

THE AUSTRIAN CAPITAL MARKET

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IMPRESSUM

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Money and Capital

> How can money be turned into capital?



C O N S U M P T I O N

S A V I N G S , S E C U R I T I E S

S H O R T O R L O N G T E R M

for example

SAVINGS BOOKS

BONDS

FEDERAL TREASURY CERTIFICATES

SHARES

DERIVATES

REAL ESTATE

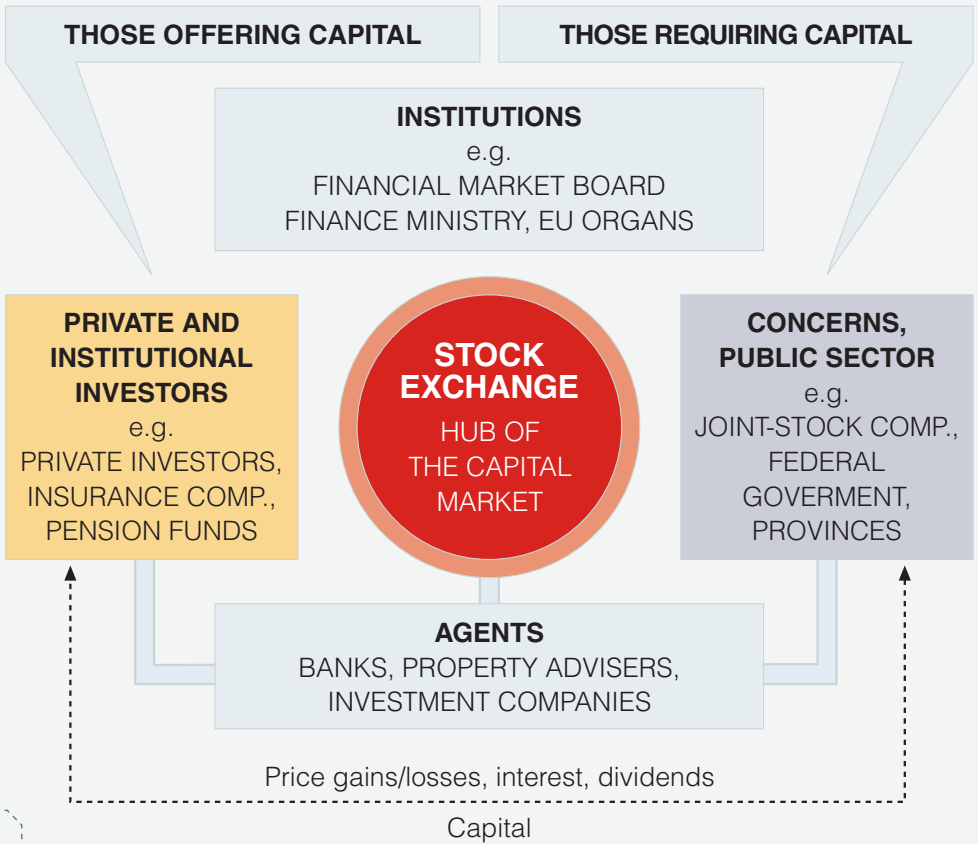
FIXED DEPOSITS

FUNDS

Money not needed for immediate consumption - roughly ten per cent of the available income in Austria - is saved. There are many investment possibilities: e.g. securities, real estate, gold, savings books. A decision on which form of investment, how much and for how long it will be invested should at any rate always be well considered.

A Market for Capital

> What is the capital market and how does it function?



The capital market is a market where securities are traded. An important part of business and public sector capital flows over it. It stimulates the economy and contributes to securing existing jobs and to creating new ones. It furthers growth and innovation and is thus an important factor for the success of every national economy.

Stock Exchanges

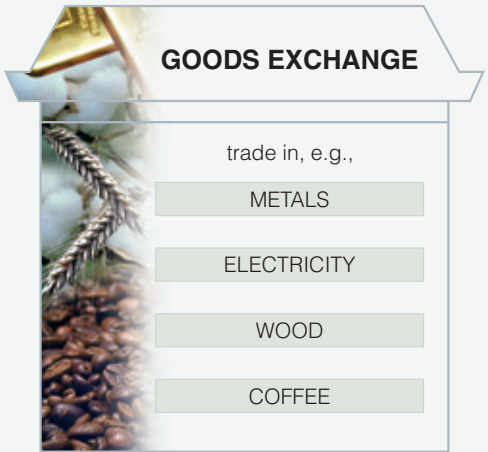
> What exchanges are there and how does their trade function?



SECURITIES EXCHANGE

trade in:

- DEMAND SECURITIES**
= creditor securities with interest, e.g. bonds, or
- SHARE CERTIFICATES**
= partnership certificates with variable yield, e.g. shares

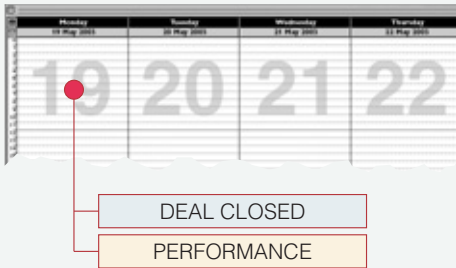


GOODS EXCHANGE

trade in, e.g.,

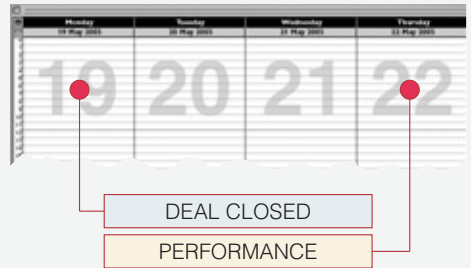
- METALS
- ELECTRICITY
- WOOD
- COFFEE

CASH MARKET (e.g. SHARES):



Deals closed are carried out at once.

FUTURES MARKET (e.g. OPTIONS):

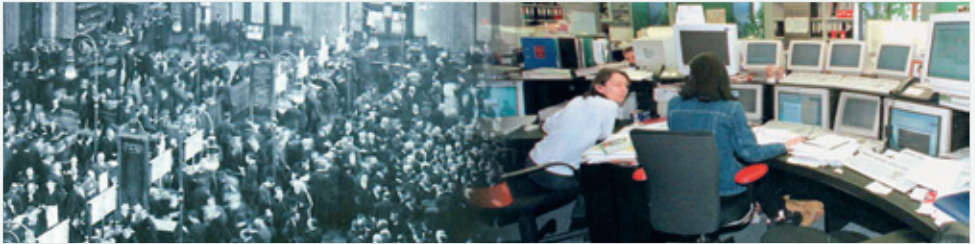
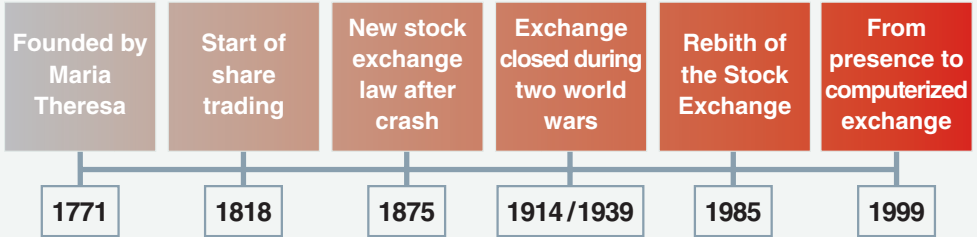


Deals closed are carried out later under specific conditions.

A stock exchange is an institution where securities and certain exchangeable, “fungible” goods are traded on the basis of strict legal regulations. These are strictly laid down according to type, quality, composition and quantity. The securities and goods are not physically present and the trading is not concluded between buyer and seller but through authorized agents.

Vienna Stock Exchange

> How did the Vienna Stock Exchange develop historically?



Formerly:

presence of floor exchange with the dealers trading on the premises

Today:

Computerized exchange with two electronic trading systems

Trading system Xetra®: cash market for shares and bonds
Trading system OMX®: forward market for options and futures

Options: contingent forward deals with the right to buy (call) or sell (put) a particular security (e.g. share) on a fixed date at a fixed price.

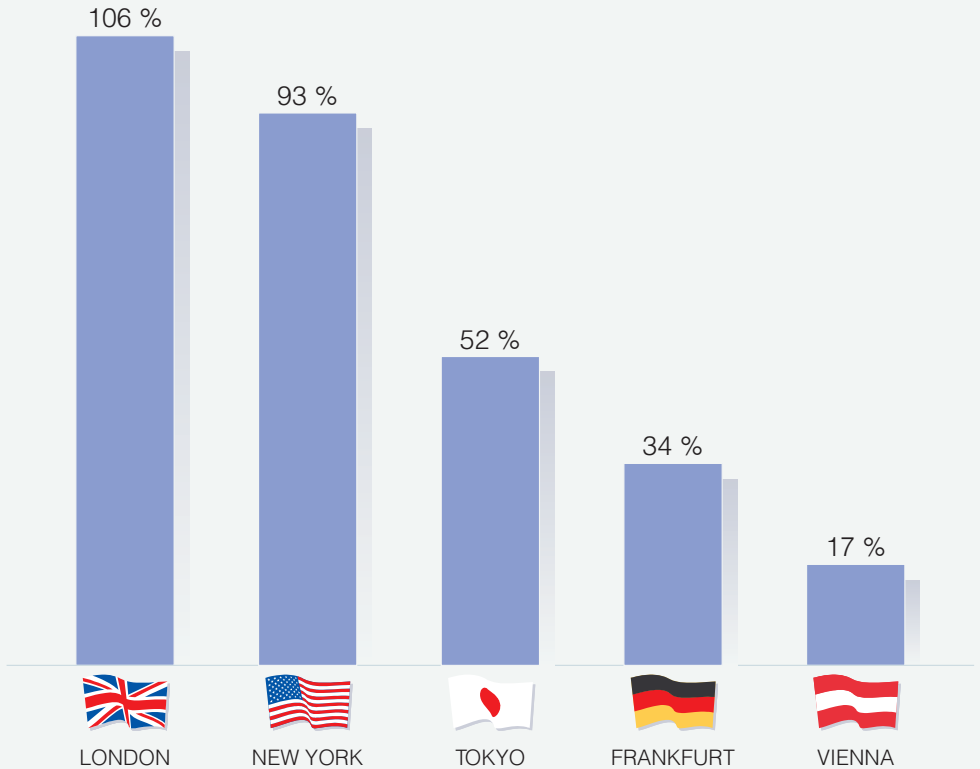
Futures: unconditional forward deals with a duty to buy or sell a particular security at a precisely defined point in time and at a previously determined price..

The Vienna Stock Exchange is a modern, customer and market oriented financial service concern. Today it is a purely computer exchange and is among the most advanced exchanges in the world. All trading takes place via fully electronic trading systems, thereby guaranteeing the utmost transparency and a rapid and efficient carrying out of the market transactions.

Leading and World Stock Exchanges

> Which stock exchanges are of worldwide importance?

> **Market capitalization of selected stock exchanges in % of GDP**



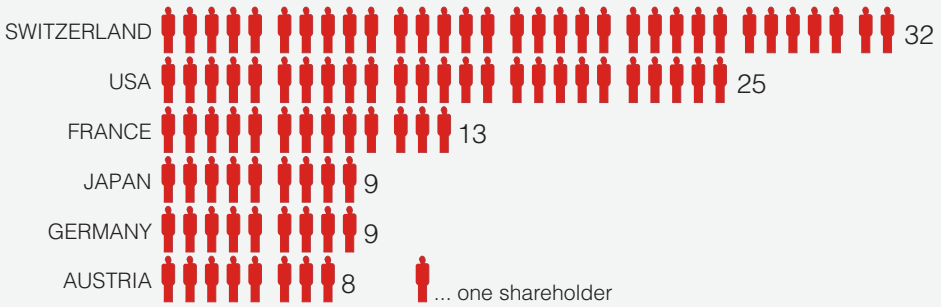
Source: FESE. As of 2002.

The importance of a stock exchange is primarily determined by which and how many concerns are quoted there. The stock exchange value of a concern is called its market capitalization, which is calculated by multiplying the number of shares by their current exchange price. The market capitalization of a stock exchange is thus a result of multiplying the number of shares quoted there by their market price.

Shareholders and Concern Funding

> How many persons hold shares?

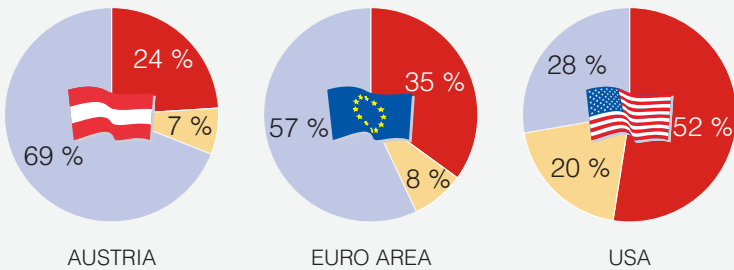
> Shareholders per 100 persons:



Source: Aktienforum, Deutsches Aktieninstitut. As of 2001.

> How do firms obtain funding?

> Shares Bonds Bank loans



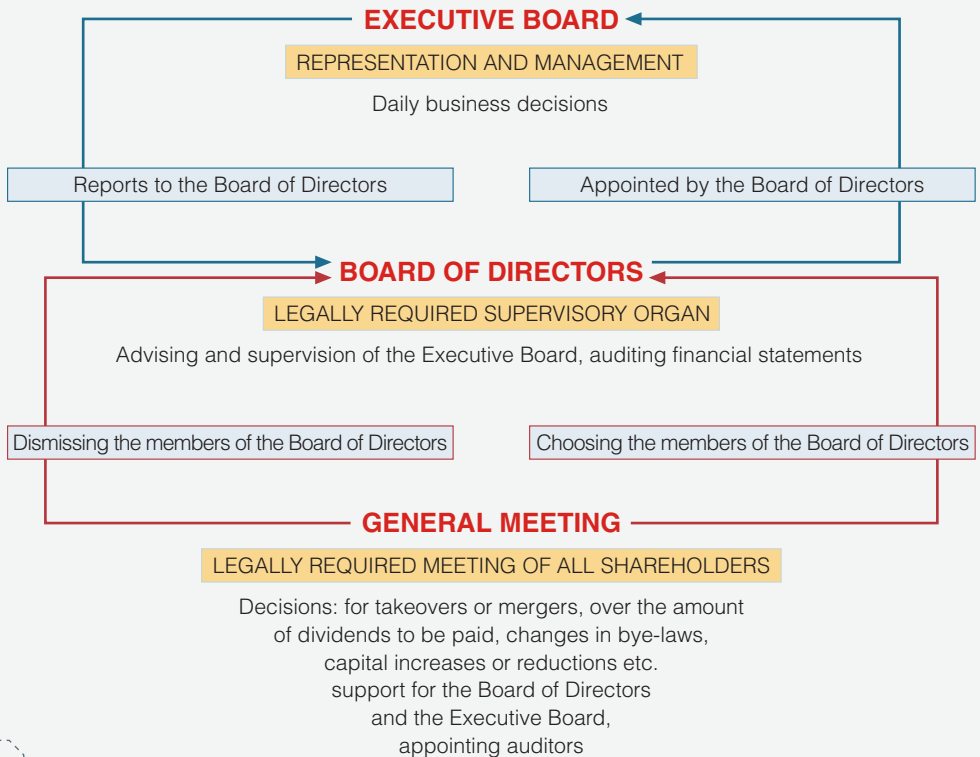
Source: BA-CA Konzernvolkswirtschaft, OeNB, ECB, US Fed Reserve. As of 2002.

Relatively few people in Austria possess shares. The main reason so far for the low importance of the share market is the structure of the small and medium-sized businesses, the favourable loan capital funding and the preference for savings books as a means of investment. The capital market, which is becoming increasingly active via Österreich-Investments (Austria Investments), further privatization and private pension funds, offers a large potential for the development of the whole economy.

Joint-Stock Companies

> What is a joint-stock company?

> The organs and the legal framework of an Austrian joint-stock company



A joint-stock company (Co.) is a company with its own juridical identity, i.e. it is a “juridical person”. The involvement of the partners in the company, the shareholders, takes the form of shares in the company. Their maximum liability is their share of the registered capital of the company.

Shares

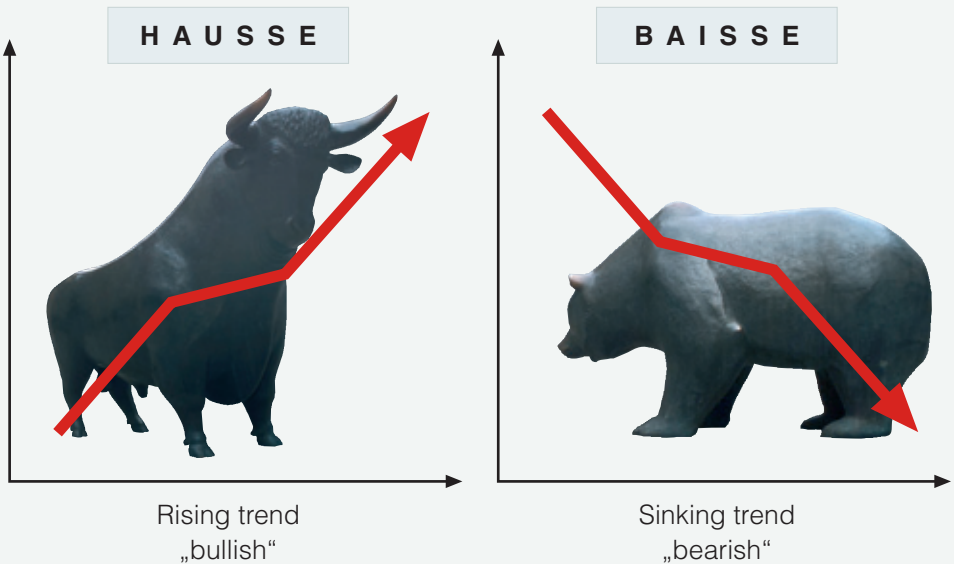
> What are shares and what does the rate (price) mean?

SHARES ARE SHARE CERTIFICATES

Emitter: issuer of shares to obtain capital

Dividend: is the share of the firm's profits paid out annually

The yield of shares consists of the dividends and the price trend.













A share is a security that certifies a share of the registered capital of a joint-stock company and secures the possessor rights in the assets and of a basic voice in the management. The rate is the name for the stock exchange price for securities, goods and foreign currency. It varies according to supply and demand, which in turn are influenced by many factors.











Shares in Austria

> Which are Austria's top shares?

> By capitalization in mill. €

	4,825
	3,838
	2,527
	1,541
	1,225
	1,184
	1,106
	957
	917
	900

> By stock exchange turnover in mill. €

	2,848
	1,653
	1,583
	739
	684
	616
	510
	408
	397
	361

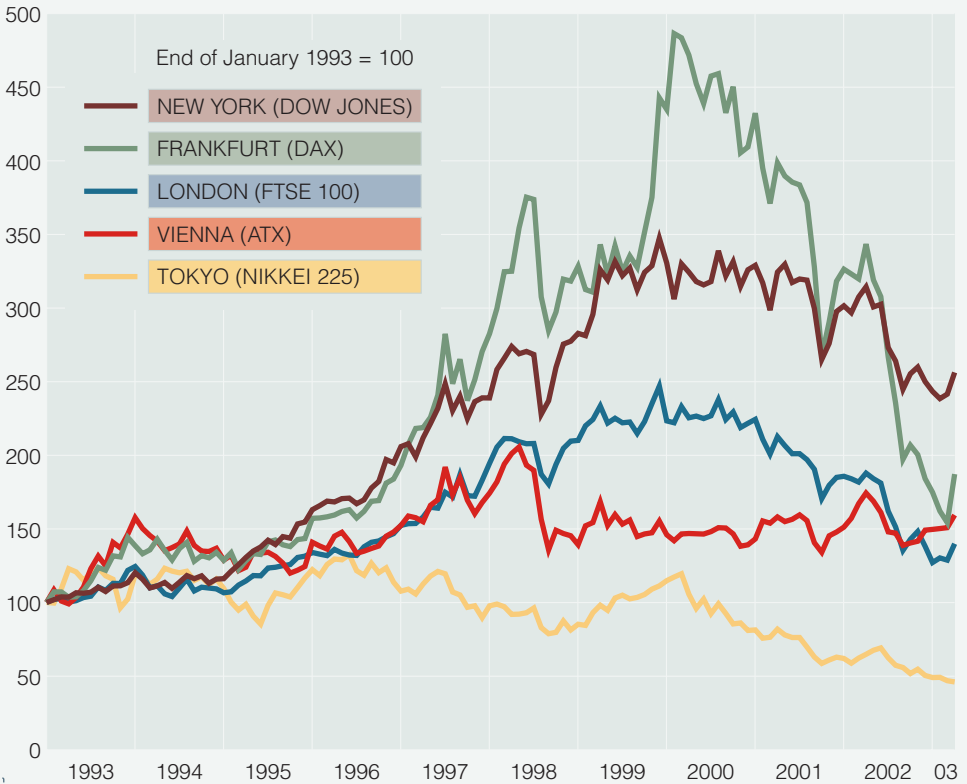
Annual stock exchange turnover – Source: Wiener Börse AG. As of 31.12.2002

The quality sector, the “prime market”, comprises the most important shares quoted on the Vienna Stock Exchange. Roughly 20 of these securities form the Austrian Traded Index (ATX). The ATX is the best-known Austrian share index and has been calculated since 1991. In addition to the “prime market”, which makes special additional demands on the companies quoted on it, and the leading index ATX, there are other market sectors and indices.

The ATX and International Shares Indices

> What is a share index?

> Share prices from 1993 to 2003 in international comparison



Source: Thomson Financial Datastream, ATX: Wiener Börse AG.

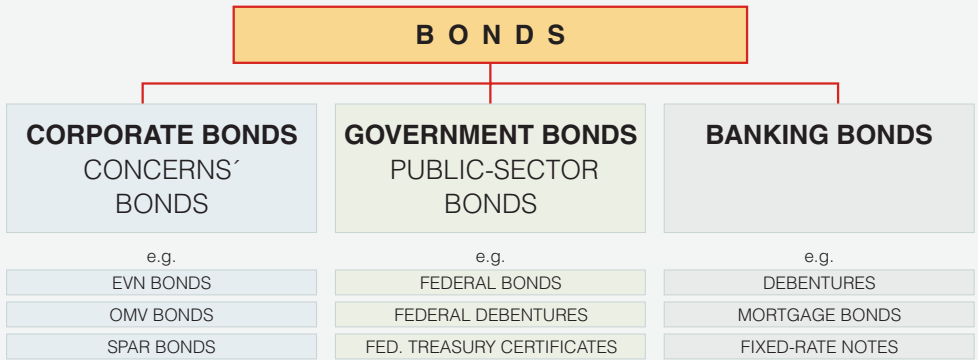
An index is a statistical reference number that shows up changes since a previous point in time.

A share index presents the average development of the prices for the whole sector or an individual branch of it. It shows the development of shares and is considered a barometer of the mood of the stock exchange.

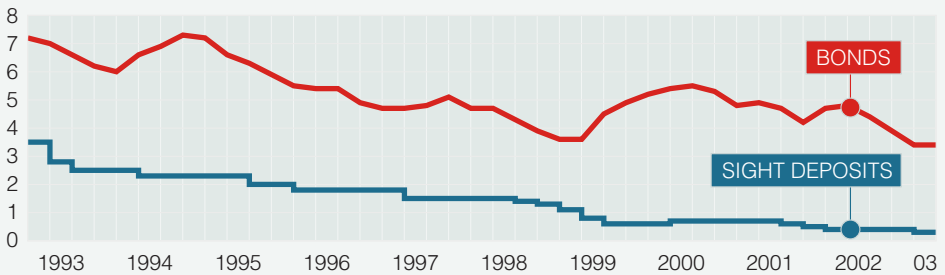
Bonds

> What are bonds?

B O N D S A R E D E M A N D S E C U R I T I E S



> Austria's interest structure

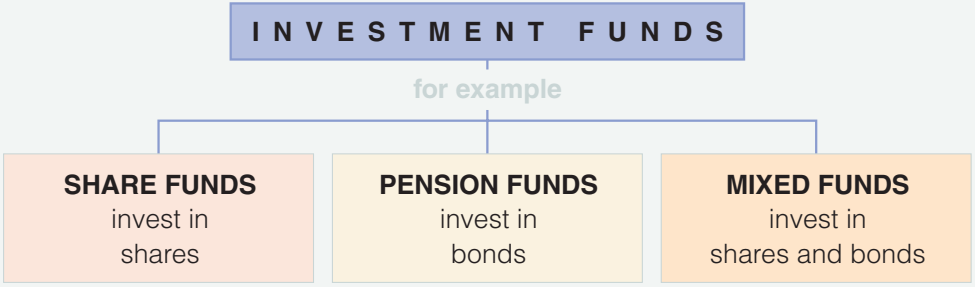


Source: OeNB, Bank Austria.

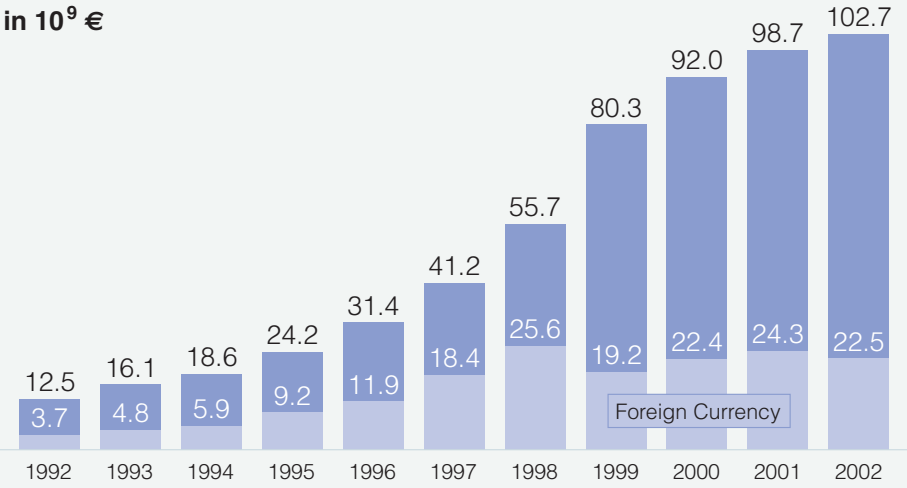
Bonds are securities that certify an obligatory right (demand) to interest and repayment of the capital invested. There are bonds with a very long maturing time like, e.g., Federal bonds, and others with a very short period like, e.g., treasury certificates. Public-sector bonds are those most traded, though trade in company bonds is increasing.

Investment funds

> What are investment funds?



> Current value of Austrian investment funds in 10⁹ €



Source: OeNB.

An investment fund consists of securities which are chosen on the principle of spreading the risk. Investment certificates certify shares in an investment fund. These belong to the shareholder and are administered by an investment trust. Investment funds invest, according to various criteria, in securities but also in shares in other investment funds (pyramiding funds).

Stock Market Report

> What is a market report and how does one read it?



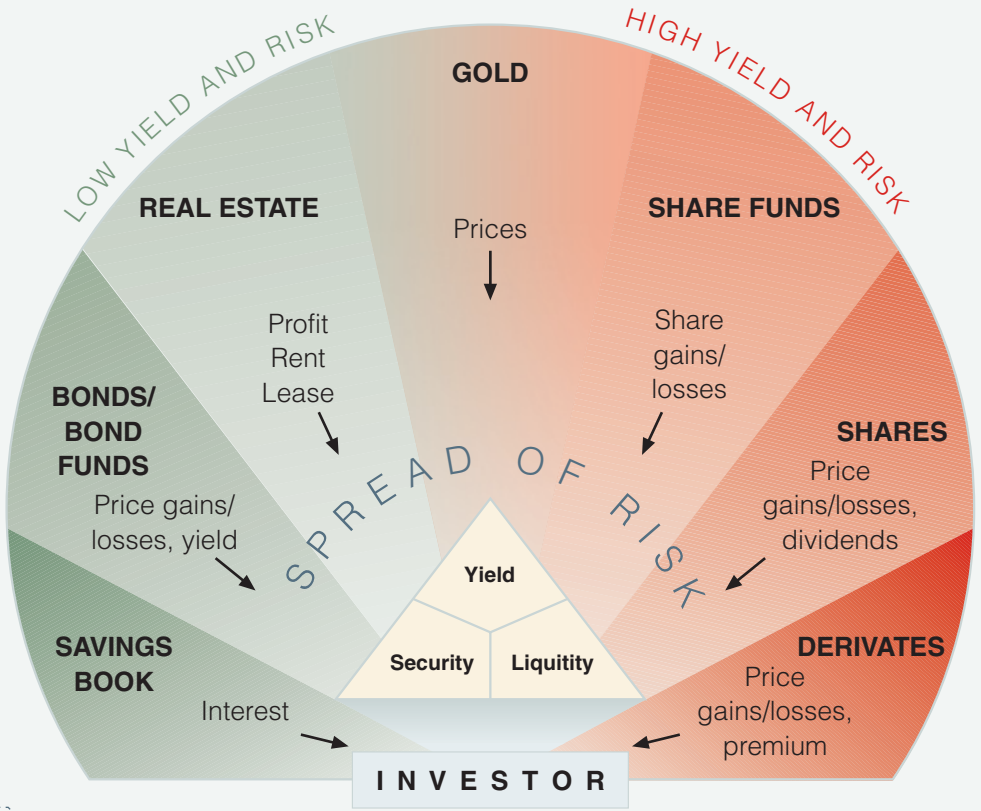
ISIN	International Securities Identification Number	Um/Stk	Number of shares traded on this day
M	Market sector	Börsekapital.	Stock exchange capitalization shares available x price
V	Method (of payment)	Streubesitz	Number of shares owned by the general public
Kürzel	St. ex. symbol for the share	in %	Number of shares owned by the general public in %
L. Kurs	Last price quoted	Gew. p. Akt.	Yield per share
Kurs S	Closing price	KGV	Price/yield ratio (the lower, the better)
Volum. Woche	Numbers trading in the last week	Letzte Div.	Last distribution paid out
Hoch 52W	Highest price in the last 52 weeks	Div. Rend.	Dividend yield: yield relative to the current price
Tief 52W	Lowest price in the last 52 weeks	J. Perf.	Annual performance (share price change over previous year in %)
Kurs H/T	High/Low; day's range		
Vortag/Zuletzt	Last price on previous day		
Änd %	Share price change in %		

Note: Not all the German symbols have equivalents in English-language reports, nor are the latter consistent among themselves. In such cases the German symbol has been retained with an English explanation.

A stock exchange report is a list of security prices and serves as an important source of information for investors. With the aid of the report information on closing prices, the highest and lowest prices within a certain period of time, the dividend yield, the annual performance of a security etc. can be obtained in order to assist in making decisions on buying or selling.

Investments

> How can one invest sensibly?



When investing one must consider the mixture of investment types, the risk and the investment horizon. The portfolio should be so designed that a share of the financial means is always placed in savings books and bonds. A further share can be invested in securities such as shares, which as a rule offer a larger yield but also a higher risk. Before making decisions about buying or selling the investor should obtain comprehensive information from qualified advisers!