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- * Book losses due to RON and HUF course changes
- * Restructuring actions in Hungary initiated in fourth quarter already implemented
- * Outlook for Water Conservation sector still positive in 2009

SW Umwelttechnik - a listed family business with its core markets in Central and Southeastern Europe - is exposed to increased short-term currency risk by its expansion investments. The recent course changes in the Hungarian forint (HUF) and Romanian lei (RON) are likely to cause temporary book losses of about EUR 5 million (m) in the 2008 financial year.

The Hungarian and Romanian currencies were highly volatile in 2008 due to the economic crisis, and both lost almost 10% of the value against the euro in the fourth quarter. SW Umwelttechnik will probably recognise EUR3m in resultant losses on the revaluation of assets in its income statement, and report a further EUR2m on its balance sheet. The group expects the volatility of these currencies to abate during the second half of 2009, and the exchange rates to return to their normal ranges, meaning that these non-cash write downs can be reversed.

Restructuring exercises in Hungary, aimed at adjusting operations to the changed market environment, have already been successfully implemented, leading to the lay-off of 165 internal blue collar and 45 salaried staff, in addition to the 210 redundancies among leased employees announced in the third quarter. As a result of these actions and of the strong market position enjoyed by its Water Conservation sector, SW Umwelttechnik anticipates a marked improvement in earnings in 2009 despite the continued adverse economic situation in Hungary. Management is confident the strong pipeline of EU-cofinanced municipal projects will continue to drive high capacity utilisation at the two new factories, in Timisoara and Bucharest. All the technical preparations for the planned investment in expansion of the Bucharest works have been completed, and work on the project is due to start towards the end of 2009, market conditions permitting.

The Austrian operations are expected to deliver similar results to those in 2008, as the government's planned economic stimulus programmes will give a particularly strong boost to the market segments served by SW Umwelttechnik. In 2009 and 2010 the group will be concentrating on consolidating its positions in its core markets - Austria, Hungary and Romania - and on its existing export business with Bulgaria, Italy, Slovakia and Slovenia.

SW Umwelttechnik will publish a detailed review of business developments in 2008 and an updated outlook for 2009 when it announces its preliminary results

on 27 February 2009.

Founded in 1910, SW Umwelttechnik remains a family business, though it has been listed on the Vienna Stock Exchange since 1997. The group is known for its commitment to sustainable enterprise and rapid expansion in Central and Southeastern Europe (CSE). Its innovative environmental technology products are contributing to infrastructure renewal in CSE.

Further inquiry note:

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