aws austria wirtschaftsservice
Investing Abroad - aws-Promotion-Instruments for Austrian Companies

Austrian Investors‘ Round Table - 18.10.2013

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aws
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• aws

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  – aws-Guarantees
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  – aws-Programs for Intellectual Property Rights / Market Research
Austria Wirtschaftsservice

Owner
- 100% Republic of Austria
  Federal Ministry of Economy, Family and Youth
  and Federal Ministry of Transport, Innovation
  and Technology

Mission
- Promoting the structural improvement of
  the Austrian economy

Goals
- Business financing and business
  consulting
  Implementation of support, awareness and
  consultancy programmes for enterprises

Performance
- Financial performance 2012: EUR 870 m
  Internationalisation Guarantees: 9 guarantees
  for a guarantee volume of EUR 22.6 m
Field of Activity
Start up, Innovation & Growth

Innovation and Growth

Start up

Entrepreneurial Spirit

Technology Transfer

Innovation

Coaching und Finanzierung

Instruments
- Guarantees
- Equity
- Loans
- Subsidies
- Training and Coaching

Growth (eg. Internationalisation)
Internationalisation
Main Barriers

- Finding out all the relevant information concerning market opportunities and potential risks in target countries

- Sourcing problems – mainly in recruiting personnel and raising funds which are to be exposed to risk

- Covering the risks connected with FDI, which usually consist of political, commercial and foreign exchange risk.
aws-Internationalisation Guarantees

AIM: Risk Sharing to encourage Foreign Direct Investment (FDI) of Austrian Companies

- Sound economic standing of the Austrian company
- Contribution to increased competitiveness of the Austrian company
- Maintaining employment & creating jobs in Austria
- Long-term and strategic character of the investment
- Public Value - Sustainable effect on the Austrian company and Austrian economy
Two Types of Guarantees depending on the risk covered

**Loan Guarantee**
Risk of default of the Austrian company (domestic risk)

**Project Guarantee**
Risk of default of the company abroad (commercial risk only)
aws-Internationalisation Guarantees

Target countries

Loan Guarantee
no limitation

Project Guarantee
South and Eastern Europe, EU-Inclusion Countries as of 2004, Black Sea Region
aws-Internationalisation
Guarantees – Main Characteristics

- FDI (foundation, equity participation, increase of capital, takeovers, joint venture)
- clearly identifiable project
- company size: SME´s and Midcaps
- industry: all sectors - except agriculture & forestry, banks, insurance & real estate companies, sensitive sectors (EU)
- max. guarantee amount: EUR 7.5 m
- 80 % guarantee rate for loan guarantees, 50 % for project guarantees
- guarantee term: 8 to 10 years
- risk sharing: one third (equity, banks, aws)
Small and Medium Sized Enterprises (SME)

**Small**
- Less than 50 employees
- max. EUR 10 m annual turnover or balance sheet total

**Medium**
- Less than 250 employees
- max. EUR 50 m annual turnover or EUR 43 m balance sheet total

**Midcap**
- up to 3,000 employees
aws-Internationalisation
Guarantees – Fees

– Guarantee fee: min. 0.6 % p.a. (depending on the risk, i.e. rating) promotional guarantees only for SMEs; commercial guarantees for large companies (in line with market rates)

– Processing fee: 0.5 % of total financing volume
Loan Guarantee

Loan guarantee covers the domestic (commercial) risk (up to 80%)

aws -> Bank

Loan

Bank -> Loan

Austrian Company

Investment (Equity)

Company abroad
Case study: loan guarantee

An Austrian company acquiring a company in South Africa. It further invests in the company by upgrading the plant & machinery and takes on a working capital loan.

- purchase price: EUR 2.0 m
- shareholder loan for machinery: EUR 1.0 m
- local working capital loan => assumption of liability: EUR 1.0 m
  = guarantee-relevant investment funds: EUR 4.0 m
- Refinancing of purchase price and shareholder loan (EUR 3.0 m)
- by means of equity (EUR 1.0 m) and loan (EUR 2.0 m)
  → max. loan guarantee 80 % of EUR 2.0 m, i.e. EUR 1.6 m
  → loan term (generally 8 – 10 years)
  → Case of default: insolvency of the Austrian company
Project Guarantee

- Project guarantee covers the (commercial) risk abroad (up to 50%)
- Austrian Company → Investment funds → Company abroad
Case study: project guarantee

An Austrian company acquires a company in Hungary. It further invests in the company by upgrading the plant & machinery and takes on a working capital loan.

- purchase price: EUR 2.0 m
- shareholder loan for machinery: EUR 1.0 m
- local working capital loan → assumption of liability: EUR 1.0 m
= guarantee-relevant investment funds: EUR 4.0 m

→ max. project guarantee 50%, i.e. EUR 2.0 m
→ securing the start-up phase of the project (5 years)
→ Case of default: insolvency of the company in Hungary
aws erp-Internationalisation Loans

- SME
- Production sector and production related services
- FDI outside EU
- Initial FDI or main enlargement
- Loan:
  - 35 – 60 % of eligible project volume
  - from EUR 300,000 to max. EUR 7.5 m
# erp-loans - interest rates

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<th>aws erp – internationalisation loan</th>
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<tr>
<td>grace period</td>
<td>2 years</td>
<td>0.5 % fixed</td>
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<tr>
<td>payback period</td>
<td>4 years</td>
<td>1.0 % fixed</td>
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<tr>
<td>total term</td>
<td>6 years</td>
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Limitations according to EU-State-Aid-Rules

„de-minimis-Regulation“
→ Cash equivalent: max. EUR 200,000

currently:
→ EUR 1 m erp-loan: about EUR 25,000 cash equivalent
  (2.5 % of loan volume)
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<td>Assistance to build Austrian SME skills and knowledge regarding IP and IP management in cooperation with the Austrian Patent Office</td>
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<td>Grants for patent applications outside the EPC</td>
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<td>Patent commercialization for private investors and SME`s</td>
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<td><strong>IP.Enforcement</strong></td>
<td>Grants &amp; supports to enforce Austrian IPR in emerging key markets</td>
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<td><strong>Market research</strong></td>
<td>Market research for technology oriented SME and High-Tech-Start Ups</td>
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IP.Consulting: Intellectual property analysis

• **Target group**
  – Technology–oriented Austrian companies beginning to utilize their IP systematically

• **Service/support**
  – Experts from the Austrian Patent Office and from aws visit the company and conduct a thorough analysis of its general IP situation (program name „discover.IP“)
  – Analysis includes existing IP strategy (if any), existing IP rights, contracts, risks of know-how loss etc.
  – Report with findings/results presented to the company, follow-up after one year
  – free of charge to SME`s
IP.Financing: Grants for IPR establishment

• Target group
  – Technology-oriented Austrian SMEs with (future) business activities in markets outside Europe

• Service/Support
  – Financial support for patenting costs in markets outside Europe with focus on emerging markets
  – National phases, no priority filings
  – Non-repayable grant, usually 60% of eligible cost
  – In emerging markets such as China and India additional support (network of local partners, fluent speakers of Mandarin, Cantonese and Russian in aws)
IP. Exploiting: Technology & Patent commercialization

• **Target group**
  - Technology-oriented Austrian SMEs looking for licensing partners for their technology/patents

• **Service/Support**
  - Evaluation of inventions
  - Non-repayable grants for patenting costs during commercialization phase (up to 100%)
  - Locating industry partners worldwide
    - active marketing
  - Licence negotiation
    - Drafting and negotiating contracts
  - Monitoring
    - Monitoring compliance with contracts
IP Enforcement: Monitoring and prosecution of patent infringements

- **Target group**
  - Technology-oriented Austrian SME`s involved in IPR enforcement problems or litigation worldwide

- **Service/Support**
  - Financial support for monitoring of patent infringements and legal/enforcement costs, including second instance court proceedings
  - Non-repayable grant, max. 50% of eligible cost, max. EUR 100,000
Tecnet: Market & Technology Research

- **Target group**
  - Technology-oriented Austrian SME`s and High-Tech Start-Ups in need of market information for their business plan, expansion projects, entry in new markets etc.

- **Service/Support**
  - Search for market & technology information
  - Access to market information databases, procurement of existing studies and analyses
  - Drafting of complete customer-specific market reports
  - Subsidized fee depending on size and age of the company
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