

SW Umwelttechnik presents its first quarter 2014 results

- **Mild weather conditions have a positive effect on business development**
- **Sale of the project engineering segment has been completed**
- **Stabilisation of the economic situation**

SW Umwelttechnik's turnover for the first quarter is again higher than the weak value of the previous year. This results partly from the mild winter we experienced, which hardly had any effect on the markets we work in and partly from the elections in Hungary and Romania that provided and still provide positive impulses for regional business. As reported, the sale of our project engineering segment was completed in April 2014.

Turnover amounts to € 7.4 m (2013: € 4.9 m). EBIT – which is still in the negative due to seasonal reasons – amounts to € -0.9 m and is therefore also higher than in the previous year (2013: € -1.8 m). We were also able to improve our EBITDA to € -0.1 m (2013: € -1.0 m).

The financial result is burdened by € -0.4 m due to the devaluation of the HUF and amounts to € -0.9 m (2013: € -1.1 m). This means our profit/loss on ordinary activities could be improved compared to the previous year and now amounts to € -1.8 m (2013: € -2.9 m). It has to be noted at this point that the first quarter generally only amounts to around 15 % of our annual turnover and therefore has only limited significance.

Segmental analysis

Due to the mild weather conditions in all markets we work, construction could be started relatively early. Turnover for the water conservation segment amounts to € 4.3 m (2013: € 3.1 m), which results in a group turnover share of 58 % (2013: 63 %). Turnover for the infrastructure segment increased to € 3.1 m (2013: € 1.8 m) or rather 42 % of group turnover (2013: 37 %) – this was partly due to the positive impacts of the elections in Hungary and the thus connected investments into infrastructure.

Speaking regionally, the positive developments in Hungary meant turnover increased to € 3.9 m (2013: € 2.2 m) and a group turnover share of 52 % (2013: 45 %). Turnover in Romania developed positively again and amounts to € 1.7 m (2013: € 1.2 m) and reflects only a slightly decreased group turnover share of 23 % (2013: 24 %). In Austria turnover increased to € 1.5 m (2013: € 1.1 m), but the group turnover share decreased to 21 % (2013: 23 %). 4 % or € 0.3 m of turnover result from our exporting business.

Financial analysis

Fixed assets further decreased compared to the first quarter 2013 due to the FX impacts and amount to € 62.7 m (2013: € 67.0 m). Current assets increased compared to the previous year and amount to 33.5 m (2013: 27.9 m) – of which the assets of the issuing business segment amount to € 14.8 m. The sale of the project engineering segment was completed in April. Our balance sheet total has therefore increased slightly as of March 31st 2014 and amounts to € 96.2 m (2013: € 94.9 m).

Equity capital as of March 31st 2014 is reported at € 1.9 m (2013: € 3.1 m) - however, considering the intrinsic value (without non-cash affecting FX losses), equity capital can be held at € 13.7 m, which reflects an equity ratio of 13 %. Financial liabilities are lower than in the previous year and amount to € 70.2 m (2013: € 76.4 m).

Investments

Investments are kept at a very low level as in the previous year. € 0.4 m were used during the first quarter mainly for replacement investments.

Employees

The average number of employees increased from 2013 to 2014 by 3 % and amounts to 357 people (2013: 346).

Outlook

The company has adjusted to the current economic situation and is able to cushion the volatile market development due to its lean cost structure and flexible production management.

Hungary remains a challenging environment due to its politico-economic situation. We can expect an improvement especially in national investments into infrastructure, whereas the industry and trade situation is expected to remain unchanged.

In Romania positive impulses have already been seen in national investments – partly due to the increase of the call order rate of EU subsidised projects. As expected, investments from the industry and trade segment are increasing only very slowly.

The slightly regressive market in Austria can be compensated by continuous introductions of product innovations as well as due to our increased market presence.

We are expecting a stable turnover as well as an increase of our operative earnings for the fiscal year 2014.

Fact box

In € m	2014	2013
Turnover	7.4	4.9
EBIT	-0.9	-1.8
EBITDA	-0.1	-1.0
P/L ordinary activities	-1.8	-2.9

Publication notice:

This interim report on the first quarter 2014 is available at www.sw-umwelttechnik.com as well as the registered Company headquarters.

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