

SW Umwelttechnik Stoiser & Wolschner AG

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EANS-Adhoc: SW Umwelttechnik: Restructuring successful

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6-month report

25.08.2010

* A strong second quarter leads to an increase in turnover of 12 % compared to the first half-year 2009 * A stabilised CEE economy provides a positive outlook for the second half-year * EBITDA is back in black in the second quarter with an increase of 23 %

SW Umwelttechnik is satisfied with the first half-year of 2010, particularly because of our strong second quarter in which turnover was increased by 18 % compared to the previous year. The measures we introduced in order to minimise costs and by concentrating on municipally financed projects have led to a significant increase of our earnings, EBITDA were disproportionately improved by 23 % in the second quarter.

The market in Central and Southeastern Europe is beginning to stabilise - turnover for our important market Hungary is already 37 % higher than in the previous year - although the price level has not yet improved. The higher earnings thus result from optimising our costs. We expect the price level to return to normal as of 2011.

Managing Director Bernd Wolschner has a positive outlook for the second half-year: "We have secure orders in the water conservation segment in Romania due to the international financial package. In Hungary we are expecting high turnover in the second half-year, particularly after the local elections in the autumn that should bring an increase in public projects. Our current volume of orders in Austria also means that we will be closing here only just below our strong performance from the previous year."

Turnover in the first half-year 2010 amounts to EUR 30.0 m (2009: EUR 26.8 m) and has thus increased by 12 % compared to 2009. This is mainly due to the stabilised economies in CEE. The Hungarian market has again gained in significance and shows a 37 % increase in turnover. Turnover in Romania is 21 % higher than in 2009. The water conservation segment remains the biggest segment with 45 %, although the infrastructure segment has recovered faster than expected and now holds a share of 39 % of total turnover.

Operatively speaking, our result has been improved by EUR 1.3 m due to the implemented cost saving measures. EBITDA for the first half-year can thus be reported at EUR 0.6 m (2009: EUR - 0.6 m). EBIT was improved by EUR 1.4 m and can now be disclosed at EUR -2.1 m (2009: EUR - 3.5 m). The financial result is similar to that of the previous year due to high volatility of the HUF and RON at balance sheet date and amounts to EUR - 2.9 m (2009: EUR - 2.8 m). This results in improved POA (profit or loss on ordinary activities) in the first half-year by EUR 1.3 m to a total of now EUR - 5.0 m (2009: EUR - 6.3 m). The operative POA, excluding FX currency losses, is back in black for the second quarter with EUR 0.2 m (2009: EUR - 0.5

m).

Volume of orders

The volume of orders as of 30 June 2010 amounts to EUR 33.0 m (2009: EUR 39.3 m). According to plans 80 % of these should be finalised this year, the other 20 % in 2011.

Summary balance sheet

Long-term assets have been subject to noticeable changes in value due to the high volatility of the HUF and RON and have slightly increased to EUR 75.3 m as per 30 June 2010 compared to the previous year (EUR 73.9 m). Our measures to reduce inventories had already become clear in 2009 and were reflected in the reduced floating assets, the level of EUR 33.2 m could be held on to even though turnover has increased. The first half-year 2010 shows floating assets totalling EUR 34.2 m. As a result the balance sheet total amounts to EUR 109.5 m and is at a similar level as in the previous year (2009: EUR 107.1 m).

Considering only the "internal value" of our fixed assets (i.e. without considering the book losses not affecting cash and the exchange rates as per 31 December 2007), an equity capital of EUR 23.6 m and an equity ratio of 19.4 % can be calculated. The equity capital according to IFRS excluding "internal values" is strongly affected by changes in currency exchange rates of HUF/EUR and RON/EUR and adds up to EUR 11.8 m (2009: EUR 12.5 m). Both the HUF and RON have reached their all-time low of the year 2010 as per 30 June 2010, but both have since seen stabilisation. In the mid-term a return to a fluctuation margin of 3.9 - 4.1 RON/EUR and 250 - 270 HUF/EUR is expected.

Liabilities are unchanged compared to the previous year and amount to EUR 79.9 m (2009: 80.3 m), 58.1 % of which are long-term liabilities.

In line with the company liquidity law ("Unternehmensliquiditätsgesetz ULSG") we have asked the Federal Government to assume liability and have been warranted with EUR 3.1 m by the OeKB.

Outlook

The company's current performance is in accordance to our issued prognosis for the year 2010. In Hungary and Romania we have been able to note a significant improvement in earnings particularly due to the support of the IMF. We are expecting an increase in public orders after the local election in Hungary. Although the harsh winter in Austria resulted in delayed building work, we are counting on a strong second half-year.

Profit and loss statement in EUR m

	HY 2010	HY 2009	
Turnover	30.0	26.8	
EBIT	-2.1	-3.5	
EBITDA	0.6	-0.6	
POA	-5.0	-6.3	

Balance sheet in EUR m

	HY 2010	HY 2009	HY 2010 incl.	HY 2009 incl.	
		internal value	internal		
			value		
Long-term fixed	75.3	73.9	87.1	90.0	
assets					

