

EIF IN AUSTRIA

Investing
in the future
of Austrian SMEs

What is the EIF?

The EIF helps small and medium-sized enterprises (SMEs) grow and prosper in Europe, promoting innovation, supporting employment and improving the economy.

As part of the European Investment Bank (EIB) Group, we design and deploy financial instruments, which enable banks and funds (financial intermediaries) to better serve SMEs.

As a result, we attract more private capital into the SME space, we kick-start new financing markets and ecosystems, and ultimately make more financing available to SMEs across the EU and associated countries.

The EIF manages resources on behalf of the EIB, the European Commission (EC), national and regional authorities and other third parties.

The EIF is a public-private partnership whose tripartite shareholding structure includes the EIB, the EU represented by the European Commission and various public and private financial institutions, including Austria Wirtschaftsservice Gesellschaft mbH (aws), Erste Group Bank AG, Raiffeisen Bank International AG, Unicredit Bank Austria AG.

9.3 billion€

of transactions signed across the EU and associated countries in 2017

EIF in Austria

Investing in the future of Austrian SMEs



EIF and Austria: A longstanding partnership

The European Investment Fund started operating in Austria in 1998 and since then has committed over EUR 1.5bn to the country via 60 transactions, expected to leverage EUR 4.7bn in financing for SMEs.

Some of the EIF's most exciting and innovative initiatives are active in Austria - from identifying and supporting the business angels who will nurture the next generation of Austrian entrepreneurs, to carrying out securitisation transactions that will free up banking capital for future loans and leases to SMEs.

We believe in the potential of Austrian SMEs, and in 2017 we allocated new equity investment capital to Austria and other countries in Central Europe with the Central Europe Fund of Funds.

Our impact on the small business ecosystem in Austria is reliant on the strong partnerships we have on the ground - the local fund managers, banks, SME associations and public authorities who come together to ensure better access to finance for SMEs.

Read on to see how these programmes have helped finance some of Austria's success stories.



"EIF's activity in Austria started over twenty ago. Since then, we have established many forms of cooperation, spanning from partnerships with business angels in support of early-stage SMEs, to award-winning securitisation deals and beyond. The EIF has a vested interest in continuing to support important areas such as innovation, R&D, entrepreneurship, growth, and employment across Austria."

Pier Luigi Gilbert
CEO of the EIF

"In Austria, we have an excellent cooperation with our financial partners, which include both promotional and private institutions. Their proactive involvement is crucial for EIF not only to effectively reach out to the small businesses across the country, but also to keep abreast with market developments and fine-tune our products."

Alessandro Tappi
CIO of the EIF



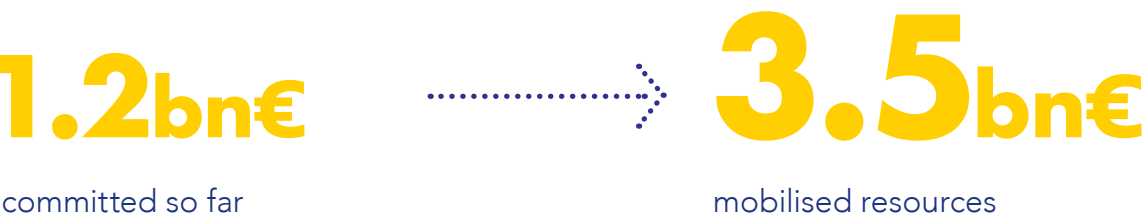
"We have seen some interesting projects come to fruition in Austria. This has no doubt been thanks to the strong support from the EIF's shareholders and other partners. Working together with our partners, we have mobilised resources both for EU-level initiatives, such as InnovFin, but also for more geographically targeted ones such as the Central Europe fund-of-funds as well as the NPI Equity Platform."

Hubert Cottogni
Director of Mandate Management, EIF



Key figures in Austria

Guarantees, securitisation and funded instruments



Microfinance and social entrepreneurship



Figures as of October 2018

Over 1.5 billion€ committed so far in Austria, aimed at mobilising

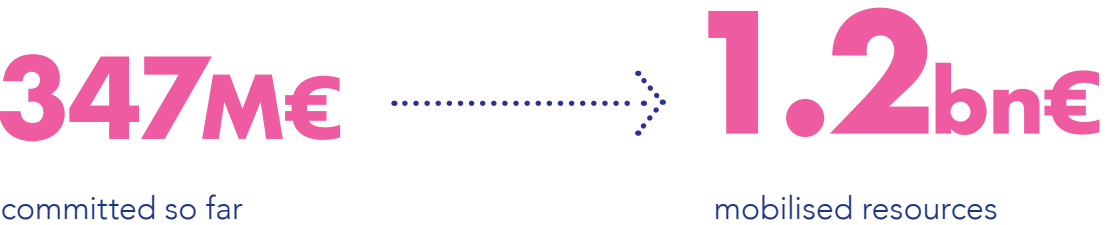
4.7 billion€

EFSI

644 SMEs in Austria have received financing so far under the European Fund for Strategic Investments (EFSI) SME Window. Five transactions focusing on Austria have been approved, which committed over EUR 164 million in the country, aiming to mobilise more than EUR 652 million.

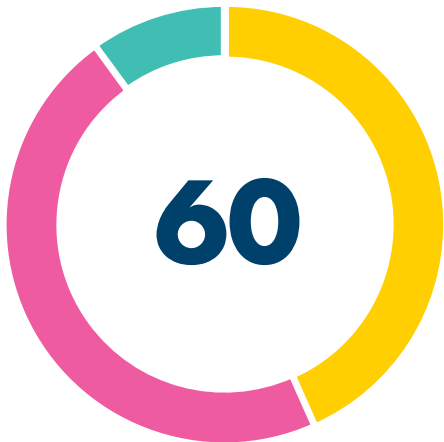
164M€
COMMITTED

Equity



Number of transactions

- 26 Guarantees, securitisation and funded instruments
- 28 Equity
- 6 Microfinance and social entrepreneurship



OVER

11,000

Austrian SMEs have benefited from EIF transactions so far

Mobilising innovation: InnovFin SME Guarantee

Innovative companies are vital to the growth of SMEs in Europe. However, innovative SMEs often struggle to access financing. The InnovFin SME Guarantee (InnovFin SMEG), guarantees part of a bank’s loan portfolio to companies with significant innovation potential, supporting those whose value lies in their ideas, trademarks and patents, rather than in tangible assets.

In Austria, the EIF has committed EUR 161m in two transactions with Austria Wirtschaftsservice and Unicredit Bank Austria, both early supporters of InnovFin SMEG. Together with the private sector commitments, we expect almost EUR 352m to reach innovative SMEs in the country.

InnovFin is a joint EIB Group and EU initiative resourced under Horizon 2020, the EU research programme for 2014-2020, and EFSI. It hosts a range of equity and debt financial instruments, including InnovFin SMEG.

Working hand in hand with business angels: The European Angels Fund

Business angels are a valuable source of capital and advice for entrepreneurs. The European Angels Fund (EAF) connects business angels with entrepreneurs and the venture capital community, and enables business angels to co-invest with the EIF in innovative SMEs.

The idea is to unite the business angel’s unique expertise with the EIF’s experience and network as one of Europe’s foremost venture capital investors. Each business angel is granted the maximum degree of freedom under the EAF, therefore supporting the individual’s investment style while still providing significant financial support.

The EAF, which is advised by the EIF, has already committed more than EUR 240m to around 90 carefully selected business angels, who have in turn built a portfolio of more than EUR 400m SME co-investments.

In Austria, around EUR 20m has been committed to more than 10 business angels, who have together invested in more than 80 SMEs.



Harnessing investment potential in Central Europe: CEFoF

The Central Europe region offers huge potential for SME growth. At the end of 2017, the EIF launched the Central European Fund of Funds (CEFoF), a regional fund of funds to boost equity investments in Austria, Czech Republic, Hungary, Slovakia and Slovenia. Each of these countries contributed to the fund alongside the EIF and the EIB.

CEFoF builds on the EIF’s proven fund-of-funds experience and will contribute to the defragmentation of the region’s equity markets.

In Austria, the fund of funds welcomed a EUR 12m investment from the Development Bank of Austria (OeEB), on behalf of the Austrian Ministry of Finance. This is expected to leverage three or four times as much in funding to SMEs and small mid-caps.



Award-winning deals: securitisation

Supporting a functioning securitisation market in Europe is key to improving SMEs’ access to financing. Securitisation allows banks to diversify their funding sources and achieve economic and regulatory capital relief, providing liquidity and freeing up capital for loans and leases to SMEs.

In 2016, the EIF participated its first public asset-backed securities transaction in Austria - ROOF Leasing - helping to further open up the public securitisation market in the country, and winning the EMEA Finance Achievement Award 2016.

In 2017, the EIB Group also structured the first synthetic securitisation in Austria that benefited from the support of the European Fund for Strategic Investments (the Juncker Plan) by providing guarantees on a EUR 330m portfolio of Austrian and German loans originated by Hypo Vorarlberg Bank AG. With this financial support, Hypo Vorarlberg will expand its lending to households and corporate customers undertaking energy efficiency refurbishments or new constructions of Near Zero Energy Buildings (NZEB) as well as SMEs and mid-caps in Austria.

In 2018, the EIB Group has closed another synthetic securitisation transaction with a large Austrian bank in an amount of EUR 44.8m, employing once more Juncker Plan funds.



Financing Success Stories

"Finding financing at that stage of the business is very difficult, but it is especially difficult in the social enterprise sector – most banks don't understand our business model."

Martin Wesian
CEO of Helioz

"The funding was very important, it helped us stay at the forefront of the industry by continuously improving our technology."

Silvia Pichler
Senior Marketing Manager of indoo.rs



Like most dads, Sven Purns wanted to do something special for his daughter’s first birthday. Unlike most dads who might go out and buy a new toy, Sven actually created one himself. An instant hit, the toy has grown into a very successful business called Ainstein.

Sven initially designed the first Ainstein building blocks in the form of colourful cubes and prisms made of plastic in a 3D printer and equipped with several magnets on the inside. The magnets’ design is such that there is no north or south pole and they thus never repel or become displaced. This makes building much easier for children.

The birthday party ‘trial’ went very well, the kids loved the building blocks, and Sven has never looked back. An engineer by trade, Sven applied himself to building several machines and works out of a small basement workshop in Vienna.

Conveniently located close to both his home and his daughter’s nursery, it allows Sven to pick her up within five minutes and even pop home to walk the dog over lunch. In the first few months, 50,000

building blocks were sold, mainly in Austria. “If we manage to get through to Germany, there will certainly be a shift [in business volumes]” explains Sven.

As the business started to take off, Sven found himself in need of some financing to cover costs. aws assisted the start-up and provided a guarantee for the much-needed financial support with the backing of the EIF. As a result, the company was able to invest in ultrasonic welding machinery and other equipment, and also had working capital to help them get off the ground. Sven now has one employee, produces about 1,000 pieces per day and is already planning his next steps. For Easter 2017, he will be releasing a new line of building blocks in various new colours.

As for the company’s name, it is surprisingly not related to the German genius. The first blocks were triangular in shape, resembling the letter A, and Sven decided to name the company by combining the letter ‘A’ with the German word for ‘block’ (stein). With his second daughter growing fast, Sven is already thinking about round Ainsteins...



Sector	Children’s toys
Instrument	COSME Programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises
Purpose	To purchase machinery and equipment, working capital
Location	
Employees	2

Location	Vienna
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“There’s no ‘I’ in the word ‘team’, is there?” asks Hanno Lippitsch, former professional volleyball player and currently CEO and co-founder of Eversports.

“In team sports, you can have great players but still lose against a crappy team – if they have strong team spirit. I’ve been on both sides in my career and I can tell you it’s magical when you can get players aligned towards the same goal in an atmosphere of trust. Our company values strongly reflect this spirit.”

Eversports, founded in 2013, has developed a marketplace app that enables users to find sports offers, book them and pay for them. “Our platform gives you an overview of the activities and facilities available in your city, covering more than 100 different sports, from yoga to tennis, football, squash or kite-surfing,” says Hanno. “It’s a bit like booking.com for sport. You can find out where to join a pilates class at 7am if that’s what you’re looking for, book and pay all in one go.”

“It can be very hard to find available facilities when you want them. You have to check with several different sports providers,” explains Hanno, “Personally, I was often frustrated when I was trying to find a court to play tennis after work – impossible!

“**We doubled our staff numbers and professionalised our services, breaking our teams down into specialised units to reach out more effectively to new markets.**”

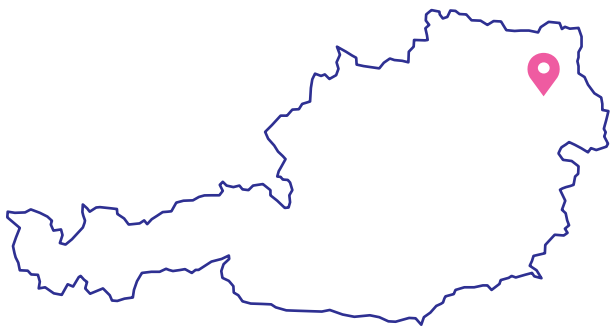
This difficulty is enough to put people off. The problem is that the harder it gets for people to practice sport, the more likely it becomes that they will choose to watch TV and order pizza instead,” he adds. “Sports providers often think they’re competing against each other. Actually, they’re competing a lot more against the big screen.”

Eversports’ software offers benefits for sports providers as much as for sports enthusiasts: “Our software solutions help sports facilities and studios in digitising processes like accounting, book-keeping and website integration,” explains Hanno.

In 2017, Eversports secured important investments from ENERN and Market One Capital, two EIF-supported venture capital firms. “We kicked off immediately. They were very excited about our company and we knew that they could give us a big boost and help us grow faster and more efficiently,” says Hanno. “We doubled our staff numbers and professionalised our services, breaking our teams down into specialised units to reach out more effectively to new markets. We started in German-speaking countries, but we’re looking to launch a pilot in the US and we’re planning to expand to the Nordics, France, Spain and Italy. We make a great team.”



Location
Vienna



Sector
Sport, ICT

Instrument
CEFoF
Central Europe Fund of Funds

Purpose
Scale-up, product development

Employees
80
40
at investment

In 2018, an estimated 660 million people still don't have access to clean drinking water. Martin Wesian experienced this first-hand experience during a trip to Venezuela, where he caught cholera by drinking contaminated water. Upon recovering, he decided to tackle the problem head-on.

Martin focussed on "solar water disinfection". This is a natural process, with no batteries, filters or chemicals, in which UV radiation from the sun eliminates harmful pathogens in the water. It can be achieved simply by filling PET plastic bottles with water and exposing them to sunlight for a certain period of time. However, this process is underutilised mainly because of the difficulty in predicting exactly how long it takes for the water to be disinfected.

Martin therefore spent his postgraduate studies developing a device to measure the process of solar Water Disinfection: the WADI. On the back of this invention, he founded Helioz, an Austrian social enterprise with an innovative solution to prevent waterborne diseases. "I realized there was an opportunity to make an impact on people's lives", Martin explained, "we are a social enterprise, and while revenue is important, it's not the most important thing for us. We are pursuing a social and environmental cause."

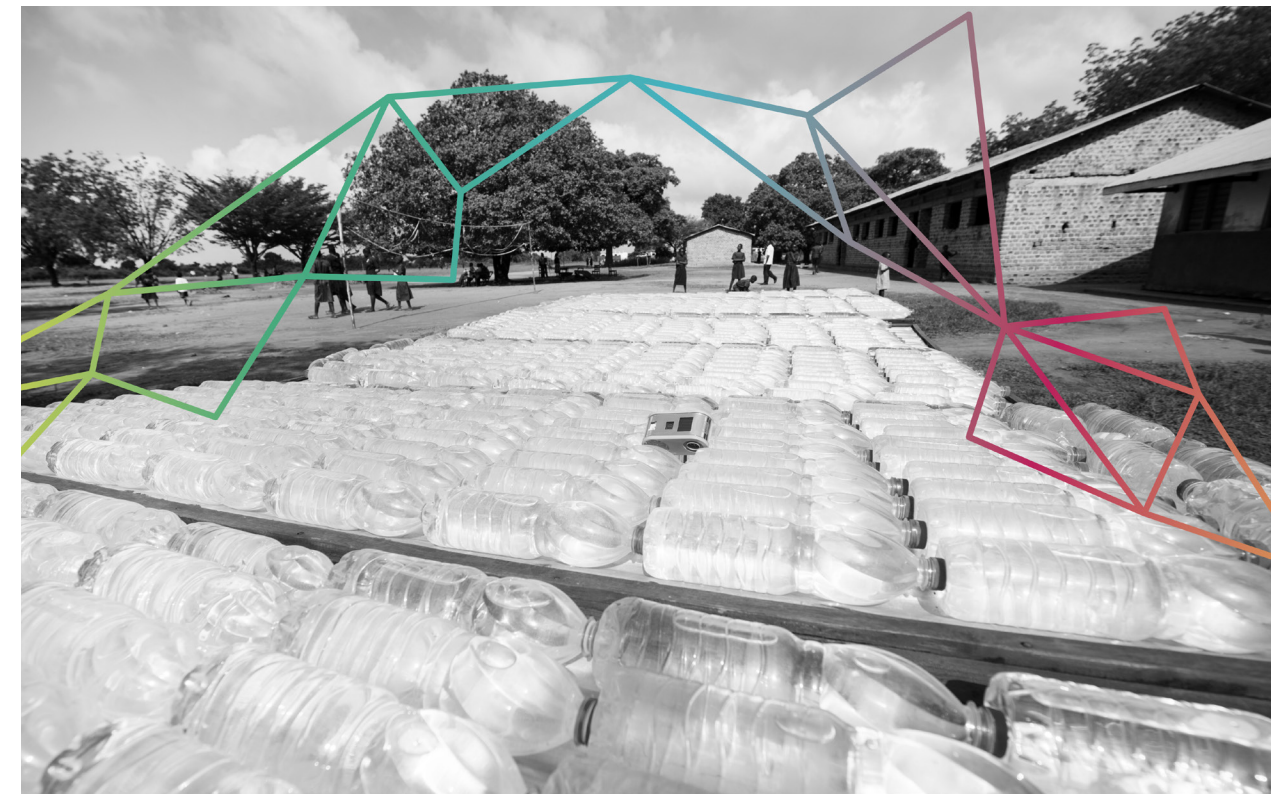
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Finding financing at that stage of the business is very difficult, but it is especially difficult in the social enterprise sector – most banks don't understand our business model.

WADI can be placed alongside bottles filled with contaminated water as they are exposed to sunlight and a smiley face on the WADI indicates when the water is safe to drink. This process also saves up to three tons of CO2 emissions per year compared to boiling the water.

In order to scale up the business and boost hardware production to meet growing demand, Martin sought financial support from Erste Bank, in the form of a loan guaranteed by the EIF under the EU's Employment and Social Innovation programme. "Finding financing at that stage of the business is very difficult", Martin says, "but it is especially difficult in the social enterprise sector – most banks don't understand our business model. Without the loan, things would have been very difficult for us." With this financial support, Helioz was able to increase its staff numbers and production volumes. Beyond making the WADI, the company also promotes sanitization and hygiene training all over the world, from South America to Kenya, Uganda, Bangladesh and beyond.

"Our challenge in the future is to make the WADI even cheaper so that we can reach out directly to those who need it most" Martin adds.



Location
Vienna



Sector
Social Impact

Instrument
EaSI
EU Programme for Employment and Social Innovation

Purpose
Business development, increasing hardware production

Employees

9

4
at investment

The inspiration behind indoo.rs came from a long and stressful airport layover that fellow students Bernd Gruber and Markus Krainz experienced. Running into unexpected difficulties in navigating the building and locating the various amenities, they realized the potential benefits of an innovative, practical solution for indoor navigation.

Based in Vienna, indoo.rs is a company that aims to provide state-of-the-art indoor positioning solutions for enterprises. Indoor mapping and positioning systems allow users to navigate a new building with ease, equipped only with their smartphone and the right application.

indoo.rs strives to offer the best mix in terms of accuracy, cost and implementation time. In addition, this technology allows companies to analyse customer behaviour, measuring motion patterns to optimize store layout, as well as tracking their own assets, making them easier to locate and manage in a complex work environment.



In 2017, indoo.rs received an EU grant to help fund research and development efforts. "The funding was very important, it helped us stay at the forefront of the industry by continuously improving our technology", explains Silvia Pichler, Senior Marketing Manager.

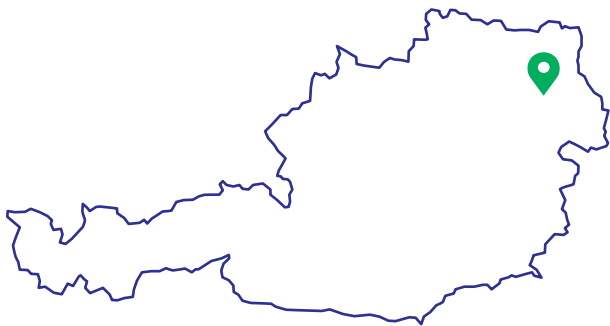
At a later stage, the company secured an EU-guaranteed loan through aws, backed by the EIF, that helped expand the team and invest in the product portfolio. "We managed to reduce the time needed to implement our system by 90% with SLAM, a technology we developed to make a digital map of buildings, giving us a crucial competitive advantage and enabling us to take on big projects", Silvia says. "It also allowed us to work on the extension of our product portfolio, expanding our offer to Asset Tracking and Analytics."

The company originally focused on the Austrian market, quickly expanding to the rest of Europe and beyond. The United States are currently indoo.rs' second biggest market through key customers like Amtrak and San Francisco International Airport.

“

The funding was very important, it helped us stay at the forefront of the industry by continuously improving our technology.

Location
Vienna



www.indoo.rs

Sector
ICT

Instrument

InnovFin SMEG

EU programme for innovation, guarantee facility

Purpose

R&D, expanding team and product portfolio

Employees

25

TecSense designs and manufactures optical sensors that measure oxygen concentration in gases or liquids, guaranteeing accurate real-time results even in complex processes at laboratories or production plants.

“We have three product lines with a number of different sensors applicable across a variety of industries ranging from food production to electronics and medical research”, explains CEO and co-founder Johannes Krottmaier. “They are all based on the same physical principle: opto-chemical oxygen detection, in which a luminescent dye molecule is irradiated with light”, adds co-founder Volker Ribitsch. “Our sensors can interpret the result to determine the concentration of oxygen.”

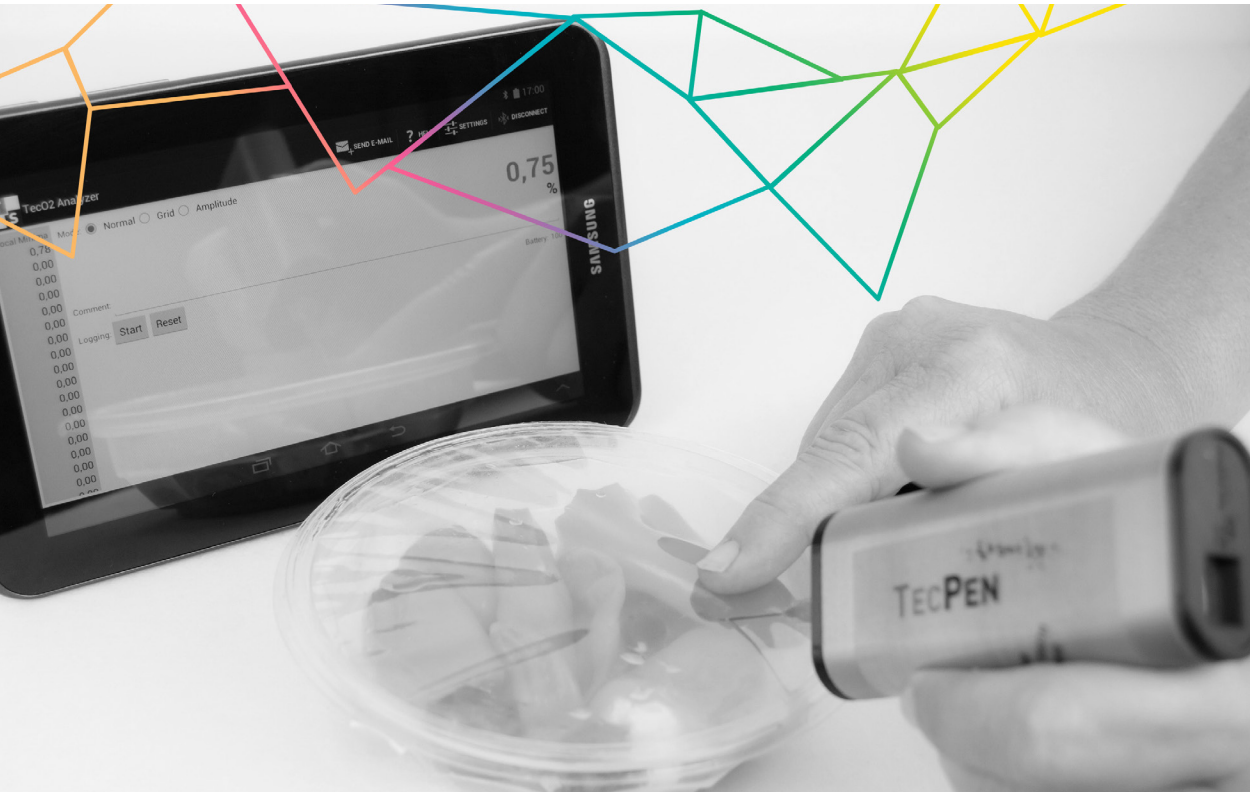
“The application of our technology in the food industry has tremendous potential”, Johannes adds. “We can print the dye onto the film that is used to package food. When the dye sees light, it will react and tell us immediately if there is too much oxygen inside the packaging. Too much oxygen could allow harmful microorganisms to grow. This would reduce the product’s shelf-life. Rather than the traditional approach of random-testing and destroying samples, we have developed the only solution in the

world that measures every package coming out of a production line, without touching or destroying anything.”

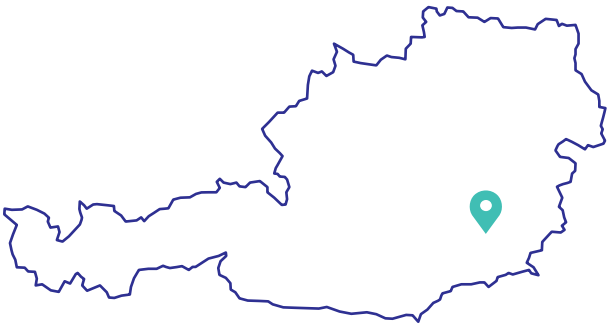
In the initial process of research and product development, TecSense benefited from two EU grants. “This helped us to bring the product from development to a prototype stage, making it almost production ready”, Johannes says.

Building on this work, in 2016, TecSense also received an EU-guaranteed loan through aws backed by the EIF. “Without the EU support it would have been impossible to be where we are now, in terms of the size of the team and our technology. The financing allowed us to boost production volumes, and especially to develop our services for the food packaging industry”, Johannes explains. Aspiring to be a world-leader in opto-chemical sensor systems, TecSense now plans to expand the use of this technology to the measurement of CO2 levels as well as pH levels in liquids, relying heavily on further research. “We have to continually invest in R&D”, explains Johannes, “if we don’t innovate constantly I doubt we will survive five years in this field”.

“
Without the EU support it would have been impossible to be where we are now, in terms of the size of the team and our technology.



Location
Grambach



Sector
Sensor systems

Instrument
InnovFin SMEG
EU programme for innovation, guarantee facility

Purpose
R&D, product development, scaling business

Employees
8
0 at investment

Programmes deployed by the EIF in Austria

The EIF has deployed capital in Austria under a wide range of programmes and mandates. Here is a list for your reference:

EaSI

The Employment and Social Innovation (EaSI) programme promotes quality and sustainable employment, improves working conditions and decent social protection, while combating social exclusion and poverty.

This EU-level instrument has been active since 2014 with a budget of EUR 919m in 2013 prices.

EFSI

The European Fund for Strategic Investments (EFSI) was launched in July 2015 as a joint initiative between the EU and the EIB Group. EFSI is the financial pillar of the EU's Investment Plan for Europe and has two components: the Infrastructure and Innovation Window managed by the EIB and the SME Window implemented by the EIF.

InnovFin

InnovFin aims to facilitate and accelerate access to finance for innovative businesses and other innovative entities in Europe. It covers both debt and equity financing. The InnovFin SME Guarantee (SMEG) offers a 50% uncapped guarantee or counter guarantee to financial intermediaries to allow them to provide debt financing on more favourable terms to innovative SMEs and small mid-caps.

Meanwhile, InnovFin Equity provides equity investments and co-investments to or alongside funds focusing on companies in their pre-seed, seed and start-up phases operating in innovative sectors.

COSME

COSME is the EU programme for the Competitiveness of Enterprises and SMEs. It facilitates access to finance for SMEs, promotes competitiveness and encourages an environment favourable to entrepreneurs.

Set up in 2014 by the European Commission with a budget of EUR 2.3bn, COSME is deployed at the EIF via loan guarantee facilities (COSME LGF) and equity investments (COSME Equity Facility for Growth or EFG).

Programmes

CEFoF

The Central Europe Fund of Funds (CEFoF) is a fund-of-funds initiative created by the European Investment Fund (EIF) in close co-operation with the governments and national agencies of Austria, Czech Republic, Slovakia, Hungary and Slovenia (the CE countries) to boost equity investments into small and medium-sized enterprises (SMEs) and small mid-caps across the region, establishing a sound market-based risk financing infrastructure, implementing the best market standards for equity investments in businesses and attracting institutional investors and investment managers to Central Europe.

EAF

EAF is an initiative advised by EIF which provides equity to Business Angels and other non-institutional investors for the financing of innovative companies in the form of co-investments. EAF works hand in hand with Business Angels and helps them to increase their investment capacity by co-investing into innovative companies in the seed, early or growth stage. The activity of EAF is adapted to the Business Angels' investment style by granting the highest degree of freedom in terms of decision making and management of investments.



To find out more, please visit
www.eif.org

