



DYNAMIC FEDERAL STATE Lower Austria

Investor Presentation
September 2023

Investor Presentation Overview



Austria and Lower
Austria at a Glance



Economic
Developments



Innovative Business
Location Lower
Austria



Financial Highlights &
Issuance Activity



Austria and Lower Austria at a Glance

Economic Development in Austria vs. the Euro Area

in %	Austria			Euro Area		
	2022	2023F	2024F	2022	2023F	2024F
Real GDP Growth	5.0	0.4	1.6	3.5	1.1	1.6
Inflation (HICP)	8.6	7.1	3.8	8.4	5.8	2.8
Unemployment	4.8	4.9	5.0	6.8	6.8	6.7
Current Account Balance	0.2	0.8	1.2	0.6	2.1	2.4
Budget Balance (Maastricht)	-3.2	-2.4	-1.3	-3.6	-3.2	-2.4
Structural Budget Balance	-3.8	-2.5	-1.5	-3.7	-3.2	-2.5
Debt/GDP	78.4	75.4	72.7	93.2	90.8	89.9

Austria Overview

- **Ranked 5th in EU-27 GDP per capita (PPP) comparison 2022**
- **Stronger GDP growth** compared to the euro area
- **Unemployment rate** well below euro area average
- **Current account balance** at 0.2% in 2022 (euro area 0.6%)
- **Orderly public finances** before and after crisis resolution as key objective (stability pact)
- Strong and **robust institutional framework** according to World Bank Governance Indicators

Sources: European Commission, Statistik Austria, OeBFA, WKO



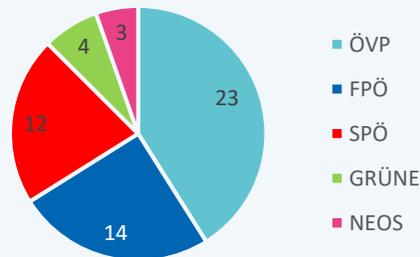
Politics

State Government

- State Governor: Johanna Mikl-Leitner
- Deputy Governor: Stephan Pernkopf & Udo Landbauer

State Parliament

- Presidency: Mag. Karl Wilfing (1st President), Gottfried Waldhaeusl (2nd President), Eva Prischl (3rd President)
- Current distribution of mandates:



Embedded in the Austrian political system

- Federal principle:
 - Division of governmental functions and tasks between the federal government and the states
 - Federal government and states have their own legislation, execution and participation of the states in indirect federal administration
- Lower Austrian federal councils: 12 (60 members in total)

History

First Republic

- 1918: Foundation of the State of Austria. Lower Austria changes from an archduchy to a federal state
- 1 January 1922: separation of Lower Austria and Vienna (Lower Aust administration and state parliament remain in Vienna)

Third Reich

- 1938: "Anschluss" (annexation) and unification with the German Reich
- Vienna continues to be the administrative seat, Krems formally the Gau capital
- Lower Austria (German: "Niederösterreich") renamed "Niederdonau"

Occupation Period

- 1945: collapse of the Third Reich followed by Soviet occupation
- 1955: withdrawal of Soviet troops from Lower Austria according to the Austrian State Treaty

Second Republic

- Catching up with western states after the occupation period
- Strong changes in economic & social structure
- Strong reduction of the share of agriculture, increase of the secondary & tertiary sector
- 1986: referendum to determine Sankt Pölten as new state capital
- 1997: relocation of the state parliament, state government and state administration from Vienna to Sankt Pölten



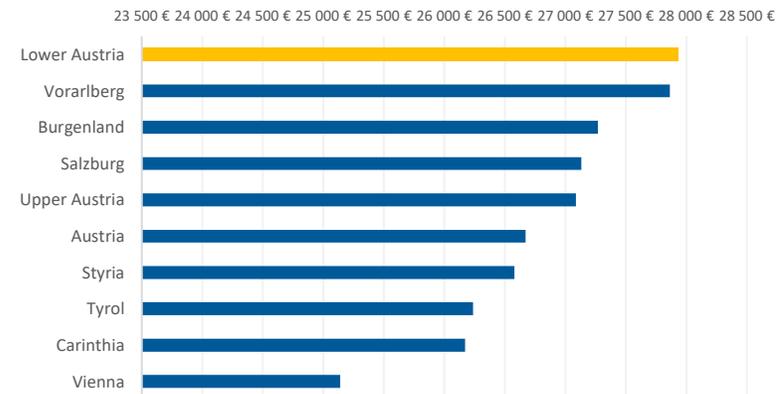
Facts & Figures



Population (April 2023)	1,719,355
Unemployment Rate (2022)	4.0 % (AT: 4.8%)
Regional GDP (in EUR mn)	2021: 65,035 2022e: 70,930
Regional GDP per capita (in EUR)	2021: 38,400 2022e: 41,600
Contribution to National GDP	2021: 1.6% 2022e: 1.5.8%
Purchasing power per capita (2023)	EUR 27,935

Lower Austria Overview

- **Largest Austrian federal state**
 - Largest area with 19,179.8 km²
 - Second highest population with 1,719,355 after Vienna
- **Highest share of Austrian population together with Vienna** (2022: Lower Austria 18.9%, Vienna 21.8%)
- **7,789 or 19.8% of business start-ups in 2022**
- **High expected growth in population between 2021-2080** at 17.4%. 3rd place after Vienna (27.9%) and Vorarlberg (19.1%)
- **Strongest purchasing power per capita** in the federal state comparison 2023:



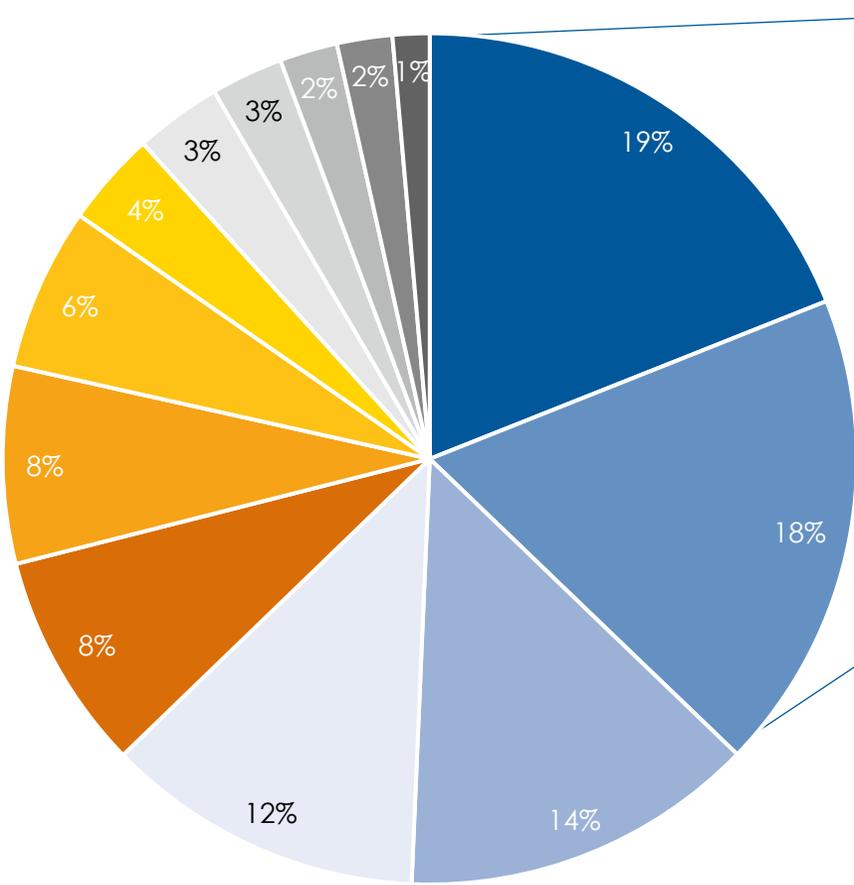
Sources: Statistik Austria, Statista; GfK; Unicredit; WKO

Lower Austria's Economic Structure

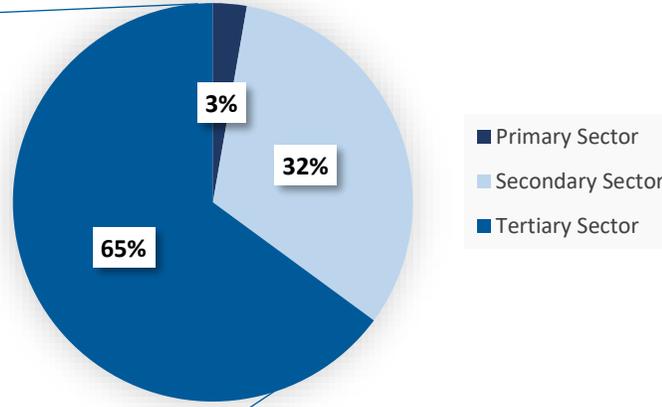


Economic Sectors Composition

- Manufacturing, mining and material goods production
- Public administration, health care
- Trade
- Real estate and housing
- Construction
- Provision of professional and other economic services
- Transport and storage
- Energy and water supply, waste disposal
- Provision of financial and insurance services
- Agriculture
- Other services
- Accommodation and gastronomy
- Information and communication

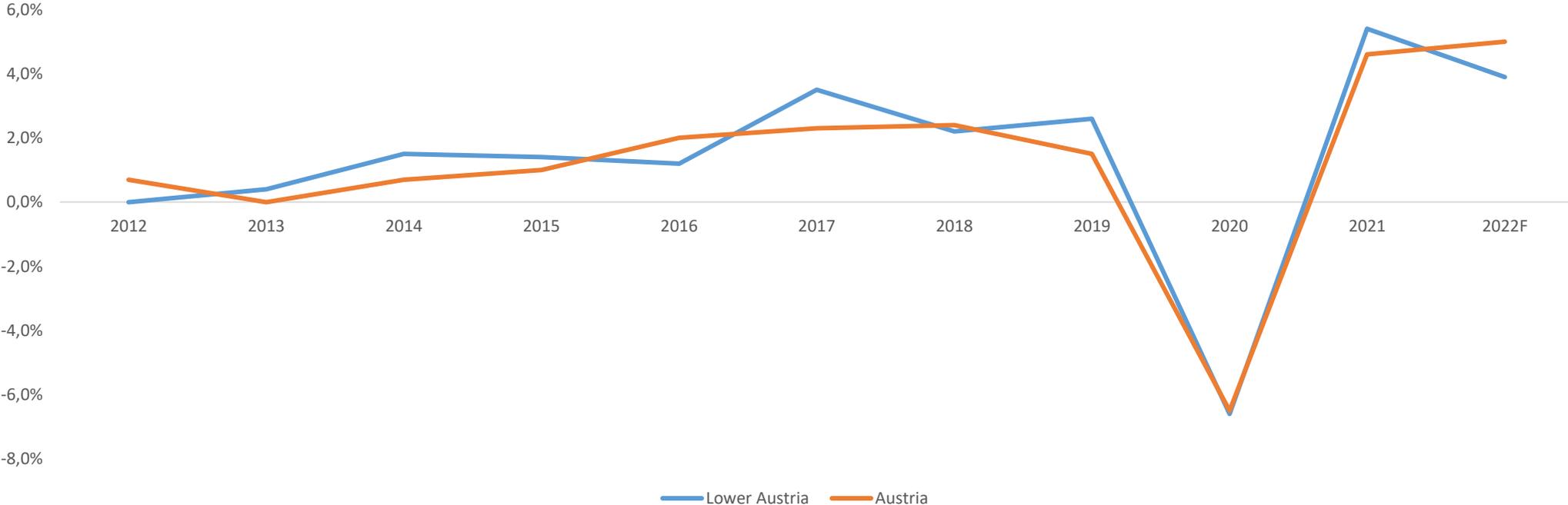


Overview Economic Sectors





Economic growth (real change in gross value added) in %

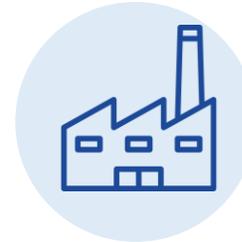




Innovative Business Location Lower Austria

Facts about Lower Austria as a business location

- **Strong industrial country:** industry contributes 32.4% to Lower Austria's value creation
- **High SME share in** Lower Austria's commercial economy (99.7% in 2022)
- **21.2% of Austria's one-person-enterprises** in 2022 are located in Lower Austria (highest share in a federal state comparison)
- **Top infrastructure** according to the World Bank's "Logistics & Infrastructure" Ranking 2018
- **6% start-up rate** in 2021 in the midfield nationwide
- **Key education & research state:** numerous higher education & research institutions
- **17,412 apprentices** in Lower Austria in 2022 (16.1% of total Austrian apprentices)
- **Hidden champions:** niche market leaders from Lower Austria



Economic Centre Lower Austria

("Wirtschaftszentrum Nideroesterreich") as central service and information point for business

- Information and services under one roof
- Advice for start-ups and selection of business location
- Contact point for company relocations
- Subsidised funding opportunities



State of Lower Austria's Business Agency



State of Lower Austria Advertisement



"Start-up state Lower Austria"



"Lower Austrian Guarantees & Share-Holdings"

Lower Austria's "Hidden Champions"



World Market Leaders from Lower Austria

FREQUENTIS

World market leader for voice communication systems for air traffic control

SCHIEBEL

World market leader in mine detection systems

kapsch >>>

Industry leader in urban traffic management

NOVOMATIC

International Gambling Technology Company

SCHOELLER BLECKMANN OILFIELD EQUIPMENT

World market leader in high-precision parts for the oilfield service industry

isovolta GROUP

Technology leader for electrically insulating material

doka

The world's leading full-service provider of formwork solutions



Industry leader in premium automotive lighting systems

ZKW

Global market leader for high-quality ceramic refractory products

RHI

Leading global provider of catering services

DO&CO

World market leader for compressed gas cylinders

isi

inspiring food.

Sources: company websites

Tertiary educational institutions

Universities of Applied Sciences („UAS“)

- UAS Sankt Poelten
- UAS Wiener Neustadt (campuses Wiener Neustadt, Wieselburg, Tulln)
- Ferdinand Porsche Distance Learning UAS
- IMC Krems UAS
- University for Applied Military Sciences

Private universities

- Bertha von Suttner
- Danube Private University
- Karl Landsteiner University of Health Sciences
- “New Design University“

University colleges of teachers' education

- University College for Teacher Education of Christian Churches Vienna/Krems
- University College of Teacher Education Lower Austria

Theologische Hochschulen

- University College Heiligenkreuz
- ITI Catholic University

Public university

- University for Continuing Education Krems

Research institution with the right to award doctorate degrees

- Institute of Science and Technology Austria



Foto: UAS St. Poelten



Foto: UAS Wr. Neustadt

Research Institutions

Institute of Science & Technology Austria
Cutting-edge research in natural sciences



Austrian Institute of Technology
Food analytics



University- and Research Centre Tulln
Renewable resources, bio-resources & bio-based technologies



MedAustron
Health technologies



Technology & Research Centres

TFZ Wiener Neustadt

TFZ Tulln

TFZ Krems

TZF Wieselburg-Land

TFZ Seibersdorf

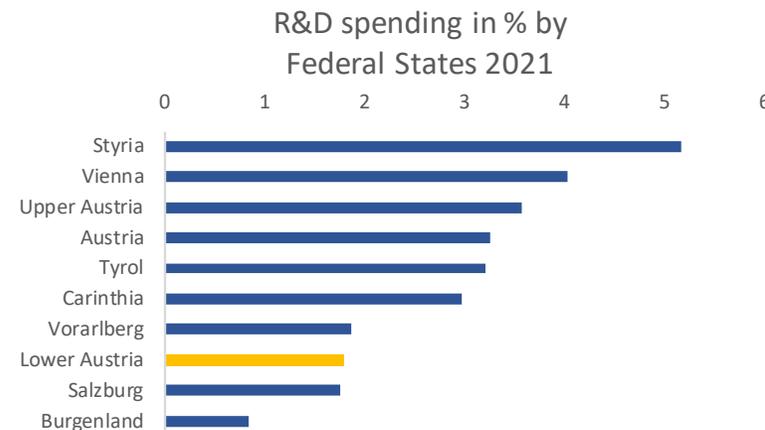
xista science park

R&D spending 2021 (% of regional GDP)

- 1.87% (AT: 3.19%)

Number of students (19/20)

- 22,000



xista science park in Klosterneuburg



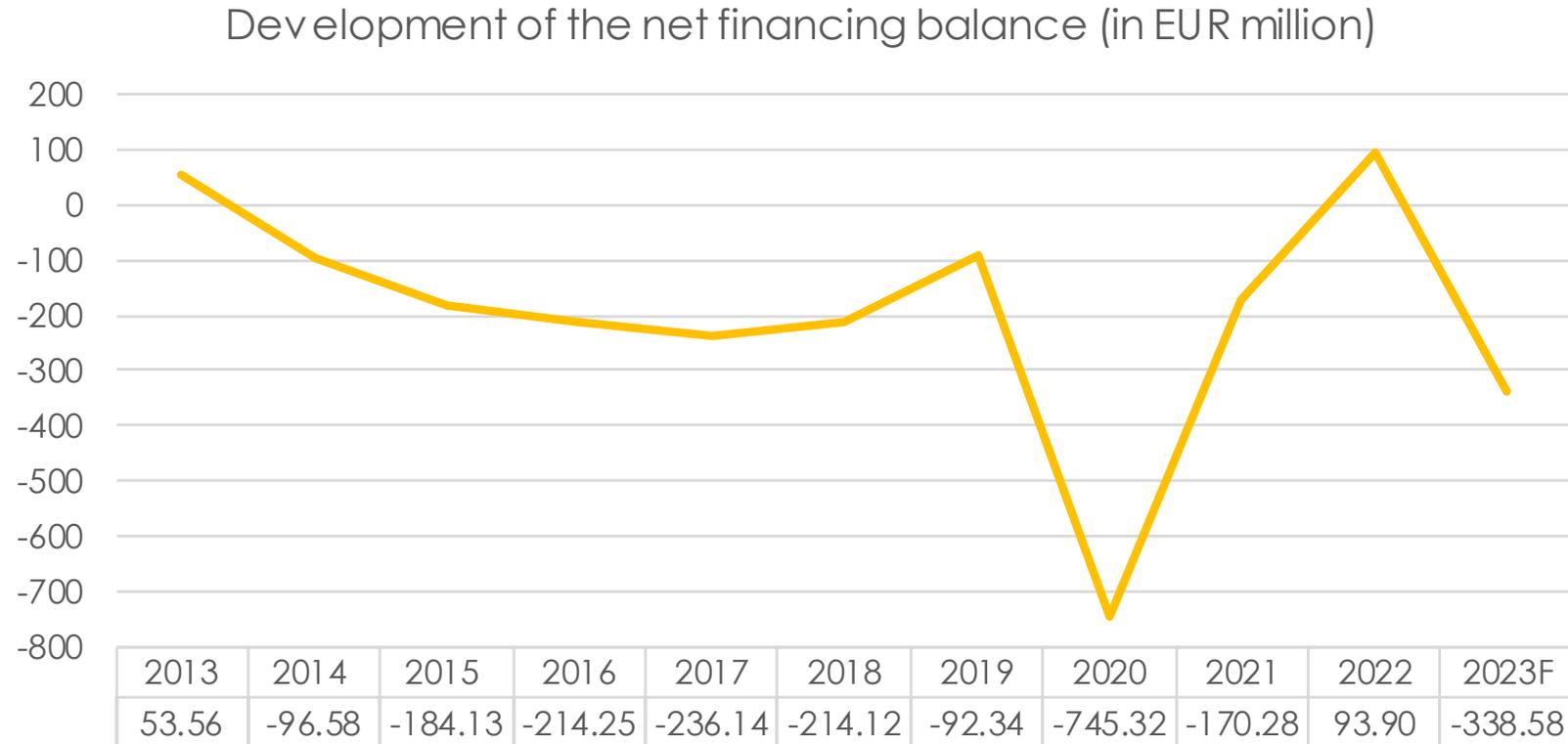
Financial Highlights & Issuance Activity

Preliminary Budget and Accounts Regulation – “VRV 2015”

- Regulation of the form and structure of the estimates and financial statements of the states and municipalities
- First application of “VRV 2015” for the preparation of the budget and the financial statements in 2020

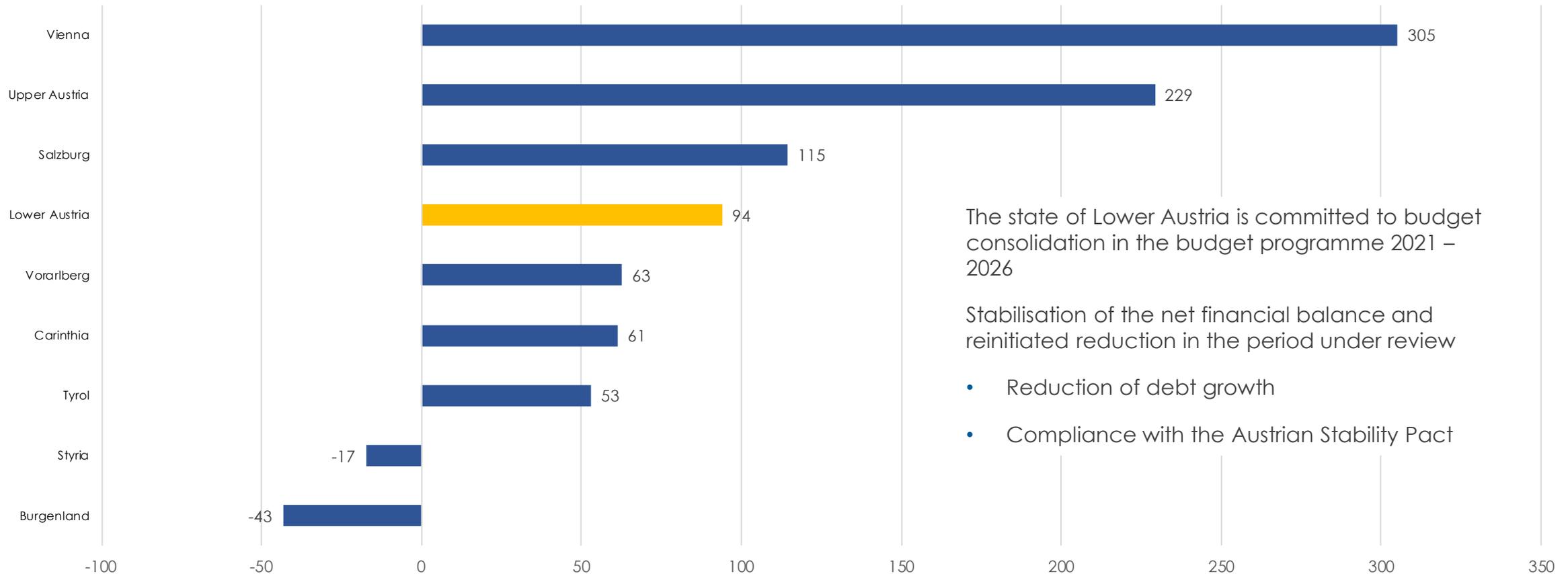
Overview of the integrated budget components		
Balance sheet, profit and loss account and cash flow statement		
Balance Sheet Data	Profit and Loss Accounts	Cash Flow Statements
Total assets and borrowed funds of the state and the net assets as balancing item	Budgeting and netting of income and expenses	Budgeting and netting of cash inflows and outflows

Development of the Financial Statements



Net Financing Balances 2022 – Federal States

Net Financing Balance 2022 - Lower Austria vs. other Austrian Federal States



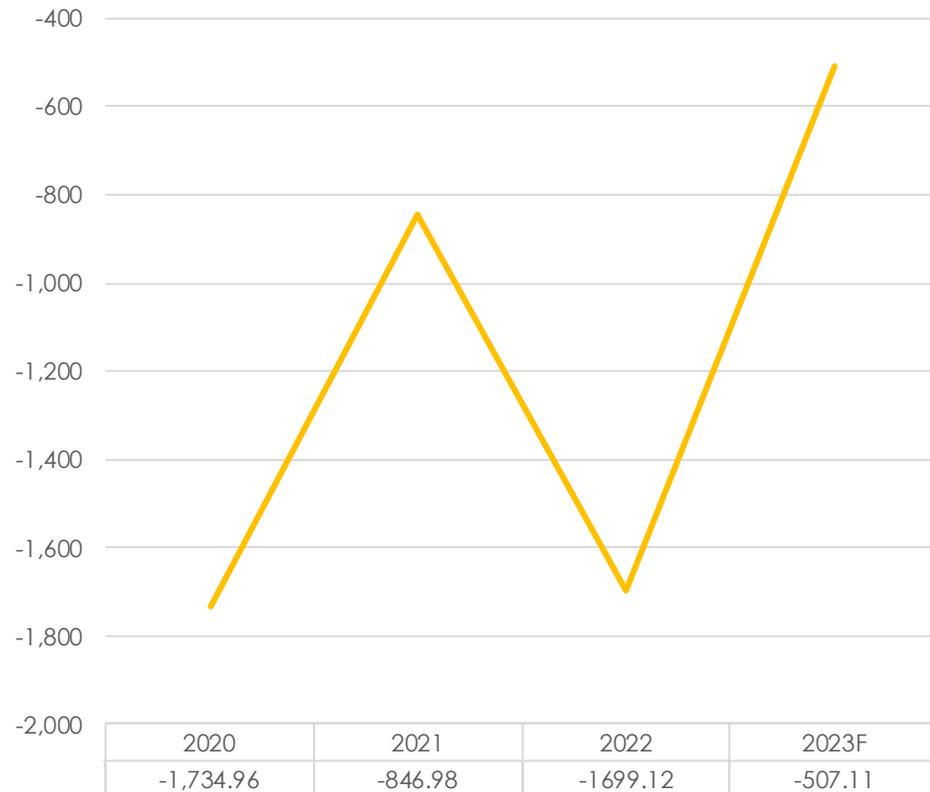
The state of Lower Austria is committed to budget consolidation in the budget programme 2021 – 2026

Stabilisation of the net financial balance and reinitiated reduction in the period under review

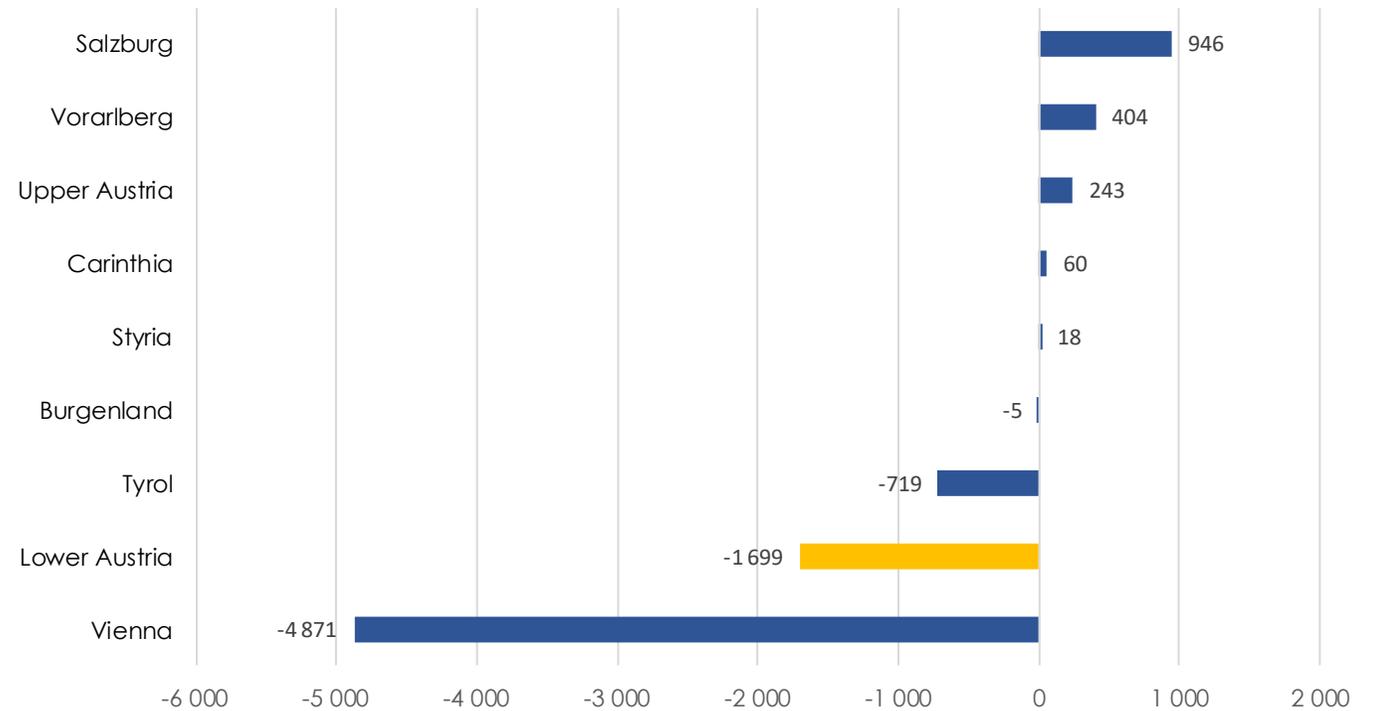
- Reduction of debt growth
- Compliance with the Austrian Stability Pact

Net result over time and, in comparison with the federal states in 2022

Lower Austria - Development of Net Result according to VRV 2015 (in EUR million)



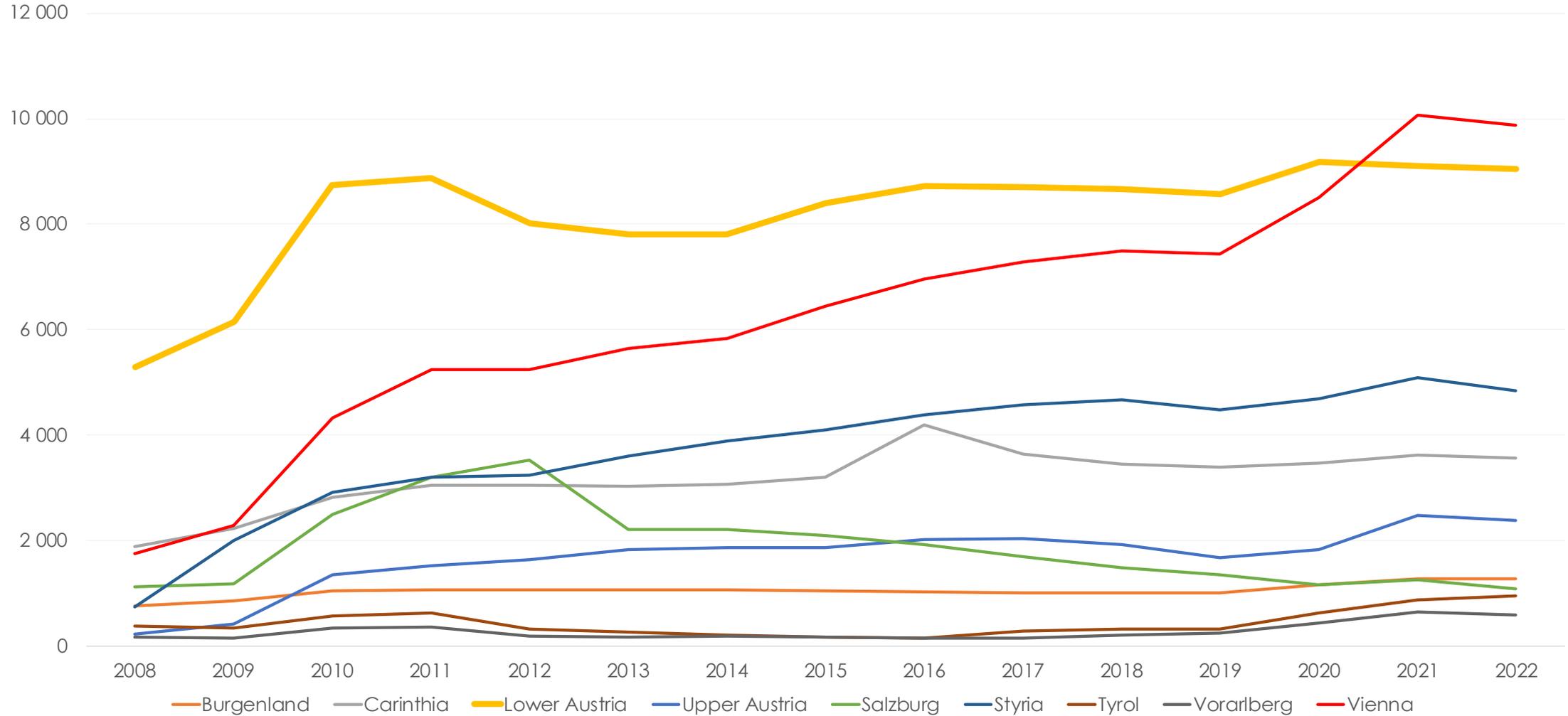
Net Result 2022-Lower Austria v.s. other Austrian Federal States



Public Debt Overview



Public Debt by Federal State according to ESA* (in EUR million)



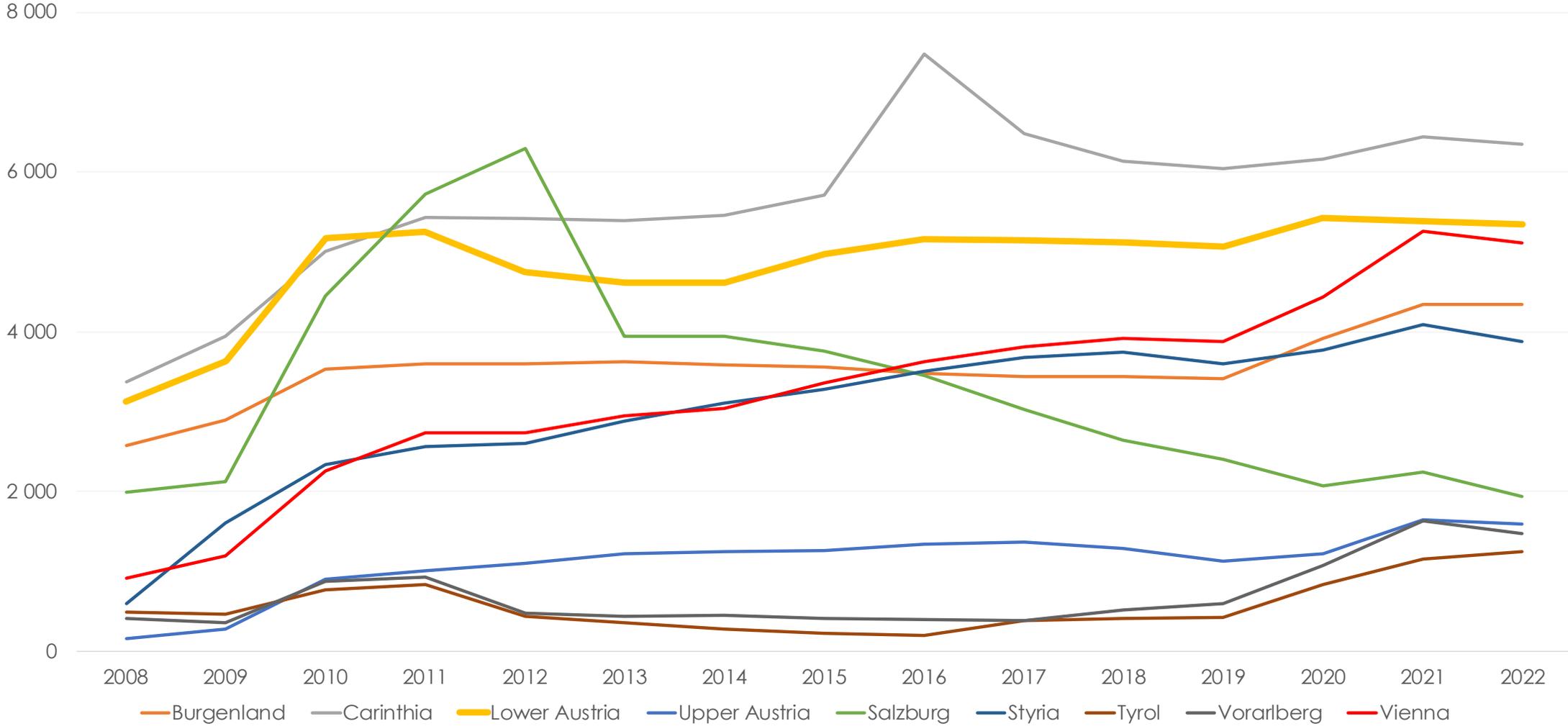
* European System of Accounts

Source: Statistik Austria

Public Debt per Capita



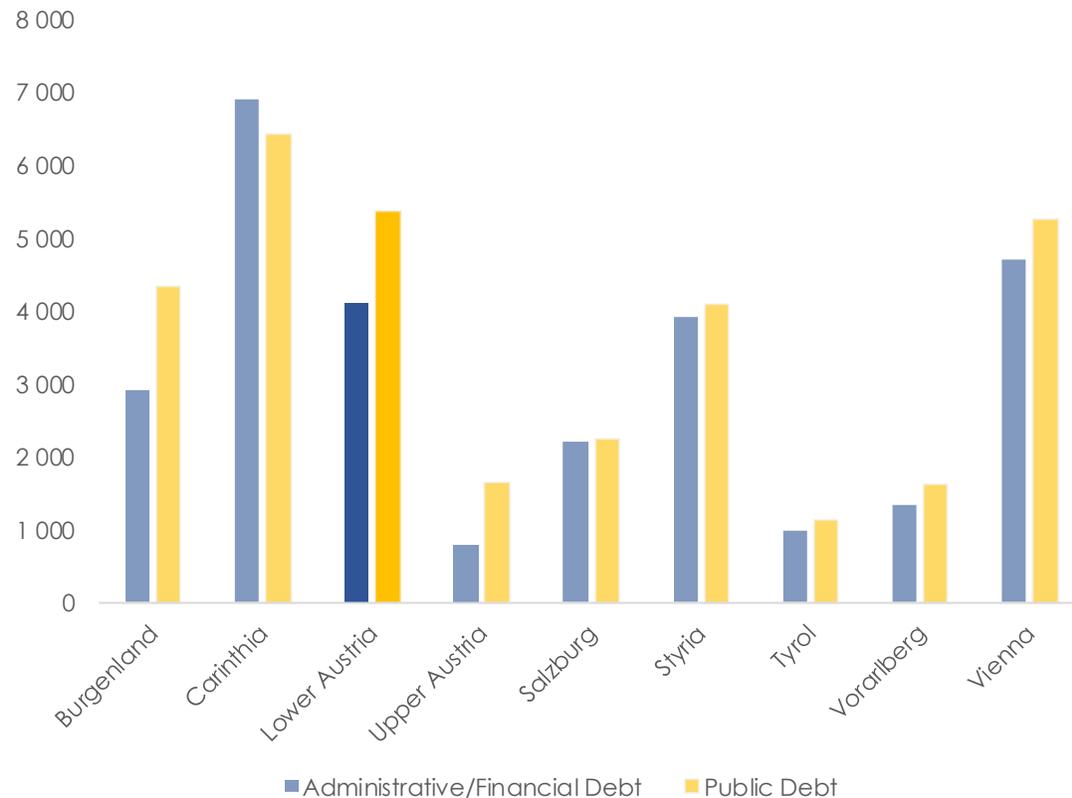
Public Debt (per Capita) by Federal State according to ESA* (in EUR)



* European System of Accounts

Source: Statistik Austria

Comparison of Debt per Capita in 2021:
Administrative Debt v.s. Public Debt



Definition of terms:

- **Administrative debt according to “VRV 2015“:**
Debt for the federal state's own budget (excl. debt of extra-budgetary units)
- **Public debt (ESA* definition):**
Financial debt AND debt of extra-budgetary units of the public sector

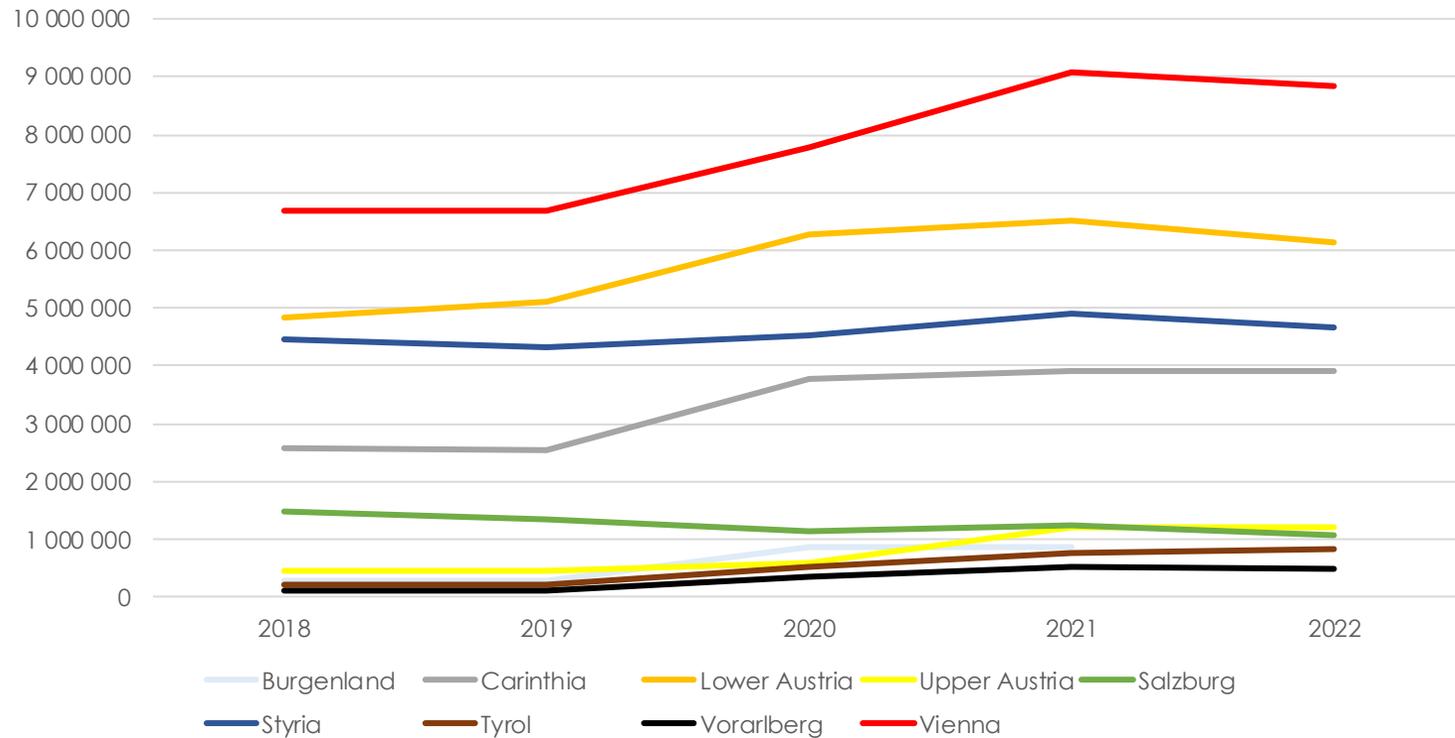
The **difference between administrative debt and public debt** is explained by the addition of self-supporting units such as Blue Danube Loan Funding GmbH and the federal state real estate companies (“Landesimmobiliengesellschaften”) to the ESA public debt definition.

Financial/administrative debt per capita for Lower Austria comparable to Vienna, Burgenland and Styria.

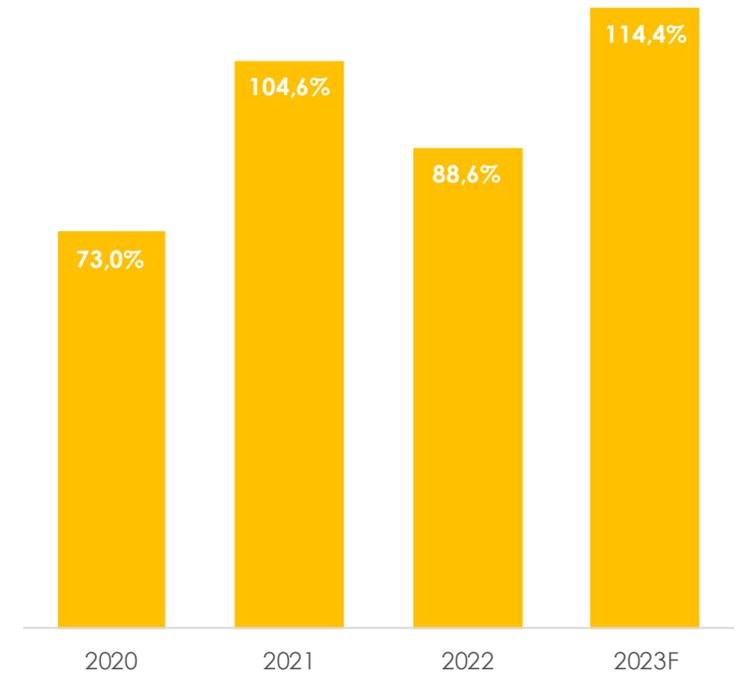
Administrative Debt of the State of Lower Austria (2/2)



Administrative Debt by Federal States 2018-2022
(in EUR thousand)



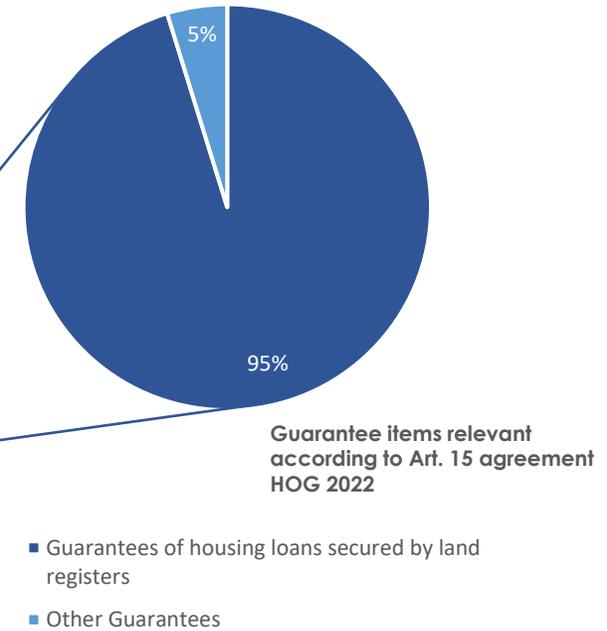
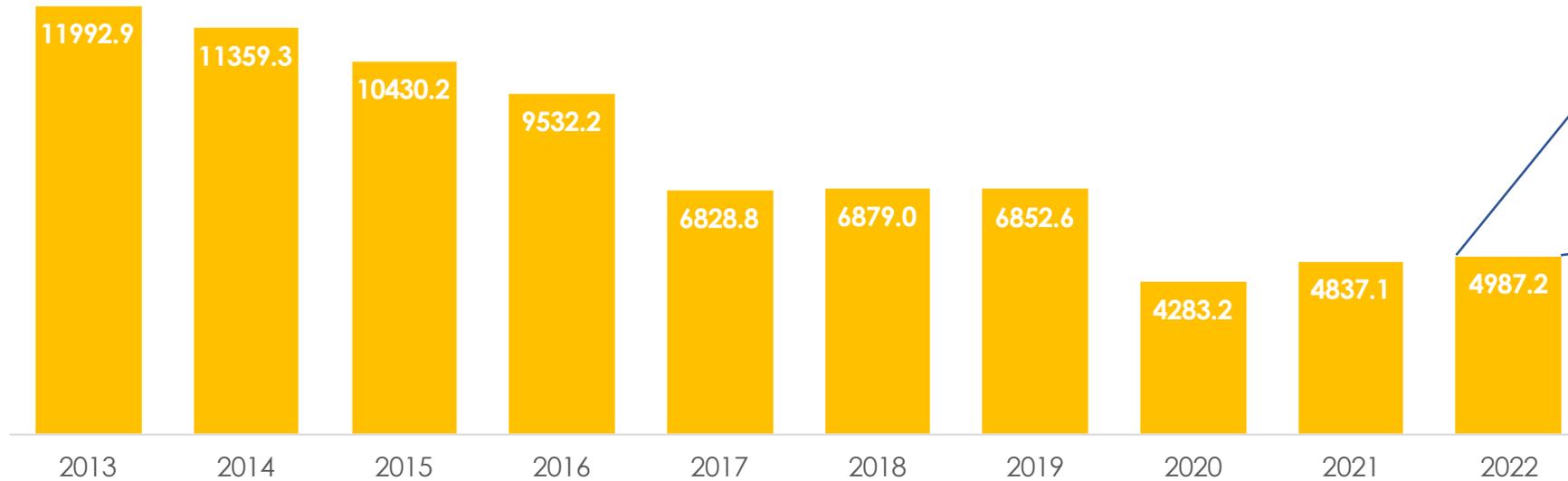
Administrative Debt to Operating Revenues 2020-2023F



Guarantees Provided by Lower Austria



State of Lower Austria - Guarantees (in EUR million)



Sharp decrease in guarantees since 2013 by 58.4% to EUR 4,987.2 million in 2022. Increase in the utilisation of the guarantee ceiling in the years 2020 to 2022:

	2020	2021	2022
Total Amount in EUR	4,283,236,900.18	4,837,112,745.29	4,987,210,600.75
Guarantee Ceiling (175% of Revenue)	5,681,233,255.67	5,938,383,663.75	5,338,023,006.10
Utilisation in % of the guarantee ceiling	75.39%	81.46%	93.43%

Source: 2022 Statement of Accounts of the federal state of Lower Austria

Issuer Rating – State of Lower Austria

Rating-Agency/Year	2022	2021
Moody's	Aa1 (stable)	Aa1 (neg.)
Standard & Poor's	AAu (stable)	AAu (neg.)

⇒ **Improvement** of rating outlook compared to 2021

Institutional Framework

- Privileged and statutory access to the **Austrian Federal Financing Agency (“OeBFA”)**
- Medium- to long-term **tax revenue sharing-mechanism** implemented
- Domestically anchored **stability pact** as well as **expenditure & debt brake**

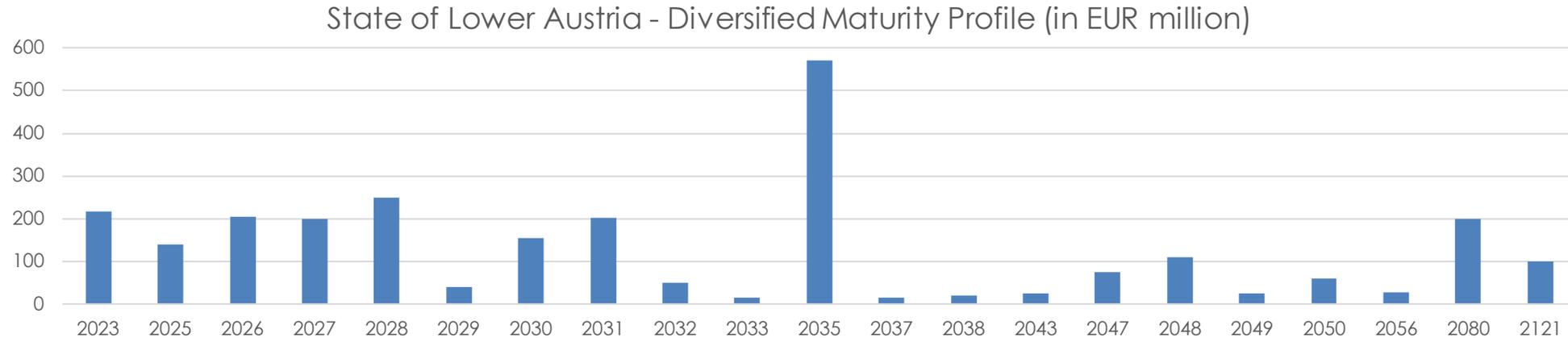
Issuer Rating – Republic of Austria

Rating-Agency/Year	2022
Moody's	Aa1 (stable)
Standard & Poor's	AA+ (stable)

**STANDARD
& POOR'S**

MOODY'S





- **Regular issuer on the international capital market** since 2006 - issuance pause in 2022
- **40 bond issues in the last 10 years** – out of which around 2 billion were issues in EUR
- Outstanding issue volume: EUR 2.7 billion (44 tranches)
- Steady demand - **high granularity of investors** (see next slide/benchmark report 11.2020)
- **Investor focus:**
 - **Industries:** Banks, asset/fund managers, insurance companies/pension funds
 - **Regions:** German-speaking region, increasingly also investors from Nordics, Italy, France and BeNeLux



STATE OF LOWER AUSTRIA EUR 500MN INAUGURAL BOND

The State of Lower Austria marks an impressive EUR benchmark debut full of highlights

TERMS AND CONDITIONS

Issuer	State of Lower Austria
Exp. Issue Ratings	Aa1 (stable) by Moody's
Size	EUR 500mn (no grow)
Format	Senior / Reg S / Bearer
Settlement	16 November 2020 (T+6)
Maturity	16 November 2035
Coupon	0% Fixed, Annual, Act/Act ICMA
Guidance	MS +16bps area
Re-offer Spread	MS +11bps
Spread over Benchmark	DBR 0% 05/35 +46.4bps
Re-offer Yield / Price	0.017% / 99.745%
Denomination	EUR 100k
Law	Austrian law
Listing	Vienna Stock Exchange's Regulated Market
ISIN	AT0000A2KVP9
Manufacturer Target Market (MIFID II product governance)	Eligible counterparties and professionals (all distribution channels)

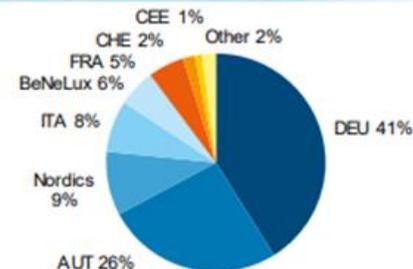
KEY ASPECTS OF THE TRANSACTION

- The State of Lower Austria very successfully printed an EUR 500mn benchmark transaction. It was the issuer's first appearance in the euro benchmark market ever
- The issuer which was keen to take advantage of the current constructive market window ahead of potential elevated SSA supply next week gathered a very granular and a high quality final orderbook of above EUR 2.5bn good at reoffer
- Also, the participation of more than 90 investors at final pricing, which was set 5bps inside the communicated IPT level of MS +16bps, underlines the strong perception of the State of Lower Austria credit by a broad international investor base
- Eventually, the pick-up versus the interpolated RAGB curve of only 25bps is also a sign of strengths especially given the inaugural nature of the transaction

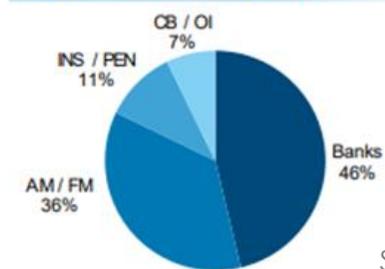
TRANSACTION HIGHLIGHTS

- Commencing with the mandate announcement for an EUR 500mn (no grow) benchmark transaction on Thursday, November 5th, the book was opened in the morning of the following day at 09.11 CET with a guidance of MS+ 16bps area. The decision was supported by strong lol feedback from investors and a stable overall market backdrop
- The first update was sent out after 45 minutes of book-building informing investors that orders reached over EUR 1.2bn (excl JLM) and that guidance was revised down to MS+ 13bps area. As the momentum continued the book amassed a size of >EUR 2bn by the time of the 2nd update at 10.15 CET when the spread was set at MS+ 11bps
- Finally, the book continued to grow until it eventually peaked at over EUR 2.5bn+ by the time of book closing at 10.30 CET

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