

Report on the  
third quarter of 2010



## KEY DATA

in € m	Q1-Q3 2010	Q1-Q3 2009	Year 2009
Sales revenue	54.2	47.0	66.2
of which Austria	10.6	13.4	18.7
of which Hungary	28.9	20.7	31.0
of which Romania	12.2	9.8	13.6
Other	2.4	3.1	2.9
Total output	54.5	47.4	66.9
EBITDA	5.2	2.0	7.3
EBIT	0.9	-2.5	1.4
POA	-1.6	-5.8	-2.9
Annual profit	-1.7	-5.9	-2.9
Return after minority interest	-1.6	-6.0	-3.2
Fixed asset investments	1.6	1.8	2.8
Total assets	113.7	108.7	110.2
Equity (incl. Minority interest)	15.2	13.3	18.7
<b>Employees</b>	<b>637</b>	<b>750</b>	<b>735</b>
of which in Austria	121	143	142
of which in Hungary	325	375	367
of which in Romania	191	232	226
<b>Stock exchange data</b>			
Dividend per share	€ 0	0	0
Weighted amount of shares	655,878	655,878	655,878
Highest rate	€ 30.5	31.35	30.90
Lowest rate	€ 19.56	17.00	17.12
Closing rate	€ 23.80	23.60	30.90

- Turnover improved by 15 % –  
20 % increase in the 3<sup>rd</sup> quarter alone
- Successful restructuring is mirrored  
in the improved result
- Positive forecast for the Hungarian  
and Romanian markets from 2011 on

The listed family company, SW Umwelttechnik, was able to increase its turnover by 15 % in the first three quarters to € 54.2 m compared to the previous year when it reached € 47.0 m. In the third quarter alone turnover was improved by 20 %, resulting from the increased market share in Hungary and Romania. The successfully implemented restructuring measures and the effect these had on the balance sheet are mirrored in the much-improved result. Price levels are still under pressure, but appropriate counteractions have been introduced that will lead to an improvement of gross earning from 2011 onwards. From 2011 a GDP growth rate of 3 % is expected in both Hungary and Austria which in turn lets us assume a positive economic development. The introduced budget remedial action in Romania, which is being supported by the IMF and the ECB, will lead to a considerable improvement of the market environment.

## FOREWORD BY THE MANAGEMENT BOARD

Dear ladies and gentlemen,  
dear shareholders, business partners and employees,

we were able to increase our turnover by 20 % in the third quarter compared to the previous year even though we were faced with a challenging market environment with decreased volumes. This can be ascribed to the restructuring measures that we introduced in the previous year by which we were able to support our intense marketing efforts with cost leadership.

The price levels remain under pressure due to the tense market environment. Thereon we have initiated change as market leader so as to again reach higher margins in 2011 – this due to the expected higher demand.

SW Umwelttechnik is excellently equipped to cover the long-term existing needs for water conservation and infrastructure projects in Central and Eastern Europe because of our concluded investment programme that amounted to € 60 m. Thanks to our modern equipment and the resulting flexible production modes we can easily adjust to different market situations. This means that we are also able to cover significant increases in demand without needing to make further investments.

We are expecting an unchanged challenging market environment for quarter 4, particularly in Hungary and Romania. However, we still predict an increase of turnover by 15 % for the full year 2010 and are aiming to reach an EBITDA margin of 10 %. We thank all our employees for their outstanding commitment as well as our financial partners for supporting our business development, which is in line with sustainability and long-term success.

Klagenfurt, 24 November 2010



DI Dr. Bernd Hans Wolschner



DI Klaus Einfalt

Operational review	5
Group interim financial statements	8
Notes to the Group interim financial statements	11
Declaration by the Management Board	12

# OPERATIONAL REVIEW

## BUSINESS DEVELOPMENT AND PROFITABILITY

SW Umwelttechnik generated a turnover of € 54.2 m in the first three quarters which reflects an increase of 15 % compared to the previous year. Due to the increase of turnover in the project engineering segment as well as the strong pricing pressures, this increase could not, however, be transferred into an equally significant increase in earnings.

Our restructuring measures have definitely had a positive impact – for example we were able to decrease personnel costs from 24 % to 19 %, so to € 10.2 m in the first nine months (in correspondence to total output). In the third quarter alone it was reduced from 19 % to 15 %.

EBITDA for the first nine months was significantly strengthened and now amounts to € 5.2 m or 9.6 % of total output, so is considerably higher compared to the same period of the previous year. This is partly due to reduced operating costs in all business segments and partly due to the fair value valuation according to IAS 40 as the site in Miskolc was closed down. The accumulated EBIT is therefore also back in the black and with € 0.9 m is higher by € 3.4 m than in the previous year.

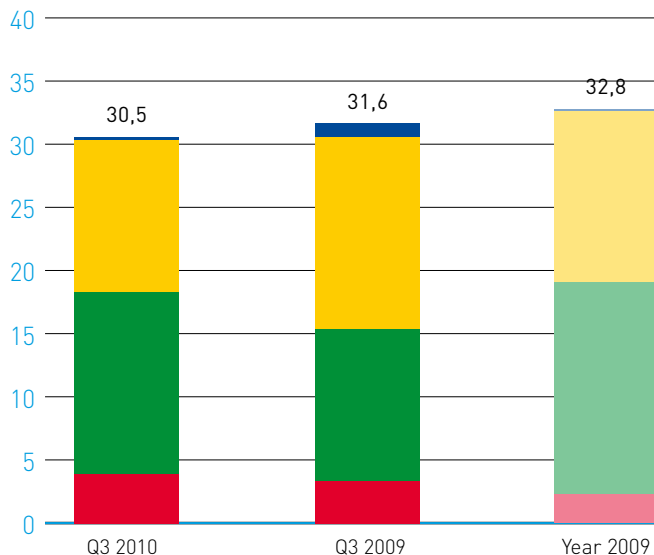
We were also able to reduce interest paid compared to the previous year and even though further FX devaluations took place, our financial result has been improved by € 0.8 m to –€ 2.6 m compared to 2009. Due to the stabilisation of the Hungarian currency the financial result in quarter three can be reported in the black.

PLOA (profit or loss on ordinary activities) has been improved on an annual comparison, however it remains in red for the first three quarters with a total of –€ 1.6 m (2009: –€ 5.8 m). When considering the third quarter on its own however, a significant profit on activities can be reported with € 3.4 m (2009: € 0.5 m).

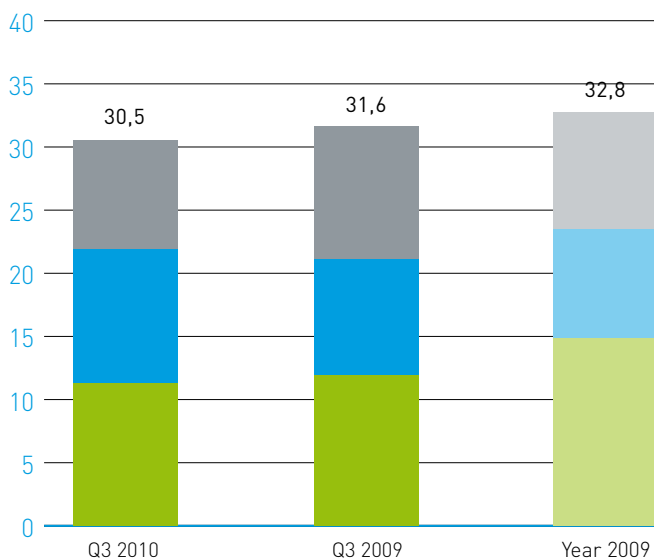
## VOLUME OF ORDERS

The volume of orders as of 30 September 2010 amounts to € 30.5 m (2009: € 31.6 m). According to plan 52 % of those will still be realised in the year under review. In Austria the volume of orders of € 3.9 m are 16 % higher and in Hungary they are higher by 20 % and amount to € 14.4 m. Even though turnover increased by 25 % in Romania, the volume of orders of € 12.1 m are 21 % lower than in the previous year – this can be related to the fact that the focus of the infrastructure segment has been shifted on to the water conservation segment in which there are shorter cycle times.

Revenue by geographical markets in € m



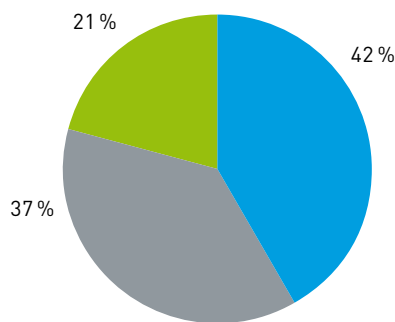
Revenue by business sectors in EUR m €



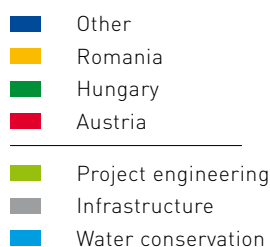
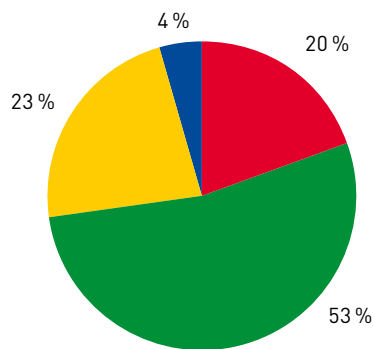
## SEGMENTAL ANALYSIS

The break down of turnover onto the different business segments shows a slight shift from the water conservation segment to the infrastructure and project engineering segments. Water conservation remains the biggest segment with € 22.7 m (2009: € 24.4 m) and a total share of 42 %, (2009: 52 %), infrastructure has increased to € 20.2 m (2009: € 15.5 m) and a share of 37 % (2009: 33 %) and project engineering amounts to € 11.3 m (2009: 7.1 m) and a share of 21 % (2009: 15 %).

Revenue by business sectors Q3 2010



Revenue by geographical markets Q3 2010



### ➤ Austria

The Austrian construction sector had to deal with an overall decrease of around 10 %, partly due to the tense financing situation in the municipalities as well as due to the phase-out of the economic stimulus packages. The poor start of the business year could however be gradually gained on because of our successfully implemented restructuring measures and the increased marketing efforts. The accumulated turnover as of 30 September amounts to € 10.6 m and is still 21 % lower than that of the previous year (€ 13.4 m), but 12 % have already been caught up on since the half-year – in the summer our decrease in turnover was still 33 % lower than in the previous year. This positive development is continuing on which means we expect to be able to reach our budgeted turnover and earnings goals for the whole year. Turnover reflects a share of 20 % (2009: 28 %) of Group's turnover.

### ➤ Hungary

Central and Eastern Europe showed a slow development in the first nine months due to the low construction activities resulting from the recession and also because of the bad weather conditions in quarter 1. In Hungary the industry and trade orders have significantly increased although the price level has gone further down until now. The water conservation segment also shows a slight upward trend and public requests for proposals are increasing after the local elections took place in October of this year. We are expecting a significant increase in orders for the first quarter of 2011. The prices in all market segments are being raised at the moment – although a negative price effect is still to be expected for the whole year of 2010. Turnover of € 28.9 m is 40 % higher than that of the previous year (€ 20.7 m) and reflects a share of 53 % (2009: 44 %) of the Group's turnover.

### ➤ Romania

Civil engineering projects in Romania have strongly increased in volume by 30 % – however due to the devaluation of RON on the one hand and the bad pricing levels on the other hand this cannot be reflected as significantly in turnover. The EU subsidies from the structure and cohesion fund are called upon more and more, but the Romanian government is still having problems with raising the self-financing share. The industry and trade sector remains problematic as well, even though it can be noted that a floor has been reached in this market segment. In total our market position has been expanded in all areas and analogous to Hungary we have proactively begun to align the price levels so as to trigger an improvement for 2011. In Romania we have recorded an increase in turnover of 25 % and with its turnover of € 12.2 m (2009: € 9.8 m) it now has a share of 23 % (2009: 21 %) of the Group's turnover.

## FINANCIAL SITUATION

Long-term assets as of 30 September 2010 have increased to € 74.1 m compared to the third quarter of the previous year when it amounted to € 70.7 m. Fixed assets were significantly reduced due to keeping investments well below depreciation, in contrast investment property according to the IAS 40 rule “Fair value” are reported. Short-term assets show no significant change to the previous year even though turnover was increased by 15 %. The optimised stock and claims management has been kept up successfully. A balance sheet total of € 113.7 m (2009: € 108.7 m) can be reported.

Equity capital as of 30 September 2010 is disclosed at € 15.2 m (2009: € 13.3 m) resulting in an equity ratio of 13.3 % (2009: 12.2 %). However, when considering non-cash depreciation of long-term assets resulting from FX volatility, equity capital of € 23.3 m and an equity ratio of 19.1 % can be reported.

Liabilities have slightly increased compared to the previous year and amount to € 98.6 m (2009: € 95.4 m) due to higher trade payables. Financial liabilities remain at € 78.9 m (2009: € 79.0 m).

in € '000	Q1-Q3 2010	in %	Q1-Q3 2010	in %	GJ 2009	in %
Assets	113,743	100.0	108,661	100.0	110,234	100.0
Fixed assets	77,755	68.4	73,048	67.2	79,893	72.5
Current assets	35,988	31.6	35,613	32.8	30,341	27.5
Liabilities	113,743	100.0	108,661	100.0	110,234	100.0
Equity	15,150	13.3	13,283	12.2	18,733	17.0
Long-term liabilities	52,378	46.0	50,425	46.4	49,274	44.7
Short-term liabilities	46,215	40.7	44,953	41.4	42,227	38.3

## OUTLOOK

The restructuring measures implemented by the Management are taking effect. “We have aligned our cost structure and our products with the low market level and at the same time are in a great position to benefit from an upswing” says board member Dr. Bernd Wolschner. “The market environment remains a challenge for 2011 – particularly in CEE we can only make careful predictions due to the limited visibility here.”

In Austria we are expecting a stabilisation of earnings because of a strong autumn. In Hungary we continue to predict a slight improvement, on the one hand in the water conservation segment due to increased orders from the gov-

## BOND

SW Umwelttechnik had to pull back the planned bond with a total volume of € 10 m and will not be able to carry out the increased expansion into Romania to the extent intended. Due to the harsh market situation for smaller titles, SW Umwelttechnik was not able to place the bond to its full amount. Existing commitments were then not followed through as these were connected to a financing of the total amount; this meant the issuer had to pull back the bond offering. SW Umwelttechnik will however still push forward its activities in Romania and further extend its already strong market position.

## INVESTMENTS

Investments as of 30 September 2010 remain at the intended low level with € 1.6 m which also reflects the long-term usability of our installed machinery. The main investments were made into moving the mechanical equipment from the closed-down Miskolc site to other production sites – the rest was mainly used for extending our product offering.

ernment and on the other hand in the infrastructure segment because of a slight increase of the industry and trade sector wanting to invest again.

For Romania we are forecasting a very slight improvement in investments through clients from the industry and trade sector until the end of the year. However, we are expecting an increase in commissioning through the government in the water conservation segment. These projects can however still be seriously delayed due the required co-financing of the government.

# CONSOLIDATED INTERIM FINANCIAL STATEMENT

## CONSOLIDATED BALANCE SHEET AT 30 SEPT 2010

ASSETS			
in € '000	30.09.2010	30.09.2010	31.12.2009
		incl. Internal value	
Long-term fixed assets	77,755	85,876	79,893
Fixed assets	74,106	82,227	75,837
Other long-term fixed assets	3,649	3,649	4,056
Current assets	35,988	35,988	30,341
<b>Total</b>	<b>113,743</b>	<b>121,864</b>	<b>110,234</b>
EQUITY AND LIABILITIES			
Equity	15,150	23,271	18,733
Long-term borrowings	52,378	52,378	49,274
Short-term borrowings	46,215	46,215	42,227
<b>Total</b>	<b>113,743</b>	<b>121,864</b>	<b>110,234</b>

## CONSOLIDATED INCOME STATEMENT FOR THE PERIOD 1 JAN 2010 TO 30 SEPT 2010

in € '000	Q3 2010	Q3 2009	Q1-Q3 2010	Q1-Q3 2009
Sales revenue	24,170	20,212	54,210	46,989
Total output	24,251	20,808	54,534	47,382
Gross profit	9,794	10,571	23,272	23,598
Staff costs	3,687	3,997	10,231	11,495
Depreciation and amortisation	1,515	1,528	4,282	4,428
Other operating costs	4,138	4,005	10,668	10,426
Other operating revenue	2,607	38	2,852	283
<b>EBIT</b>	<b>3,061</b>	<b>1,079</b>	<b>943</b>	<b>-2,468</b>
<b>EBITDA</b>	<b>4,576</b>	<b>2,607</b>	<b>5,225</b>	<b>1,960</b>
Interest	-595	-571	-1,809	-1,983
Exchange rate difference	1,006	62	-661	-1,283
Financial result	294	-550	-2,557	-3,334
<b>Profit or loss on ordinary activities</b>	<b>3,355</b>	<b>529</b>	<b>-1,614</b>	<b>-5,802</b>



INCOME AND EARNINGS STATEMENT 2010  
FOR THE PERIOD 1 JAN 2010 TO 30 SEPT 2010

in € '000	2010 I - IX	2009 I - IX
1. Result after income tax	-1,714	-5,932
2. Transfer of investment property	0	0
3. change of tax rate Hungary	-551	0
4. Currency conversion	-1,110	-1,244
<b>5. Total</b>	<b>-3,375</b>	<b>-7,176</b>
of which attributable to other associates	-140	17
of which attributable to associates of parent company	-3,235	-7,193

STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD 1 JAN 2010 TO 30 SEPT 2010

in € '000	Share capital	Capital reserve	Own shares	Currency conversion	Reevaluation reserves	Net earnings	Minority interests	Total
At 01 01 2009	4,798	5,956	-332	-4,093		11,407	2,723	20,459
Period result	0	0	0	0	0	-5,971	39	-5,932
Currency conversion	0	0	0	-1,222	0	0	-22	-1,244
Total	0	0	0	-1,222	0	-5,971	17	-7,176
<b>At 30 Sept 2009</b>	<b>4,798</b>	<b>5,956</b>	<b>-332</b>	<b>-5,315</b>	<b>0</b>	<b>5,436</b>	<b>2,740</b>	<b>13,283</b>
At 01 01 2010	4,798	5,956	-332	-5,144	2,249	8,243	2,963	18,733
Period result	0	0	0	0		-1,630	-84	-1,714
change of tax rate Hungary						-521	-30	-551
Currency conversion	0	0	0	-1,056	-28	0	-26	-1,110
Total	0	0	0	-1,056	-28	-2,151	-140	-3,375
Dividend payout	0	0	0	0		0	-208	-208
<b>At 30 Sept 2010</b>	<b>4,798</b>	<b>5,956</b>	<b>-332</b>	<b>-6,200</b>	<b>2,221</b>	<b>6,092</b>	<b>2,615</b>	<b>15,150</b>

CASH AND CASH EQUIVALENTS AT END OF YEAR 01.01.-30.09.2010

in € '000	01.01.-30.09.2010	01.01.-30.09.2009
Result before tax	-1,614	-5,802
Changes caused by currency conversions	570	1,152
Depreciation and amortisation	4,433	4,550
Valuation result from investment property	-2,406	0
Valuation result from investment property	-4	-3
Interest income	1,809	1,983
Interest paid	-1,925	-2,305
Interest received	116	322
Change in long-term reserves	-163	-167
Income taxes paid	-25	-47
<b>Resulting net cash</b>	<b>791</b>	<b>-317</b>
Change in inventories and construction contracts	-3,063	971
Change in receivables and other assets	-3,638	1,146
Change in liabilities	3,923	-2,937
Change in short-term reserves and accrued liabilities	528	529
<b>Working Capital net cash</b>	<b>-2,250</b>	<b>-291</b>
<b>Net cash from operating activities</b>	<b>-1,459</b>	<b>-608</b>
Deconsolidation of subsidiaries	1	0
Acquisition of tangible and intangible fixed assets	-1,633	-1,824
Acquisition of financial investments	-151	-122
Proceeds from sale of fixed assets	146	66
<b>Net cash from investing activities</b>	<b>-1,637</b>	<b>-1,880</b>
Dividend payouts	0	0
Purchase of own shares	0	0
Dividend of minority interests	-208	0
Change in long-term borrowings	3,045	-1,150
Change in short-term borrowings	-375	2,563
<b>Net cash from financing activities</b>	<b>2,462</b>	<b>1,413</b>
<b>Change in cash and cash equivalents</b>	<b>-634</b>	<b>-1,075</b>
Cash and cash equivalents at beginning of year	1,903	2,774
Change in cash and cash equivalents	-634	-1,075
Currency differences	-34	-81
<b>Cash and cash equivalents at end of year</b>	<b>1,235</b>	<b>1,618</b>

# NOTES TO THE GROUP'S INTERIM FINANCIAL STATEMENTS FOR Q1 TO Q3 2010

The Group's interim financial statements at hand as per 30 September 2010 have been created in accordance with the International Financial Reporting Standards (IFRS) as to be applied in the EU.

The abbreviated interim financial statements do not include – in accordance with IAS 34 – all information and data necessary in the annual financial statements and should thus be read in combination with the SW Umwelttechnik Stoiser & Wolschner AG's annual consolidated financial statements as per 31 December 2009.

## SCOPE OF CONSOLIDATION

The scope of consolidation remains unchanged compared to the status as per 31 December 2009.

## FINANCIAL ACCOUNTING AND VALUATION METHODS

The same accounting and valuation methods as per 31 December 2009 have been applied.

## CURRENCY CONVERSION

The Group's functional currency is the Euro; the functional currencies of the foreign subsidiaries are the respective local currencies.

The annual financial statements of foreign subsidiaries and joint ventures have thus been converted using the modified closing-date-method according to IAS 21 as follows:

- ↗ Assets and liabilities with the exchange rate of the balance sheet closing date
- ↗ Revenue and expenditures with the exchange rate of the annual average
- ↗ Equity entries with the exchange rate of the date of the transaction

The following exchange rates have thus been applied:

Currency		Rate at balance sheet date		Average rate for the year	
		30-09-2010	30-09-2009	Q1-Q3 2010	Q1-Q3 2009
HUF	Hungarian Forint	277.30	270.40	276.10	283.40
RON	Romanian Lei	4.27	4.22	4.20	4.23

## SEGMENTAL REPORT in € m

Distribution of sales revenue according to primary sectors

	Q1-Q3 2010		Q1-Q3 2009		Year 2009	
		in %		in %		in %
Water conservation	22.7	41.9	24.4	51.9	33.7	50.8
Infrastructure	20.2	37.3	15.5	33.0	22.5	34.1
Project engineering	11.3	20.8	7.1	15.1	10.0	15.1
	54.2	100.0	47.0	100.0	66.2	100.0

Distribution of sales revenue according to secondary segments

	Q1-Q3 2010		Q1-Q3 2009		GJ 2009	
		in %		in %		in %
Austria	10.6	19.6	13.4	28.6	18.7	28.3
Hungary	28.9	53.4	20.7	44.0	31.0	46.8
Romania	12.2	22.5	9.8	20.8	13.6	20.5
Other	2.5	4.5	3.1	6.6	2.9	4.4
	54.2	100.0	47.0	100.0	66.2	100.0

## EMPLOYEE DATA

Average for the period:

	Q1-Q3 2010			Q1-Q3 2009			Year 2009		
	White-collar	Blue-collar	Total	White-collar	Blue-collar	Total	White-collar	Blue-collar	Total
Austria	54	67	121	58	85	143	58	84	142
Hungary	134	191	325	154	221	375	151	216	367
Romania	51	140	191	50	182	232	48	178	226
	239	398	637	262	488	750	257	478	735

## DIVIDEND PAYOUT

At the annual general meeting on 14 May it was decided that SW Umwelttechnik would not be paying out a dividend to their shareholders for the financial year 2010.

## SHARE REPURCHASE SCHEME:

In 2010 none of the Company's own shares were repurchased.

## SEASONAL FACTORS

Due to weather conditions there are general seasonal fluctuations in product deliveries as well as in the execution of projects as construction work can only be carried out to a limited extent during the winter. These seasonal fluctuations are reflected in the outcome of the first and fourth quarter, which are usually weaker than the second and third quarters.

## RELATIONSHIPS WITH ASSOCIATED COMPANIES AND INDIVIDUALS

No significant changes have occurred in regards to relationship with associated companies and individuals as compared to those disclosed in the annual report 2009.

## FINANCIAL INSTRUMENTS

No financial instruments apart from those disclosed in the annual report 2009 were applied during the reporting period.

## BUSINESS TRANSACTIONS AFTER THE BALANCE SHEET DATE

No business transactions occurred after the balance sheet date of the quarter impacting the interim financial report at hand or that have any particular relevance.

## OTHER OBLIGATIONS, LITIGATION AND POSSIBLE LIABILITIES

There are no changes to be reported for this period in terms of other obligations, litigation and possible liabilities compared to the ones stated in the consolidated annual financial statements as of 31 December 2010.

# DECLARATION BY THE MANAGEMENT BOARD

We hereby confirm that to the best of our knowledge, these summarised consolidated interim financial statements have been compiled in accordance with applicable accounting standards and to the maximum extent possible give a true and fair view of the Group's assets, finances and earnings. We also confirm that the interim operational review for the first nine months of the financial year conveys a true and fair view of the most important events of the first nine months of this financial year to the maximum extent possible and their im-

pact on the summarised consolidated interim financial statements, in terms of significant risks and uncertainties during the remaining three months of the financial year, and of key transactions with associated companies and individuals where disclosure is required. These summarised consolidated interim financial statements have been subjected neither to a complete audit nor to an audit review by an auditor.

Klagenfurt, 24 November 2010

DI Dr. Bernd Hans Wolschner

DI Klaus Einfalt

# FINANCIAL CALENDAR

28.02.2011	Preliminary result
27.04.2011	Annual results press conference in Vienna
20.05.2011	Annual General Meeting in Klagenfurt
24.05.2011	Payment of ex dividends
25.05.2011	Report on the first quarter 2010
27.05.2011	Payment date of dividends
24.08.2011	Interim report on the first half of 2011
23.11.2011	Report on the third quarter 2011

(These are anticipated dates only.)

# SHAREHOLDER INFORMATION

Security ID number: AT 0000080820

Vienna Stock

Exchange symbol: SWUT

Bloomberg: SWUT AV

Reuters: SWUT.VI

Datastream: O:SWU

Index: WBI

Listing: Standard market continuous/auction with market makers, Vienna Stock Exchange

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 environmental technology we provide an important contribution for the development of necessary infrastructure in Central and South Eastern Europe.

Further enquiries:

MMag. Michaela Werbitsch

Investor Relations

Telefon: +43 7259 313 50

Mobil: +43 664 811 76 62

Fax: +43 7259 313 56

E-Mail: [michaela.werbitsch@sw-umwelttechnik.com](mailto:michaela.werbitsch@sw-umwelttechnik.com)

Website: [www.sw-umwelttechnik.com](http://www.sw-umwelttechnik.com)

