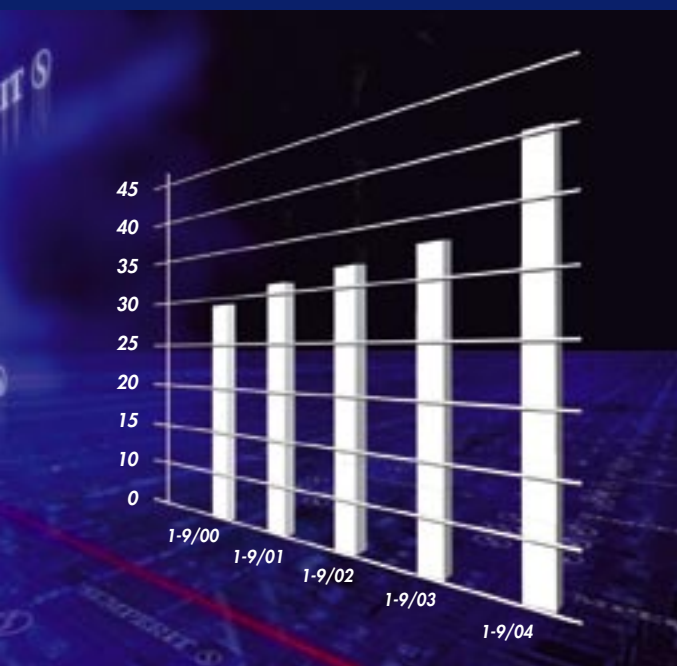
Roiter, the group's Italian hose factory, continued its sustained turnaround towards profitability especially in its domestic market following a restructuring of sales operations.

Semperform Continues to Expand

The pace of growth at Semperform was satisfactory overall, but trends in the various segments did vary somewhat. Sales growth at the parent plant in Wimpassing was on target in terms of volume and value. This



Profit before tax (PBT) as of the 3rd Quarter in EUR mill.



was assured by the following segments in particular: railway superstructure, aerial ropeway rings, pipe clamp profiles, filter membranes and the spare parts market for handrails.

After a much-improved first-semester showing, Semperit Gummiwerk Deggendorf recorded a slowdown in growth. The decline was due to stagnating Eastern European markets as well as the re-emergence of contractive trends in the German construction sector and aggressive pricing by competitors on the market.

Shanghai Semperit Rubber & Plastic continued to expand its business in escalator handrails at a brisk pace in the third quarter. Thanks to growing demand on the Chinese market, the firm made full use of the additional production capacity it had installed.

Semperform Hungary developed in line with expectations.

Business in Textile Belts Boosted Growth at Sempertrans

Business at Sempertrans continued to shift to factories in Poland and India. Order books were quite full but the sharp rise in raw

material prices put a damper on earnings in conveyor belt production because material costs account for such a high percentage of total costs.

The Polish conveyor belt manufacturer Sempertrans Belchatow recorded considerable sales growth in terms of volume and value, with business in textile belts in particular growing at an above-average rate.

The French company SFBT, for its part, registered declines in its metal belt segment in particular. The slight revival of sales volume for textile belts did not fully offset the decline in project business with tunnel builders. Price pressures on exports to dollar markets have mounted considerably.

Sempertrans Nirlon, a company acquired in India in 2000, has largely completed its reorganization. It emerges from this process as a successful and highly competitive company. This turnaround can be attributed to substantial productivity increases on the production side and consistent price and segment policies on the sales side. The management is highly encouraged by the current trend in earnings.

Record Results in Sight for 2004

Although business conditions continue to be tough, the group shows every indication of staying on course for growth for 2004 as a whole. The Managing Board is therefore pleased to announce to shareholders that group sales and profits are expected to reach new record levels for the fourteenth consecutive year.

At Sempermed, examination gloves from the Thai factories will continue to make a major contribution to sales and earnings growth as the year progresses.

The encouraging level of orders on hand at Semperflex assures the full utilization of production capacity for the rest of the year for hydraulic and industrial hose. Business in elastomer sheeting will continue to develop as planned.

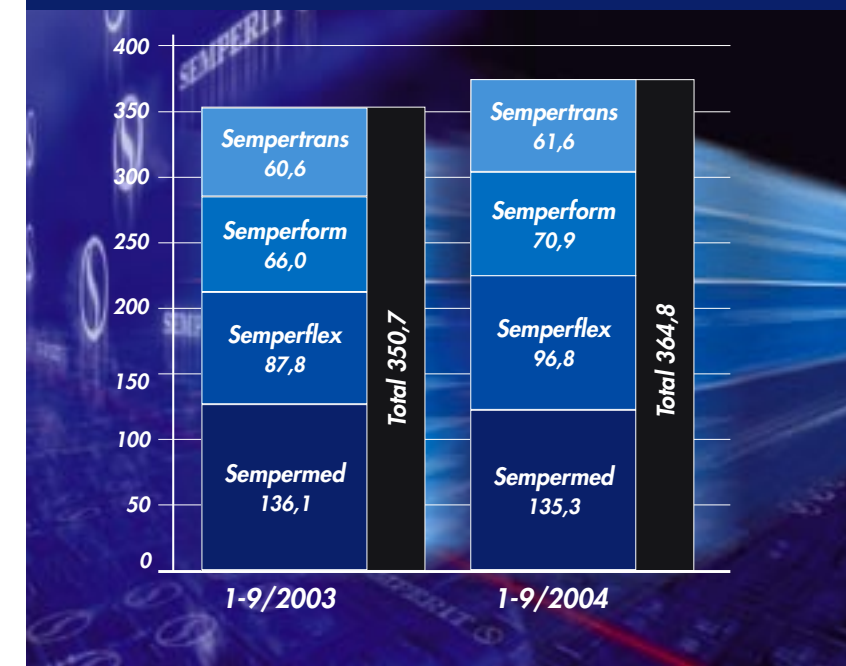
Judging from its order books, Semperform will likewise continue along to its course of solid growth. The major impellers of growth at the parent plant in Wimpassing will be orders for railway infrastructure, successes in spare parts business for escalator handrails, and the strong upsurge in demand from the ski industry for vibration-damping sheeting. The second semester performance of Gummiwerk Deggendorf is expected to be weaker on the whole.

Among the conveyor belt companies, Sempertrans Belchatow should push its sales growth just into the double-digit range and Sempertrans Nirlon even a bit higher than that.

Price Gains for Semperit Stock

After a rise of some 25 % to EUR 16.65 by mid-year, Semperit stock posted further strong price gains in the third quarter to peak at EUR 20.25. This represents an increase of some 50 % since the first of the year.

Sales by Division in EUR mill.



BALANCE SHEET

Assets

in TEUR	31.12.2003	30.9.2004
Intangible assets	-2,980.7	-4,339.3
Property, plant and equipment	117,737.8	117,726.6
Financial assets	25,592.0	25,265.9
FIXED AND FINANCIAL ASSETS	140,349.1	138,653.2
Inventories	58,668.4	60,873.6
Trade receivables	67,443.5	73,541.7
Other receivables	14,957.7	10,735.4
Cash and cash equivalents	40,301.4	62,531.1
Prepaid expenses and deferred charges	630.2	1,461.3
CURRENT ASSETS	182,001.2	209,143.1
Deferred tax	11,570.6	12,680.9
ASSETS	333,920.9	360,477.2

Equity and liabilities

Issued capital	21,359.0	21,359.0
Share premium	21,503.2	21,503.2
Retained earnings	128,484.8	141,523.6
Treasury shares	-2,460.0	-1,859.8
Currency translation reserve	-13,685.0	-9,974.3
EQUITY	155,202.0	172,551.7
MINORITY INTEREST	34,427.7	36,573.5
Provisions for pensions and severance payments	54,231.2	54,813.3
Provisions for deferred taxes	746.2	746.0
Provisions for current taxes	4,679.4	3,559.0
Other provisions	27,846.1	31,223.5
PROVISIONS	87,502.9	90,341.8
Liabilities due to banks	16,811.8	14,627.1
Trade payables	24,104.3	27,669.1
Prepayments	526.5	513.7
Other liabilities	14,701.2	17,282.7
Prepaid expenses and deferred charges	644.5	917.6
LIABILITIES	56,788.3	61,010.2
EQUITY AND LIABILITIES	333,920.9	360,477.2

STATEMENT OF CASH FLOWS

in TEUR	1.1. - 30.9.2003	1.1. - 30.9.2004
Cash-flow from result	39,572.1	46,901.4
Changes in working capital	15,704.6	3,889.1
Cash-flow from operating activities	55,276.7	50,790.5
Cash-flow from investing activities	-22,328.9	-12,923.4
Cash-flow from financing activities	-9,733.0	-15,637.4
CHANGES IN CASH AND CASH EQUIVALENTS	23,214.8	22,229.7
Cash and cash equivalents at the beginning of the period	18,981.7	40,301.4
Cash and cash equivalents at the end of the period	42,196.5	62,531.1

PROFIT AND LOSS ACCOUNT

in TEUR	1.7.-30.9.2003	1.7.-30.9.2004	1.1.-30.9.2003	1.1.-30.9.2004
SALES	115,981.1	120,147.7	350,688.1	364,769.4
Differences between opening and closing stocks	450.8	-836.7	1,682.0	-309.8
Own work capitalised	159.2	130.7	448.1	212.8
OPERATING REVENUES	116,591.1	119,441.7	352,818.2	364,672.4
Other operating income	1,514.3	5,493.5	6,755.6	10,990.9
Cost of materials	-59,163.0	-57,897.7	-173,043.9	-176,758.3
Staff costs	-21,849.7	-22,489.8	-69,272.6	-71,034.6
Depreciation	-5,155.4	-5,495.0	-17,615.6	-16,720.9
Other operating expenses	-21,705.3	-27,720.0	-67,043.3	-73,502.4
OPERATING PROFIT (EBIT)	10,232.0	11,332.7	32,598.4	37,647.1
Income from companies in which group has a participating interest	0.0	0.0	0.0	89.8
Interest results	-38.6	176.8	-147.9	390.4
Other financial results	170.5	1,454.5	1,025.9	1,950.3
FINANCIAL RESULTS	131.9	1,631.3	878.0	2,430.5
PROFIT BEFORE TAX (PBT)	10,363.9	12,964.0	33,476.4	40,077.6
Taxes on income	-3,344.0	-3,017.2	-9,691.0	-9,064.2
PROFIT AFTER TAX	7,019.9	9,946.8	23,785.4	31,013.4
Minority interests	-1,309.1	-2,892.1	-4,615.9	-6,963.6
NET PROFIT FOR THE PERIOD	5,710.8	7,054.7	19,169.5	24,049.8
Earnings per share in EUR	0.28	0.35	0.94	1.18
Weighted average number of shares	20,348,434	20,403,277	20,348,434	20,372,052

CAPITAL AND RESERVES

in TEUR	Issued capital	Share premium	Retained earnings	Treasury shares	Currency transl. reserve	Total
Balance on 31.12.2002	21,359.0	21,503.2	109,914.5	-2,460.0	-1,770.6	148,546.1
Net profit			19,169.5			19,169.5
Dividend			-8,342.9			-8,342.9
Currency translation adjustments					-7,518.3	-7,518.3
Balance on 30.9.2003	21,359.0	21,503.2	120,741.1	-2,460.0	-9,288.9	151,854.4
	Issued capital	Share premium	Retained earnings	Treasury shares	Currency transl. reserve	Total
Balance on 31.12.2003	21,359.0	21,503.2	128,484.8	-2,460.0	-13,685.0	155,202.0
Net profit			24,049.8			24,049.8
Change in treasury shares				600.2		600.2
Dividend			-11,011.0			-11,011.0
Currency translation adjustments					3,710.7	3,710.7
Balance on 30.9.2004	21,359.0	21,503.2	141,523.6	-1,859.8	-9,974.3	172,551.7

FINANCIAL CALENDER

Preliminary results 2004
10th week of 2005

SEMPERIT 

Letter to Shareholders 3rd Quarter 2004

SEMPERIT  Aktiengesellschaft Holding

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