

Study confirms: Great optimism among companies of Burgenland

09.06.2011

67% expect higher sales revenues in the coming three to five years

Building up their equity base is very important for more than half

83% fear higher payroll-related costs

Companies of Burgenland are very optimistic about the future. This was confirmed by the current IMAS survey conducted on behalf of Erste Bank. According to the study, 43% of the companies believe that they will become stronger and grow over the next three to five years. The declared goal of the management is to modernize their businesses (75%), cooperate with other firms (49%), and increase their equity capital (49%). The managers are extremely positive about their companies' future prospects: Nearly two thirds expect sales to increase; 58% believe that the number of customers will rise and almost half expect their equity situation to improve. Most identify the biggest problems in the area of personnel costs: 83% expect these costs to rise steeply in the coming years. Apart from borrowing funds, nearly half can very well imagine carrying out a capital increase (58%) and one out of ten intends to cover their additional needs for capital by using factoring.

Bright prospects

"It is amazing and also highly gratifying that Austrian companies are so optimistic about the future," commented Hans Peter Rucker, director of Erste Bank for the region Burgenland on the findings of the survey. "Credit crunch" is a buzzword repeatedly mentioned and there is constant talk about the economic difficulties of SMEs. "But many companies paint a very different picture of themselves." Half of the persons interviewed expect their businesses to grow significantly, become stronger and expand in the next three to five years. A share of 46% expect to see their businesses in the same shape as today, while only 9% believe that they will reduce in size or shrink. The top three federal provinces among the Austrian optimists are: Lower Austria 60%, Vienna and Vorarlberg 53%. Austrian businesses are also optimistic when compared by sector. A look at the factors behind the expectations of success, 67% expect their sales revenues to rise steeply, and 58% believe that their customer base will expand - and six out of ten expect higher profits. Pessimism is widespread only as regards personnel costs. 83% of companies believe that costs will rise steeply in this area.

Credit demand still moderate

Five out of ten companies plan to significantly strengthen their equity base in the coming years. "This is excellent news, because in European comparison Austrian companies are the laggards with respect to capital adequacy," explained Mr. Bosek. To illustrate the point: while Polish SMEs have an equity ratio of around 50%, the figure for Austria is around half of this.¹ Such a measure would contribute considerably to improving the Austrian SME's resilience to crises. Nearly half of the companies intend to start cooperative ventures with other companies but the most important goal is the modernization of business operations (74%). In addition to current investments (e.g. existing working capital loans), some 30% of companies expect their credit needs to rise in the future. Apart from bank loans, every second company would consider raising fresh capital through a capital increase, factoring ranks second (11%). "By taking over Factoring Bank Intermarket in the spring of 2011, we have completed our range of financing options for our corporate customers," stated Mr. Bosek.

Erste Bank and the savings banks have granted a total of EUR 7.8 billion in new loans in Austria in 2010. The savings bank group is very active in this context and will continue to support investment activity in the domestic economy. "We are ready to grant loans and will make every effort to ensure that the new framework conditions do not disadvantage lending to businesses."

¹ Source: BACH-Datenbank (Status: 18 Oct. 2010)

