CAPTURE THE OPPORTUNITY IN AUSTRIA

BUSINESS SWEDEN

February 2017
Vienna
AUSTRIA – A STRONG INDUSTRY NATION WITH A STABLE ECONOMY AND A BENEFICIAL LOCATION

EXECUTIVE SUMMARY

- The Austrian economy has had a low but stable growth, on average 1% annually, and the low unemployment rate of 6% is one of the lowest in Europe.

- With its location in central Europe, Austria serves as a stepping stone to southern and eastern Europe, having borders to 7 countries, 4 linguistic regions while 11 European capitals are within 5 hours drive.

- Sweden was Austria's 20th largest trade partner in 2016 and the import of Swedish goods amounted to 1.2 Bn €.

- Sweden has a good reputation and a strong brand in Austria.

- With almost 9 million inhabitants and a high purchasing power, the number of potential customers for Swedish products is high.

- More than 100 Swedish companies have already local establishments, while yet many more have Austrian distributors or agents.

BUSINESS SWEDEN IN AUSTRIA

The Austrian market is characterised by a stable business climate and a market potential is far from fully exploited.

The country can be an appropriate entry point for companies that want to export to the German-speaking countries and to countries in Eastern Europe.

Austria is in many aspects similar to Sweden; in regards to population, social welfare, values, a large percentage of small businesses and an innovative environment.

Sweden and Swedish companies are well known and have a good reputation considering quality and reliability. This already accrued impression helps a lot for companies considering exporting to Austria or establishing themselves in the Austrian market.

Welcome to Austria!

Hampus Nilzén
Trade Commissioner
Austria
STRATEGIC LOCATION MAKES AUSTRIA A STEPPING STONE FOR TRADE WITH CEE & DACH

- Austrian international trade amounts to 53% of GDP
  - Compared with OECD average on 30%
- Austria borders to 7 countries
  - That is 2nd most in Europe and top 7 worldwide
- Austria is a financial hub for CEE
- Austrian neighbouring countries represents 4 different linguistic regions
  - A unique in position in Europe
- Works as a testing market for German speaking Europe

AUSTRIA IS A GATEWAY BETWEEN EUROPE’S CULTURAL ZONES, MAKING VIENNA AN INTERNATIONAL HUB

SOURCE: THE WORLD BANK GROUP
AUSTRIA IN BRIEF

- Inhabitants: 8.7 million
- GDP per capita: EUR 42,600 (2016)
- Capital: Vienna (1.8 million inhabitants)
- Government: Kern (SPÖ, Social Democrats)
- Constitution: Federal Parliamentary Republic
- EU member: Since 1995
- Language: German
- Currency: Euro (EUR)
- Area: 88,879 km²
- Population centers: Vienna, Graz, Salzburg, Linz

AUSTRIAN KEY NUMBERS IN RELATION TO SWEDEN

SOURCE: THE WORLD BANK GROUP
AUSTRIAN ECONOMY IS GEOGRAPHICALLY CONCENTRATED TO VIENNA, LINZ AND GRAZ

THE URBAN TRIANGLE

- 70% of the Austrian market can generally be encapsulated by the urban triangle between Vienna, Graz and Salzburg

REGIONAL ECONOMICAL DIFFERENCES

- Vienna is hosting large retail firms and banks. Vienna is also an international hub for e.g.:
  - UN organisations, i.e. UNIDO & IAEA
  - Other international organisations i.e. OPEC
- Central and western Austria is home to many industries, resource produces and manufacturing sites, e.g.:
  - VoestAlpine in Linz
  - Andritz in Graz
  - Magna Steyr in Graz
- One of Europe’s largest chemistry corporations, Borealis, has its head quarter in Linz
- Southern Austria has a milder climate, is strong in agriculture and produces well renowned wines and oil
- In western Austria and Tirol, tourism is the major industry

AUSTRIA HAS SPECIALISED CLUSTERS EG. BANKING IN VIENNA AND MANUFACTURING IN LINZ AND GRAZ

SOURCE: WWW.STATISTIK.AT, WKO
AUSTRIA’S ECONOMY HAS BEEN AMONG THE MOST ROBUST IN EUROPE AFTER THE FINANCIAL CRISIS

AUSTRIAN KEY ECONOMIC INDICATORS 2016
* (Indicates the Swedish equivalent as benchmark)

- GDP growth: 1.5% *(3.2%)
- GDP: 376 600 MEUR *(416 700 MEUR)
- GDP per capita in PPP: 42 600 EUR *(41 800 EUR)
  - Top 42 globally
- Inflation: 0.9% *(1%)
- Unemployment: 6% *(7%)
- Average monthly wage: 2 124 EUR *(2 560EUR)

MACRO ECONOMIC DEVELOPMENT 2010 - 2016

SOURCE: THE WORLD BANK GROUP
AUSTRIA'S ECONOMY IS BASED ON BANKING, MANUFACTURING AND SMALL FAMILY BUSINESSES

AUSTRIA ECONOMY, SECTOR CONTRIBUTION OF GDP

- Services: 71%
- Industry: 28%
- Agriculture: 1%

CHARACTERISTICS OF THE AUSTRIAN ECONOMY

- Banking is the largest contributor to the service sector.
  - Major Banks such as Erste Group, Raiffeisen and Bank Austria have high market presence in CEE.

- Another important industry is construction.
  - Examples: Strabag and PORR are two of Europe’s largest construction companies with dominant positions in CEE and DACH.

- Family owned companies are common in Austria.
  - Over 90% of the companies in Austria are family owned, second most in Europe, after Germany.

- Many of whom are “Hidden Champions”.
  - Highly specialised, often world leading.
  - Examples: Rosenbauer (fire truck producer), Doppelmayr (lift producer), Andritz (machinery producer), Pankl Racing (engine producer).

INTERESTING ACCOUNTS INCLUDE RAIFFEISEN, ERSTE, STRABAG & PORR WHO ARE CEE MARKET LEADERS WITHIN THEIR INDUSTRY.

SOURCE: WKO, STATISTIK.AT, CIA WORLD FACTBOOK
THE PRODUCTION INDUSTRY IS VITAL IN AUSTRIA AND CONTRIBUTES WITH 28% OF GDP

THE AUSTRIAN PRODUCTION INDUSTRY IN NUMBERS

- The Manufacturing sector in Austria
  - generates about 105 bn EUR in revenues
  - employs 1 100 000 people

- Austrian food and energy production are world leading in environmental aspects
  - 20% of food is from organic agriculture
  - 75% of used energy are produced from renewable energy sources and some areas are completely self-sufficient through hydro, wind and solar power

- Metallurgy, Machinery and Automotive combined is the dominating sector constituting 25% industry GDP contribution

- Further key industries are energy, mechatronic and petrochemical production

INDUSTRY CONTRIBUTION PER SECTOR

- Energy: 15%
- Metallurgy: 11%
- Machinery & equipment: 9%
- Mechatronic & Computer: 9%
- Chemistry: 7%
- Food Industry: 6%
- Automotive: 5%
- Others*: 38%

*OTHER INDUSTRIES E.G. BUILDING MATERIALS, FURNITURE, TEXTILE AND TOOLS

SOURCE: WORLD BANK GROUP
IMPORTS HAVE BEEN GROWING SINCE 2014, SWEDEN IS THE TWENTIETH MOST IMPORTANT IMPORT PARTNER

AUSTRIAN FOREIGN TRADE IN BN EUR 2011 - 2016

- Important export products are manufactured goods and raw materials
- Petroleum products and electrical components are crucial import commodities

GERMANY IS THE MOST IMPORTANT TRADE PARTNER, BOTH FROM IMPORTING AND EXPORTING PERSPECTIVE

SOURCE: WORLD BANK GROUP, STATISTIK AUSTRIA, WKO
OVER 350 AUSTRIAN CORPORATE GROUPS OPERATE GLOBALLY, INCLUDING 28 ”FORTUNE 500” COMPANIES

IMPORTANT INDUSTRY SECTORS

- Banking sector is important in Austria
  - Austrian Banks such as Raiffeisen & Erste Group dominate not only the Austrian market but also many of it’s neighbouring countries
  - Eg. Czech Republic, Hungary, Slovakia, Serbia, Slovenia, Croatia
- Steel and Machinery industry is of vital importance with 20% of the industry output in Austria, represented by international firms such as Andritz and Voestalpine
- Food & Drink industry amounts for 6% of the industry output in Austria, not only due to the Austrian world-renowned company Red Bull, but also as a consequence of a flourishing network of local producers of bio-food
- Automotive industry represents 5% of the industry output in Austria
  - Large companies such as Magna Steyr and Benteler AG are working mainly as subcontractors

LARGEST AUSTRIAN COMPANIES 2016

<table>
<thead>
<tr>
<th>Rank</th>
<th>Company</th>
<th>Revenue (bn €)</th>
</tr>
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<tbody>
<tr>
<td>1</td>
<td>Porsche Holding GmbH</td>
<td>21.1</td>
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<tr>
<td>2</td>
<td>OMV AG</td>
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<td>3</td>
<td>Spar Österreich</td>
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<td>4</td>
<td>Strabag SE</td>
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<td>5</td>
<td>Rewe International</td>
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<td>6</td>
<td>Voestalpine AG</td>
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<td>7</td>
<td>Benteler International AG</td>
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<td>8</td>
<td>Borealis AG</td>
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<tr>
<td>9</td>
<td>Mondi AG</td>
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</tr>
<tr>
<td>10</td>
<td>Andritz AG</td>
<td>6.0</td>
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SOURCE: STATISTA
MAIN SWEDISH EXPORTS TO AUSTRIA ARE PAPER & PULP, CHEMICALS AND MACHINERY

THE AUSTRIAN – SWEDISH TRADE RELATION 2016

- Swedish export to Austria amounted around 1.2 bn €
- Supplying 1% of the total Austrian import, Sweden is Austria's 20th most important trade partner
- Export consists to 90% of Paper & Pulp, Chemicals and Machinery
- Austrian export to Sweden has increased with over 60% in the last 10 years and the Austrian trade surplus with regards to Sweden is about 40%
- Austrian goods amounted to 3.5% of total Swedish imports in 2016

AUSTRIA EXPORTS MAINLY MACHINERY, CHEMICALS AND CONSUMABLES TO SWEDEN

SOURCE: KOMMERSKOILLEGIUM
EXAMPLES ON SWEDISH INTERESTS AND ENGAGEMENT IN THE AUSTRIAN MARKET

- Total volume of Swedish investments in Austria have reached almost 6 bn EUR in over the last 4 years
- More than 100 Swedish companies are doing business in Austria, direct or via subsidiaries
- Key areas of activities are
  - Automotive industry
  - Manufacturing
  - Foods
  - Retail
- Examples of Swedish companies present: ABB, H&M, IKEA, SKF, Securitas, Scania and Volvo

SWEDEN HAS A POSITIVE BRAND IN AUSTRIA AND THAT IS A HELPFUL PRECONDITION FOR BUSINESSES

SOURCE: THE WORLD BANK GROUP, SWEDISH CAMEL OF COMMERCE IN AUSTRIA
BUSINESS SWEDEN PROVIDES ENTRY & ACCELERATION POINTS THROUGH FOLLOWING BUSINESS LINES

Austrian-Swedish Cyber Security Program

Austria is expected to implement a cyber security law in Spring 2018. Sweden established with the Austrian government the Austrian-Swedish Cyber Security Program, that links Swedish and Austrian operators of critical infrastructure, with cutting edge suppliers of tomorrow’s cyber security solutions.

International Organisations

Vienna is a global hub for international organisations, hosting e.g. IAEA, UNIDO & OPEC. Business Sweden organises visiting programs to empower Swedish clients with first point of contact.

Administrative Business Support

For Swedish companies that need Administrative Support, Business Sweden offers services within fields like: office space, virtual office company establishment, payroll, accounting and VAT registration.

Scandinavian Light and Design

Scandinavian Light & Design is a design event that presents Scandinavian furniture and lighting to a professional target group in Austria - key opinion leaders in the industry and architects, planners, retailers, media and corporate purchasers.
YOU ARE WELCOME TO CONTACT US

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