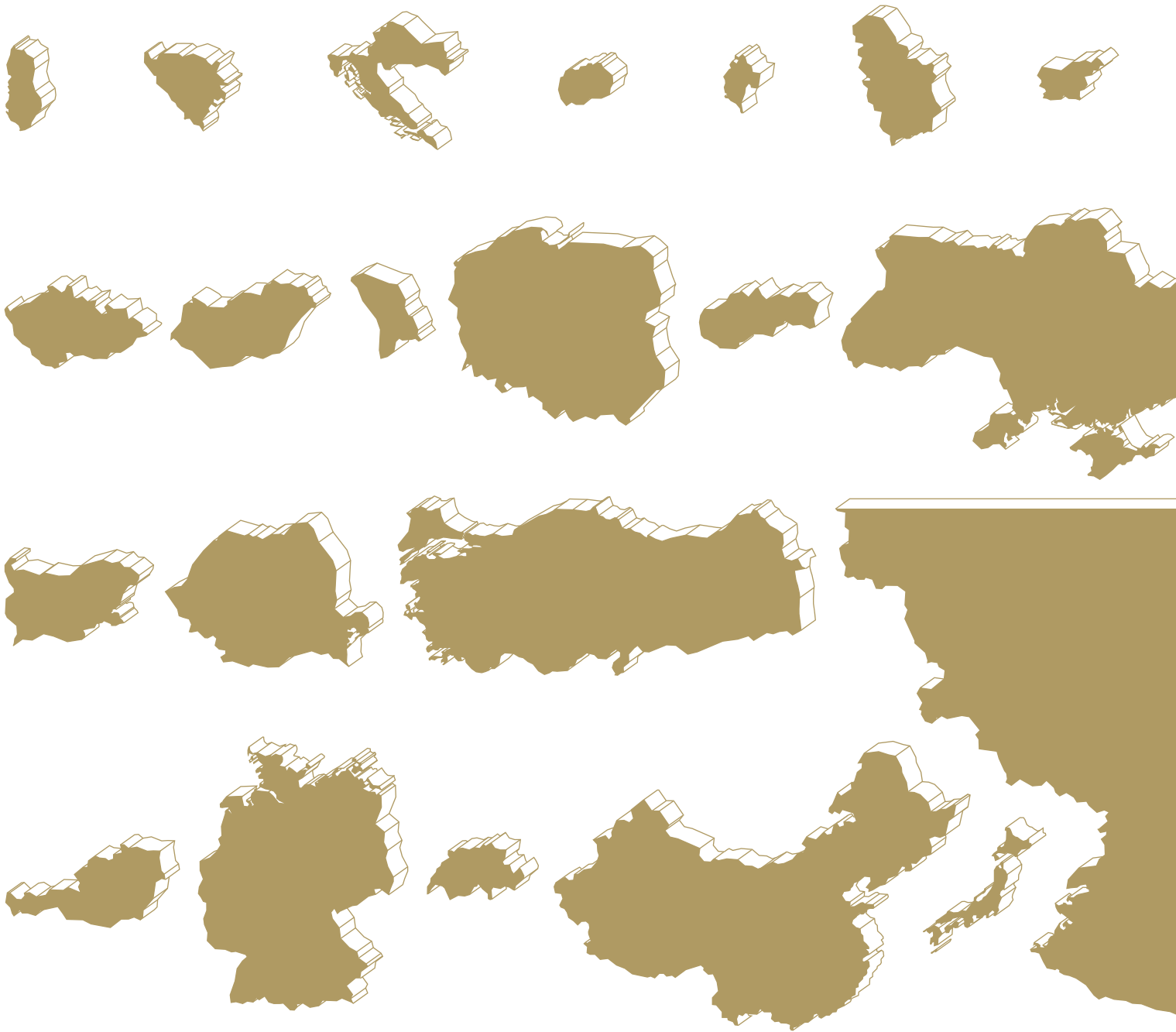


# Report on Q1 results 2009



**we improve IT**

## **S&T: Positive EBITDA and good performance in south-eastern Europe**

**Share of total sales realized by solutions and services business is now 54 %**

**Vienna, April 30, 2009. S&T's strategic goal of increasing the share of total group sales achieved by the solutions and services business continued to be successfully pursued during the first quarter of 2009. Consulting and service provision projects now account for 54 % of total sales - the corresponding figure in the first quarter of 2008 was 49 %. Overall, S&T achieved sales of 98.6 million euros in Q1 2009 (Q1 2008: 116.6 million euros / -15.4 %), an EBIT of -1.6 million euros (Q1 2008: 2.2 million euros) and a positive EBITDA. The gross margin remained stable in percentage terms. S&T is expecting incoming orders to stabilize during Q2 and Q3 2009 and is forecasting improved financial results.**

Sales volumes in the core S&T fields of business during the first quarter of 2009 reflect the general situation in the IT market. Whereas the area of managed services (MS), which mainly involves long-term service contracts, saw growth in sales of 2.6 % compared to 2008 and realized 23.5 million euros, sales in the area of enterprise systems (ES), which focuses on infrastructure, fell by 23.4 % to 45.2 million euros. Business solutions (BS), with its provision of consulting services, registered a contraction in sales of 13.8 % to 29.9 million euros. "The decline in our total sales revenues is primarily a result of the current situation in the overall infrastructure market, which is traditionally difficult during any first quarter. We have managed to defend our market share in the infrastructure business and have kept gross margins stable in percentage terms, but we are, of course, less than satisfied with the financial result. However, the MS area of business has really developed well. In the business solutions area we are currently seeing extremes – during Q1, we were awarded a number of new, large contracts, but at the same time a number of ongoing projects were postponed or cancelled at short notice by customers. Such a situation makes our work with planning of resources and costs very difficult and has an impact on the results," explains Christian Rosner, CEO S&T.

### **Good results in the Adriatic region and Romania**

In geographical terms, the Adriatic region and Romania made particularly good contributions to the overall group results during the first quarter. In contrast, the DACH region (Germany, Austria, Switzerland) as well as Russia, Turkey, Hungary and Ukraine could not avoid the impact of the ongoing crisis. In the German-speaking countries in particular, there were a

number of projects that were cancelled or postponed, including projects in which implementation was about to start or was already underway, and for which personnel and budget resources had already been allocated. Rosner: “We have already initiated some appropriate measures in the business units to tailor the available resources to current needs. We are currently assessing our continued involvement in Turkey and, furthermore, our office in Bosnia-Herzegovina has been reduced to a small operational core team and, in Russia, we are looking to establish a strategic partnership with a leading local provider.”

### **Balancing act with personnel resources**

At the end of the first quarter of 2009, S&T had 3,048 employees (full time equivalent), which is 87 (2.8 %) less than at the beginning of the year. “For us as a service provider, we have to play a balancing act of ensuring that we retain key resources in order to maintain the high quality of our services, while at the same time acknowledging that we are forced to cut costs. It is also the case that measures implemented in terms of personnel do not have an immediate effect on the cost structure as the resulting savings are only seen two or three months later. We envisage having approximately 2,850 staff at the end of June and hope that no further reductions will then need to be made,” comments Rosner.

### **Share price on the rise**

Following a decision by the Austrian Takeover Commission regarding the issue of AvW, the S&T share price has shown a clearly positive trend once again. The price at the end of the first quarter was 8.53 euros (March 31, 2009) but within a few days of the decision being publicized it had reached a level of 13.50 euros (April 17, 2009). S&T currently (April 29, 2009) has a market capitalization of 42.98 million euros and the share price is 11.99 euros.

### **Q2 2009: Positive financial results expected**

“We are expecting a positive operational result for the second quarter of 2009,” states Rosner. “The forecasts in our individual countries show a positive development in the infrastructure business in comparison to the first quarter. The business solutions area should now have bottomed out in terms of sales and the third quarter should produce positive figures again here. At present, we are also forecasting a positive result for the third quarter and sales revenues that should not be much below those of last year.”

### **About S&T - [www.snt-world.com](http://www.snt-world.com) - XETRA Vienna: SNT**

With approximately 3,000 employees and sales of €513.4m in 2008, S&T is the leading provider of IT consulting, IT solutions, and IT services for customers in Central and Eastern Europe and the DACH region (Germany, Austria and Switzerland), and also has branches in Japan and China. The S&T Group comprises around 70 branch offices successfully representing the company in 21 countries. The core business of S&T is IT consulting, as well as the development, implementation and operation

of custom IT solutions, processes and systems. S&T supports large and medium sized companies along the entire IT value-adding chain. S&T focuses on customers in the manufacturing and retail industries, telecommunications, the public sector, and also financial service providers, utilities and energy suppliers. S&T AG has its corporate headquarters in Vienna and has been listed on the Vienna Stock Exchange since 2003.

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## Consolidated income statement

Period from 01.01., ended	31.03.2009	31.03.2008	31.12.2008
Sales			
Business Solutions (BS)	29.854	34.639	156.202
Enterprise Systems (ES)	45.241	59.031	252.272
Managed Services (MS)	23.528	22.930	104.918
Total Sales	98.623	116.600	513.392
Other own work capitalized	194	--	725
Merchandise, spare parts and purchased services	(56.301)	(70.213)	(313.474)
Staff costs	(32.700)	(32.824)	(136.810)
Other operating expenses	(10.535)	(12.457)	(53.111)
	(99.536)	(115.494)	(503.395)
Other operating income	735	3.004	5.659
Total operating expenses less other income	(98.801)	(112.490)	(497.736)
<i>Profit from operations before depreciation, amortization and finance costs (EBITDA)</i>	16	4.110	16.381
Depreciation and amortization	(1.605)	(1.884)	(7.272)
<i>Profit from operations (EBIT)</i>	(1.589)	2.226	9.109
Finance costs - net	(738)	(1.671)	(7.432)
<b>Result before tax</b>	<b>(2.327)</b>	<b>555</b>	<b>1.677</b>
Income tax expense	(14)	(457)	(1.983)
<b>Result from continuing operations</b>	<b>(2.341)</b>	<b>98</b>	<b>(306)</b>
Result from discontinuing operations	--	--	--
<b>Result for the period</b>	<b>(2.341)</b>	<b>98</b>	<b>(306)</b>
Attributable to:			
Equity holders of the company	(2.335)	80	(191)
Minority interest	(6)	18	(115)
<b>Result for the period</b>	<b>(2.341)</b>	<b>98</b>	<b>(306)</b>
Earnings per share from continuing operations attributable to equity holders of the company in EUR:			
Basic earnings per share	(0,66)	0,02	(0,05)
Diluted earnings per share	(0,66)	0,02	(0,05)
Weighted number of ordinary shares in issue (thousands)	3.560	3.557	3.559

**Consolidated statement of recognized income and expense**

Period from 01.01., ended	31.03.2009	31.03.2008	31.12.2008
Items net of tax			
Available-for-sale financial assets	--	(34)	(29)
Net investment hedge	87	(223)	(480)
Currency translation differences	(4.082)	909	(1.503)
<b>Net result recognized directly in equity</b>	<b>(3.995)</b>	<b>652</b>	<b>(2.012)</b>
Net result for the period	(2.341)	98	(306)
<b>Total recognized result for the period</b>	<b>(6.336)</b>	<b>750</b>	<b>(2.318)</b>
Attributable to:			
Equity holders of the company	(6.330)	736	(2.206)
Minority interest	(6)	14	(112)
<b>Total recognized result for the period</b>	<b>(6.336)</b>	<b>750</b>	<b>(2.318)</b>

## Consolidated balance sheet

<b>Assets</b>	31.03.2009	31.03.2008	31.12.2008
<i>Non-current assets</i>			
Property, plant and equipment	12.055	14.753	13.181
Intangible assets	42.567	44.551	44.285
Financial assets	726	682	713
Long-term receivables	3.368	3.666	3.372
Deferred tax assets	6.633	7.183	6.695
	<u>65.349</u>	<u>70.835</u>	<u>68.246</u>
<i>Current assets</i>			
Inventories	14.728	16.799	18.674
Trade accounts receivable	92.514	105.934	119.535
Other receivables and prepayments	19.898	24.414	18.493
Financial assets	31	114	38
Cash and cash equivalents	21.712	26.773	30.529
	<u>148.883</u>	<u>174.034</u>	<u>187.269</u>
<b>Total assets</b>	<b>214.232</b>	<b>244.869</b>	<b>255.515</b>
<b>Equity and Liabilities</b>			
<i>Shareholders' equity</i>			
Issued capital	7.170	7.170	7.170
Share premium	5.915	6.035	5.915
Treasury shares	(1.326)	(1.319)	(1.322)
Retained earnings	28.711	37.984	35.041
	<u>40.470</u>	<u>49.870</u>	<u>46.804</u>
Equity attributable to equity holders of the company	40.470	49.870	46.804
Minority interest	(24)	12	(18)
	<u>40.446</u>	<u>49.882</u>	<u>46.786</u>
<i>Non-current liabilities</i>			
Long-term financial liabilities	57.443	62.433	59.802
Other long-term liabilities	1.302	708	762
Long-term provisions	5.515	5.270	5.436
Deferred tax liabilities	169	731	265
	<u>64.429</u>	<u>69.142</u>	<u>66.265</u>
<i>Current liabilities</i>			
Trade accounts payable	33.113	38.287	59.175
Current tax liabilities	106	296	101
Other payables	18.497	19.961	20.837
Short-term financial liabilities	25.600	29.882	25.922
Provisions	823	1.629	773
Accrued liabilities	31.218	35.790	35.656
	<u>109.357</u>	<u>125.845</u>	<u>142.464</u>
<b>Total equity and liabilities</b>	<b>214.232</b>	<b>244.869</b>	<b>255.515</b>

<b>Statement of changes in equity</b>	Issued capital	Share premium	Treasury shares	Retained earnings	Equity attributable to equity holders of the company	Minority interest	Total
<b>Period ended March 31, 2009</b>							
Balance at January 1, 2009	7.170	5.915	(1.322)	35.041	46.804	(18)	46.786
Capital increase	--	--	--	--	--	--	--
Total recognized result for the period	--	--	--	(6.330)	(6.330)	(6)	(6.336)
Changes in treasury shares	--	--	(4)	--	(4)	--	(4)
Share option plan	--	--	--	--	--	--	--
Balance at March 31, 2009	7.170	5.915	(1.326)	28.711	40.470	(24)	40.446
<b>Period ended March 31, 2008</b>							
Balance at January 1, 2008	7.170	6.034	(1.097)	37.262	49.369	(2)	49.367
Total recognized result for the period	--	--	--	736	736	14	750
Initial consolidation	--	--	--	(14)	(14)	--	(14)
Changes in treasury shares	--	--	(222)	--	(222)	--	(222)
Share option plan	--	1	--	--	1	--	1
Balance at March 31, 2008	7.170	6.035	(1.319)	37.984	49.870	12	49.882
<b>Period ended December 31, 2008</b>							
Balance at January 1, 2008	7.170	6.034	(1.097)	37.262	49.369	(2)	49.367
Total recognized result for the period	--	--	--	(2.206)	(2.206)	(112)	(2.318)
Initial consolidation	--	(121)	--	(15)	(136)	96	(40)
Changes in treasury shares	--	--	(225)	--	(225)	--	(225)
Share option plan	--	2	--	--	2	--	2
Balance at December 31, 2008	7.170	5.915	(1.322)	35.041	46.804	(18)	46.786

## Consolidated cash flow statement

Period from 01.01., ended	31.03.2009	31.03.2008	31.12.2008
<b>Cash flows from operating activities</b>			
Profit before tax	(2.327)	555	1.677
Adjustments			
Finance costs - net	738	1.671	7.432
Depreciation and amortization	1.605	1.884	7.272
(Gains)/losses on disposals	(99)	(1.835)	(2.098)
Foreign exchange gains/(losses) from operating activities	26	(492)	(2.286)
Other (net)	(697)	(58)	(2.087)
	<u>(754)</u>	<u>1.725</u>	<u>9.910</u>
Changes in working capital			
(Increase)/decrease in trade accounts and other receivables	25.976	17.945	10.056
(Increase)/decrease in inventory	3.946	524	(1.351)
Increase/(decrease) in current liabilities	<u>(32.701)</u>	<u>(32.778)</u>	<u>(12.403)</u>
	<u>(2.779)</u>	<u>(14.309)</u>	<u>(3.698)</u>
Cash generated from operations	(3.533)	(12.584)	6.212
Interest received	235	152	835
Interest paid	(440)	(506)	(5.065)
Taxes paid	(42)	(1.067)	(2.766)
Net cash generated from operating activities	<b>(3.780)</b>	<b>(14.005)</b>	<b>(784)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment and intangible assets	(652)	(991)	(4.764)
Purchase of financial assets (securities and investments)	--	(26)	(27)
Proceeds from sale of property, plant and equipment	121	2.168	3.649
Acquisition of subsidiaries, net of cash	--	--	(235)
Long-term loans and receivables (granted)/repaid	(338)	(22)	312
Net cash used in investing activities	<b>(869)</b>	<b>1.129</b>	<b>(1.065)</b>
<b>Cash flows from financing activities</b>			
(Purchase)/sale of treasury shares	(4)	(222)	(225)
Increase in long-term borrowings	1.321	57	--
Decrease in long-term loans and borrowings	--	--	(679)
Repayment of finance lease liabilities	(578)	(704)	(1.057)
Increase/(decrease) in short-term borrowings	<u>(4.123)</u>	<u>10.201</u>	<u>3.959</u>
Net cash generated from financing activities	<b>(3.384)</b>	<b>9.332</b>	<b>1.998</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(8.033)</b>	<b>(3.544)</b>	<b>149</b>
<b>Movement in cash and cash equivalents</b>			
At beginning of period	30.529	29.947	29.947
Increase/(decrease)	(8.033)	(3.544)	149
Effect of exchange rate changes	<u>(784)</u>	<u>370</u>	<u>433</u>
<b>At end of period</b>	<b>21.712</b>	<b>26.773</b>	<b>30.529</b>

## Notes to the consolidated interim financial statements

### Basis of preparation

The consolidated interim financial statements at March 31, 2009 were compiled in accordance with International Financial Reporting Standards (IFRS). Presentation currency is the Euro. The figures are presented in thousands of Euro (TEUR). With the exception of the new pronouncements described below, the consolidated interim financial statements use the same accounting and valuation methods as the consolidated financial statements for the 2008 financial year. For additional information see the consolidated financial statements as of December 31, 2008, which form the basis for this interim financial statements. IAS 34 "Interim Reporting" was additionally applied.

### Impact of new or amended standards and interpretations:

<i>Standard/ Interpretation</i>		Effective date <sup>1)</sup>	EU endorsement	Impact
IFRS 8	Operating segments	January 1, 2009	November 21, 2007	Notes
IFRIC 12	Service concession arrangements	January 1, 2008	March 25, 2009	no
IFRIC 13	Customer loyalty programmes	January 1, 2009	December 16, 2008	no
IFRIC 14	IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction	January 1, 2009	December 16, 2008	no
IFRS 1/IAS 27 *	First-time adoption of IFRS/Consolidated and separate financial statements	January 1, 2009	January 23, 2009	no
IFRS 2 *	Share-based payment	January 1, 2009	December 16, 2008	no
IAS 1 *	Presentation of financial statements	January 1, 2009	December 17, 2008	Presentation
IAS 23 *	Borrowing costs	January 1, 2009	December 10, 2008	no
IAS 32/IAS 1 *	Financial instruments: Presentation/Presentation of financial statements	January 1, 2009	January 22, 2009	no
Improvement Project *	Minor amendments in several standards	January 1, 2009	January 23, 2009	no

\* Amendment

1) for reporting periods beginning on or after the mentioned date

2) for reporting periods ending on or after the mentioned date

**Not yet applied new or amended standards and interpretations:**

<i>Standard/ Interpretation</i>		Effective date <sup>1)</sup>	EU endorsement	Impact
IFRS 1 *	First-time adoption of IFRS (Restructured standard)	July 1, 2009	open	no
IFRS 3/IAS 27 *	Business combinations/Consolidated and separate financial statements	July 1, 2009	open	on new acquisitions
IFRS 7 *	Financial instruments: Disclosures	January 1, 2009	open	no material
IAS 39 *	Financial instruments: Recognition and measurement (Amendments for eligible hedged items - July 2008)	July 1, 2009	open	no
IAS 39 *	Financial instruments: Recognition and measurement (Reclassification of financial instruments: Effective date - November 2008)	July 1, 2009	open	no
IAS 39/IFRIC 9 *	Financial instruments: Recognition and measurement/Reassessment of embedded derivatives (March 2009)	June 30, 2009 <sup>2)</sup>	open	no
IFRIC 15	Agreements for construction of real estate	January 1, 2009	open	no
IFRIC 16	Hedges of a net investment in a foreign operation	October 1, 2008	open	no
IFRIC 17	Distribution of non-cash assets to owners	July 1, 2009	open	no
IFRIC 18	Transfer of assets from customers	July 1, 2009	open	no

\* Amendment

1) for reporting periods beginning on or after the mentioned date

2) for reporting periods ending on or after the mentioned date

**Events after balance sheet date**

There were no events of major importance after the end of March 31, 2009.

## **Segment results**

The segment breakdown applied to sales is as detailed in the profit and loss account.

The segment results for the first three months are as follows:

	<b>2009</b>	<b>2008 <sup>1)</sup></b>
Business Solutions	(1.702)	(2.685)
Enterprise Systems	746	2.646
Managed Services	128	1.968
	(828)	1.929
Unallocated expenses less other income	(761)	299
Profit from operations (EBIT)	(1.589)	2.228

1) Adjusted in accordance with IFRS 8

## **Other information**

The interim financial statements were neither subject to an audit nor were the books reviewed by an auditor.

Vienna, April 30, 2009

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