



keywords: Financial Figures/Balance Sheet/preliminary results

euro adhoc: SW Umwelttechnik Stoiser & Wolschner AG / Financial Figures/Balance Sheet / SW Umwelttechnik announces preliminary results for 2008

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- * Revenue up by 14% to EUR109.8 million
- * Restructuring program in fourth quarter
- * Positive outlook due to strong order backlog (EUR37 million)

SW Umwelttechnik - a Vienna listed family firm with its core markets in Central and Southeastern Europe (CSE) - posted a 14% increase in revenue to EUR109.8 million (m) in 2008 despite difficult trading conditions. EBITDA was EUR7.7m - 18% down on the previous year's record figure - due to the cost of restructuring programmes in Hungary which have now been pushed through. The company recorded a loss of EUR3.8m for the period attributable to equity shareholders, mainly caused by movements in CSE currency exchange rates. The strong order backlog confirms the strategy of the company in concentrating on the public sector investments and ensures the success 2009.

Results for 2008

Following a bright first half, the CSE region - SW Umwelttechnik's main market - was battered by the global economic and financial crisis in the second half of 2008. Investments in industrial and commercial buildings came to a virtual standstill in Hungary, and SW Umwelttechnik was hit by order cancellations to the tune of EUR11m. Nevertheless, thanks to its strong market position the company registered 14% organic revenue growth to EUR109.8m for the year as a whole.

The revenue contribution of the Hungarian market slipped to 55% (2007: 60%) at EUR61m, while that of the Romanian market doubled to an on-target 19% (2007: 9%) or EUR21m, and that of Austria was EUR21m - an almost constant 19% of revenue (2007: 20%).

The revenue contribution from SW Umwelttechnik's Infrastructure sector rose to EUR62m or 53% (2007: 51%) and the Water Conservation sector's share of revenue to EUR32m or 32% (2007: 30%) driven by growth in Romania.; by contrast the Engineering sector's contribution slid to EUR16m or 15% (2007: 19%) due to the Hungarian government's restrictive fiscal policies in 2007/2008.

Management responded to the change in the trading environment in the fourth quarter by laying off 200 contract workers and 200 permanent staff, and is now focusing on the increase in municipal spending that is expected to result from the announced stimulus packages.

Earnings before interest and tax (EBIT) mirrored the harsh market conditions, and weak trading in Hungary had a particularly negative impact. EBIT declined to EUR2.1m in 2008 (2007: EUR4.6m). This result already reflects the action taken in Hungary to adjust to the economic situation. EBITDA came in at EUR7.7m - 18% below the previous year's record EUR9.4m.

SW Umwelttechnik's recent expansion in Southeastern Europe has increased its exposure to currency risk. The sharp movements in the exchange rates of the Hungarian HUF and the Romanian RON towards the end of the year led to accounting (noncash) losses of EUR5m in 2008, and net finance result jumped to EUR7.2m from EUR3.3m in 2007. SW Umwelttechnik expects the volatility of these currencies to abate in the medium term, and the exchange rates to return to their normal ranges, meaning that the items that have been written down can be revalued accordingly.

Higher finance costs meant that the company swung into a loss on ordinary activities of EUR5.0m (2007: + EUR1.2m) and a EUR3.8m loss for the period's net profit (2007: + EUR1.7m).

Fourth quarter performance

The impact of flagging CSE economies was mainly felt in the fourth quarter. Revenue, EBIT and EBITDA were all far below expectations at EUR28.1m, - EUR0.9m and EUR0.5m, respectively.

Due to management's rapid response to market developments most of the spending on restructuring was completed in 2008t, leaving SW Umwelttechnik well placed for 2009.

Order backlog

Order backlog at year end was a satisfactory EUR37.4m. While this failed to match the record EUR46m reported at the end of 2007 it was still well above the 2006 figure of EUR25.9m. Order intake in Hungary and Romania is encouraging in view of the adverse trading environment. The Engineering sector has won two large contracts for drinking water and sewer networks in Romania, and in Hungary the first order for bridge beams was achieved. This shows the effectiveness of the company's strategy of focusing on public sector infrastructure and environmental protection projects.

Employees

The average head count rose to 895 in 2008 (2007: 797) due to expansion in Romania. The Romanian workforce grew to 221 (2007: 99) as a result of the start-up of the Bucharest factory. The reduction of 200 in the permanent labour force in Hungary, initiated during the fourth quarter, is included in expenses for 2008, but the positive impact on costs will not be seen until 2009.

Investment

Following the record EUR26m investment programme in 2007, in 2008 a further EUR9.4m went to completing the new plants; EUR5.1m was spent in Hungary and EUR3.2m in Romania.

Dividend recommendation

The Management Board will recommend to the General Assembly to suspend payment of a dividend for 2008 financial year because of the overall economic situation and the loss for the year.

Outlook

SW Umwelttechnik's investments in expansion in Hungary and Romania have created strong positions in these markets, and its modern production facilities have given it cost leadership there.

The expectation is for a further sharp decline in all forms of industrial and commercial investment across the entire CSE region, offset by growing public sector investment as a result of the announced stimulus packages. In this market segment SW Umwelttechnik has a good name as responsible supplier, as shown by recent order intakes.

Management anticipates the following trends in the company's main markets:

- . In Romania, economic growth will slow, but is expected to remain positive by 1% or more. Municipal investment in environmental protection and infrastructure co-financed by the EU should continue to expand clearly in 2009.
- . Hungarian GDP is forecast to contract by 3%, leading to a sharp fall in

industrial and commercial investment. The Water Conservation sector, and probably also the Engineering sector appear to be set for recovering growth - partly as a result of a mooted stimulus package.

. In Austria, the main business, Water Conservation should continue to grow as a result of the new products and the promised stimulus package.

In the light of these developments SW Umwelttechnik expects only a slight decline in revenue, and is looking forward to a profitable year as a result of the restructuring actions that have already been implemented.

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

Financial highlights

EUR m	2008	2007
Revenue	109.8	96.1
EBIT	2.1	4.6
EBITDA	7.7	9.4
POA	-5.0	1.2
Profit/loss for the period attributable to equity shareholders	-3.8	1.7

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