

Austria's entrepreneurs optimistic about the future - Erste Bank wants to be an active partner for business

25.09.2012

Two-thirds of SMEs expect revenues to rise

73% want to invest in the modernization of their operations

Last year, 36% of businesses hired new staff

Only 26% will need loans in the coming two years

Austrian companies are still optimistic about the future as revealed by the latest IMAS survey conducted on behalf of Erste Bank and Sparkassen. The representative study captures the sentiment and expectations of SMEs throughout Austria with annual revenues of EUR 1.5 to EUR 175 million. Nearly half (48%) expect their business to grow robustly in the coming three to five years, and approximately just as many (47%) believe that the development of business will remain at least unchanged. Two thirds of the persons interviewed (66%) expect higher revenues, while 36% even hired more staff in 2011. Demand for funding is still low and only 26% plan to take out a business loan in the coming two years for their companies.

Sentiment still bright among Austrian SMEs

Despite the negative newsflows regarding recession and the credit crunch, Austria's SME are still optimistic. 48% believe that their own businesses will grow and this is only 2% less than last year. "Austrian companies are quite self-confident. Small and medium-sized businesses are the heroes of Austria's economy. We owe our good economic performance in European comparison to them," said Peter Bosek, Erste Bank Management Board Member for Retail and Corporates, quite pleased with the results of the survey. Even if economists recently published different outlooks, businesses nonetheless continue to expect economic expansion.

Vienna, Vorarlberg and Tyrol are especially optimistic

A look across Austria shows that it is, above all, the Viennese that are upbeat about the future of their companies at 59% (+8% y/y) and who expect to achieve a stronger market position. But in the western parts of Austria as well, in Vorarlberg (51%) and Tyrol (49%) half of entrepreneurs are optimistic. The most pessimistic outlook comes from Burgenland: here 10% expect a contraction. The success factors for the future are primarily modernization, cooperative ventures and new staff. For more than half, modernization of business operations is a key factor and 73% are planning investments for this purpose over the next two years. And even 58% want to use cooperative ventures with other companies to enlarge their own value chain. A further positive aspect is the trend in personnel: half of all companies interviewed believe that the hiring of new employees is important for economic success. The plans for expansion plans are also surprising: one fifth of the companies surveyed want to set up new business sites.

Need for funding is more or less unchanged

Austrian SMEs plan to fund their growth plans from own resources and grow organically. In total, only 26% of businesses believe that they will need financing in the coming two years in the form of a bank loan, and among the larger companies with revenues of EUR 5 to 175 million, the share is 32%. The estimated amount of the loans is just below EUR 500,000 for almost half of all businesses. These funds will be used primarily for modernization (61%) followed – with a large gap followed – by new business acquisition and rationalisation measures (each 16%). Raising capital through an increase of their own funds is an option for only 45%.

The year 2011 was a strong one for the savings bank group. A total of EUR 10.4 billion in new loans were granted throughout Austria, which is an increase of 33% versus 2010. Already in the first half of 2012, EUR 5,123 billion in new loans has been extended. "We want to invest in our long-year relationships and serve as reliable banking partners for our customers,"

explained Mr. Bosek in his closing remark.