

SW Umwelttechnik: First quarter report 2012

- **Turnover is 9 % lower than in the previous year**
- **Operating income has significantly increased**
- **Economic environment in Hungary remains challenging**

SW Umwelttechnik was able to increase its operating income significantly despite the decrease in turnover, which in turn resulted from the deconsolidation of our shares on Iso Span Baustoffwerk GmbH as of January 1st 2012, the very cold winter months, which caused a disruption of the construction sector, as well as the recessive market environment in Hungary. The continually challenging market situation in CEE, especially in Hungary, allow only for a careful outlook.

Turnover lies 9 % below that of the previous year and amounts to € 7.7 m (2011: € 8.7 m), mainly due to the ongoing stagnation of projects in Hungary as well as the deconsolidation of our shares on Iso Span. Our EBIT is still in the red on seasonal grounds but is already way above that of the previous year and amounts to - € 1.8 m (2011: - € 2.5 m). We were also able to improve our EBITDA to - € 0.9 m (2011: - € 1.4 m).

Our financial result is slightly in the black with € 0.7 m (2011: € 0.8 m) due to the revaluation of the HUF as well as the book profits from the sale of our Iso Span Baustoffwerk GmbH shares. This means our profit/loss on ordinary activities has improved by € 0.5 m compared to the previous year and now amounts to - € 1.1 m (2011: - € 1.6 m).

Segmental analysis

Due to the very cold weather in all the markets we work in, our civil engineering projects could only be started with great delay. Therefore we only made € 3.4 m (2011: € 4.6 m) in our water conservation sector, which reflects a share of our group turnover of 44 % (2011: 53 %). In contrast, our infrastructure sector, with clients from industry and trade, improved and now amounts to € 3.9 m (2011: € 3.3), reflecting a share of 50 % (2011: 37 %). Due to the bad weather conditions, our project engineering segment also remains significantly below the value of the previous year and amounts to € 0.4 m (2011: € 0.9 m).

In terms of our regional analysis, turnover in Austria amounts to € 2.1 m (2011: € 2.3 m), which reflects a share of our group turnover of 27 % (2011: 27 %). Due to the sluggishly financed EU projects in Hungary, turnover only amounts to € 3.5 m (2011: 4.0 m) and only to a 46 % share of total turnover (2011: 46 %). Turnover in Romania reflects a 20 % share of our group turnover (2011: 20 %) and amounts to € 1.5 m (2011: € 1.7 m).

Financial report

Long-term assets have decreased further in comparison to the first quarter 2011 due to the FX impacts and now amount to € 69.9 m (2011: 79.2 m). Floating assets have also decreased to € 24.5 m (2011: € 30.8 m) compared to the previous year. This results in total assets of € 94.4 m, which is significantly lower than in the first quarter 2011 (€ 110.0 m).

Equity capital as of March 31st 2012 can be reported at € 6.2 m (2011: 15.5 m), not considering the intrinsic value however (without non-cash affecting FX losses), equity capital can be kept at € 16.4 m, which reflects an equity ratio of 16 %. Financial liabilities are slightly lower than in the previous year and amount to € 77.5 m (2011: 78.2 m).

Order volume

We have been able to increase our order volume in the last few months and as of March 31st 2012 it is slightly higher than in the previous year and amounts to € 29.2 m (2011: 28.2 m). A clear move from the infrastructure to the water conservation sector is visible here also.

Investments

Investments are being kept on a low level as in the previous year. € 0.3 m was invested in the first quarter mainly for replacements.

Employees

The average number of staff was decreased further compared to the previous year and now amounts to 588 people (2011: 607).

Outlook

The company has adjusted to the current economic environment and is able to cushion the volatile market developments due to our lean cost structure and flexible production modes.

We are able to overcompensate the slightly decreasing market in Austria because of continually introducing new product innovations as well as exporting to Italy.

Hungary remains in a recessive environment due to the economic and political situation, which means that business in the construction sector is decreasing further compared to the already weak previous year. We are expecting an improvement mainly due to the implementation of EU subsidised projects, which should in turn stabilise turnover as of the second half of 2012.

We can already explicitly feel the positive impulses in Romania in the water conservation segment, due to the increase in EU subsidised projects, whereas investments from industry and trade clients remain cautious, as expected.

In terms of the whole year, management expects the turnover to be maintained and earnings to be increased significantly.

Fact Box

In € m	2012	2011
Turnover	7.7	8.7
EBIT	-1.8	-2.5
EBITDA	-0.9	-1.4
EGT	-1.1	-1.6

SW Umwelttechnik, a family firm founded in 1910 and listed on the Viennese stock exchange since 1997, stands for sustainable management and consistent growth in Eastern and South-eastern Europe. With our innovative technology to protect the environment we provide an important contribution to the development of necessary infrastructure in Central and South-eastern Europe.

Reference publication

This first quarter 2012 interim report is available on www.sw-umwelttechnik.com as well as at the company's headquarters.

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