

# SW Umwelttechnik Stoiser & Wolschner AG

euro adhoc: SW Umwelttechnik Stoiser & Wolschner AG  
Quarterly or  
Semiannual Financial Statements  
SW Umwelttechnik announces  
preliminary results for 2004

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- \* POA more than trebled
- \* Order backlog up by 177%
- \* Dividend declared after two-year gap

The main features of the 2004 financial year for SW Umwelttechnik (Vienna Stock Exchange symbol SWUT) were further gains in market shares in Hungary, Romania and Slovakia, continued consolidation in Austria and a positive trend in the Hungarian forint exchange rate.

The company's unaudited preliminary IFRS results show a 1% increase in revenue to EUR76.3 million (m) in 2004 (2003: EUR75.4m). SW Umwelttechnik's Water Conservation and Infrastructure sectors registered double-digit growth rates in Hungary. The Project Business sector was the only one to record revenue losses. As reported in connection with the quarterly figures, this was due to delays in awarding public sector contracts for sewerage systems and wastewater treatment plants. The Water Conservation and Infrastructure sectors successfully completed their first contracts in Romania. These have already led to follow-up orders for the construction of drinking water supply networks worth over EUR6m. In Austria encouraging growth from the company's renewable energy business partly cushioned the impact of a shrinking overall market.

The share of total revenue accounted for by the Hungarian market rose from 67% to 70% due to good capacity utilisation at the Infrastructure sector's new Budapest South site. The Austrian contribution to revenue held steady at 25% while that of other EU member states was 4% and Croatia, Romania and Slovakia together accounted for 1% of sales.

There was a shift in the segmental breakdown of revenue, with the contribution of the Infrastructure sector climbing from 39% to 42% due to its good performance in Hungary. Order placement delays in Hungary led to a drop in the share of revenue accounted for by the Project Business sector from 33% to 31%. The contribution of the Water Conservation sector edged down from 28% to 27%.

EBIT was significantly impacted by three factors in 2004. A 50% average hike in steel prices reduced earnings by more than EUR1m; not until the third quarter was it possible to pass on the increases. Earnings were also hit by stiffening competition in Austria and by hold-ups in contract awards to the Project Business sector in Hungary. These influences cut EBIT from EUR3.4m to EUR2.1m, and EBITDA from EUR7.2m to EUR6.0m.

Meanwhile finance cost declined markedly, from EUR2.9m in the previous year to EUR0.2m. This improvement reflected EUR1.3m in exchange gains due to the fact that financing of the Hungarian operations is predominantly euro denominated – a decision now seen to have brought dividends in terms of long-term finance costs.

As a result profit on ordinary activities soared by 280% to EUR1.9m

(2003: EUR0.5m). There was also a marked upturn in profit after tax, from EUR0.3m to EUR1.5m, owing to the lighter tax burden. Reduced minority interests in subsidiaries contributed to the swing from a net loss after minorities of EUR0.3m into a net profit of EUR1.6m. Earnings per share rebounded to EUR2.78, following a loss of EUR0.56 in 2003.

#### Capital and reserves

IFRS capital and reserves including minority interests advanced from EUR18m to EUR20m, reflecting increased profits and the stronger forint. The equity ratio rose to 28% from 25% in the previous year. Book value per share was up to EUR30 from EUR26 in 2003.

#### Employees

The headcount fell from 755 to 723, lifting revenue per employee by 6%.

#### Capital expenditure

SW Umwelttechnik completed a EUR 3.2m investment programme in 2004. The lion's share of capital expenditure – some 78% – went to Hungary, where the main focus of investment was on the next expansion phase at the South Budapest works.

#### Dividend recommendation

In recognition of the positive trend in profits, and in order to enhance the attractiveness of the company's stock, the Management Board will be recommending the payment of a dividend of EUR0.20 to the Annual General Meeting. A strong stock market performance, offering shareholders attractive returns, remains management's principal objective.

#### Outlook

Management plans to press ahead with expansion in Central and Eastern Europe, thereby opening the way for improvements in revenue and earnings. Capital expenditure will be sharply increased to EUR6m in 2005.

\* In Hungary the South Budapest pipe works are currently under construction. Once commissioned in mid-2005 the factory – the most modern of its kind in the country – will enable SW Umwelttechnik to extend its market leadership.

\* A factory will be built for the Water Conservation sector in Ortisoara, Romania, in the second half of 2005. Following the roll-out of a sales and marketing organisation in this important growth market, SW Umwelttechnik has won its first major drinking water supply and sewer network construction contracts. The acquisition of Alpha Umwelttechnik from the Wienerberger Group has helped to consolidate the Austrian market.

\* Order backlog at balance sheet date was almost treble the previous year's level, at EUR36m (2003: EUR13m).

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#### Further inquiry note:

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