

## Early Stage Financing/ Seed Capital in Lower Austria and the Vienna Region

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## Objectives

Strengthening the economy in Lower Austria by supporting small and medium-sized enterprises

- Stimulation and financing of start-ups
- Financing of investment activities and growth

## Products of NÖBEG / NÖKBG

|                        | NÖBEG                                 |         |                    | NÖKBG      |
|------------------------|---------------------------------------|---------|--------------------|------------|
| Business case:         | Lower Austria's Participation Concept |         |                    | Guarantees |
|                        | Producing business                    | Tourism | Start-up financing |            |
| Start-ups              | X                                     | X       | X                  | X          |
| Mergers & Acquisitions | X                                     | X       | -                  | X          |
| Investments            | X                                     | X       | -                  | X          |
| Growth                 | -                                     | -       | X                  | X          |

## Products of NÖBEG / NÖKBG

|                        | NÖBEG                                 |         |                    | NÖKBG                    |
|------------------------|---------------------------------------|---------|--------------------|--------------------------|
| Business case:         | Lower Austria's Participation Concept |         |                    | Private Equity Financing |
|                        | Producing business                    | Tourism | Start-up financing | Guarantees               |
| Start-ups              | X                                     | X       | X                  | X                        |
| Mergers & Acquisitions | X                                     | X       | -                  | X                        |
| Investments            | X                                     | X       | -                  | X                        |
| Growth                 | -                                     | -       | X                  | X                        |

## Lower Austria's Start-up Financing

### Objectives

Equity for start-ups in technologically promising sectors

Market exploration and development of promising

- products,
- technologies and
- services

in the start-up period

## Lower Austria's Start-up Financing

### Advantages for the Start-ups

- Optimised funding / liquidity
- No need for collaterals
- Possibility to transfer the stake of NÖBEG into equity
- Attractive and profit-related interest
- Risk sharing
- Management support
- Access to inside know-how & market knowledge



## Lower Austria's Start-up Financing

### Advantages for Lower Austria

Efficient instrument for strengthening innovative SMEs and the economy in Lower Austria

NÖBEG has long lasting experience and excellent know-how

- founded in 1969
- Lower Austria's Participation Concept established in 1993

NÖBEG builds a bridge to the banks

Networking with governmental institutions

Low costs – high efficiency – low default rate

## Lower Austria's Start-up Financing

### Advantages for the Banks

- Strengthening their clients by improving their equity position
- Refinancing of the participation by the principal bank
- Market-oriented interest rate
- Guarantee by the Federal Government of Lower Austria for 80%
- Professional project controlling
- Co-operation with other relevant financing institutions and the Government of Lower Austria
- Improvement of the customer relationship



## Lower Austria's Start-up Financing

### Terms

Volume of investment capital: € 35.000,-- up to € 370.000,--

Investment period: up to 10 years

Repayment of the investment capital in instalments

## Lower Austria's Start-up Financing

### Costs

#### Interest for the investment capital

##### Fixed-rate

- SMR (secondary market yield for Austrian state bonds) + 0,75% of the outstanding investment capital

##### Share of the annual profit

#### Guarantee fee

depending on the risk from 0 to 3 % p.a. of the guarantee

## Lower Austria's Start-up Financing

### Refinancing of the investment capital

100% funding by the bank

### Risk-sharing

80 % guaranteed by the Government of Lower Austria  
20% by the bank / start-up (in order to reinforce their commitment)

## Lower Austria's Start-up Financing

### Co-investments

with professional lead investors

### Partners

Innovation Agency of the Austrian Government

Early stage investors

- Venture Capital Companies (e.g. TecNet Company)
- Incubators (e.g. RIZ)

## Lower Austria's Start-up Financing

### GAT Formulation Chemistry - an Example of Best Practice

Founded in 1997

Core competence

- Formulation development, analysis and toll manufacturing of bio-active ingredients
- Process development and optimisation
- Pilot production

Proprietary know-how for

- Micro-encapsulation
- Water dispersible granules
- Gel networks & micro-emulsions

## Lower Austria's Start-up Financing

### GAT Formulation Chemistry - an Example of Best Practice

Servicing the international chemical industry (Brazil to Japan)

15 employees (13 in R&D)

Turnover forecast 2004: 2,3 M€

Start-up investment by NÖBEG: € 600.000.—

2nd round (iLab 24 / TecNet Company): 1,2 M€



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[www.noebeg-noekbg.at](http://www.noebeg-noekbg.at)

Gottfried Keller-Gasse 2, A-1030 Vienna, Austria

Telephone: +43-(0)1-710 52 10-0

e-Mail: [office@noebeg-noekbg.at](mailto:office@noebeg-noekbg.at)