Folder Title: Second Industrial Financing Project - Second IVK (02) DFC - Austria - Loan 0237 - P037356 - Epple-Buxbaum-Werke Project 5 - Correspondence

Folder ID: 1516877

Project ID: P037356

Dates: 8/31/1960 - 3/21/1962

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AUSTRIA - Loan (237AUA) Epple-Buxbaum-Werke AG Project 5

GLOBE-WERNICKE
USA PATENT No. 1484611
MADE IN U. S. A.

Austria Ln 237
Epple B.

March 21, 1962

Gentlemen:

Loan 237 AUA - Epple-Buxbaum Werke, A. G.

We have now examined your appraisal report concerning (see memo of March 16/62) application of Epple-Buxbaum for a term of $212,000. We have no comments or questions on this project and we are prepared to credit the loan account on your request.

Yours sincerely,

S. R. Cope
Director of Operations
Europe, Africa and Australasia

Oesterreichische Investitionskredit, A.G.
Am Hof 4
Vienna
Austria

cc: Mr. Beede
Mr. Wiehen
Mr. van Saagsvelt

JHCollier:vmc

FILES.
Auslaing Rm 237
Epple B.

FORM NO. 57
(5-48)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

OFFICE MEMORANDUM

TO: Mr. John H. Collier

DATE: March 20, 1962

FROM: M. H. Wiehen MHW.

SUBJECT: Loan 237 AUA - Epple-Buxbaum Project

I have examined IVK's loan application for this project and have no comments. I think we should approve the project.

cc: Messrs. Beede, van Saagsvelt

FORM NO. 57 IFC
(8-56)

INTERNATIONAL FINANCE CORPORATION

OFFICE MEMORANDUM

TO: Working Party

DATE: March 16, 1962

FROM: Alan F. Beede

SUBJECT: AUSTRIA: IBRD Loan 237 AUA - Proposed Loan to Epple-Buxbaum-Werke

doc. #22 - Ln 237

I have examined the IVK project appraisal of Epple-Buxbaum's application for AS 5.5 million ($212,000) received on March 14, 1962.

I see no reason for withholding approval. The principal factors are

(1) The proposed loan plus a preceding loan (reduced from its original total) of AS 3.9 million, will bring total company borrowing from IVK to an amount less than the AS 10 million total borrowing approved by the Bank on October 19, 1960.

(2) The projections of earnings and financial position, indicate a satisfactory position as regards ability to service the increased debt and to conduct the business without financial strain.

(3) The debt equity ratio as projected is within acceptable limits and the total cost of the project is projected to be financed substantially by re-invested funds and from short-term borrowings.

For the record and taking into consideration loans recently approved (Interplastic, Ganahl and Plansee) the approval of this loan would leave a loanable balance available for 237 AUA of $ 342,000 or AS 9 million. Interplastic's financing program contemplates borrowing AS 10 million ($385,000 equivalent) in the Swiss market or alternatively, applying to IVK. It will be noted that IVK will not be able to grant the full amount of this loan out of available balances.

AFBeede:ar

cc. Mr. Collier
Mr. Wiehen
Mr. van Saagsvelt
Mr. Paterson/Mr. Franco

EPPLE-BUXBAUM-WERKE AKTIENGESELLSCHAFT

P r o j e c t R e p o r t

Österreichische Investitionskredit Aktiengesellschaft
Credit Department

ÖIK-C/425-7.3.1962

I n d e x

A n n e x e s

I. Loan Application

The Epple Buxbaum-Werke Aktiengesellschaft, Wels, Buxbaumstraße 2, (the Borrower) in its letter of January 18, 1962 applies for an additional loan of AS5.5 million (US-$212,000) for the financing of further necessary investments within the frame of the project already submitted in June 1960.

Already in June 1960 the Borrower applied for an AS10,000,000,- loan (US-$385,000). The respective Project Appraisal was forwarded to you in the fall of 1960 and the Bank in its letter of October 19, 1960 accepted the Project for financing in the amount of US-$385,000. As a result of further negotiations the Borrower wanted to reduce the requested amount to AS3,900,000.- (US-$150,000). The Bank agreed to this reduction and a US-$150,000 credit was concluded in 1961. As a result of the positive market development and of the necessity to provide additional capacity in the assembly plant the Borrower plans to invest another AS9 mio and applies for an additional AS5,500,000.- credit, thus raising the loan amount nearly to the originally applied total of AS10,000,000.-. The repayment will be effected in sixteen semi-annual instalments beginning on March 31, 1964. The Borrower has agreed to pay 7 3/4 % of interest. Another mortgage deed in the amount of AS6,050,000.- ranking equally with the ERP-credit of AS4,500,000.- extended together with the first IVK loan will be deposited. In case these mortgages will be registered, old ERP debts amounting to AS1,800,000.- as of December 31, 1961 will rank before the two IVK loans.

II. The Borrower

The company was founded in 1873 and established as a joint stock company in 1922. The share capital[1] of AS10,000,000.- is widely distributed. An amount of approx. 30 per cent is in the hands of the Edlinger family. All other individual or group shareholders hold participations far below 10 per cent each.

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1) The shares are quoted at the Vienna Stock Exchange; the lowest quotation in 1961 was 280, the highest quotation 482, the last quotation (March 2, 1962) was 486. Nominal value is a hundred.

The President of the company is Dr. Wolfgang Strohschneider (Versicherungsanstalt der österreichischen Bundesländer). Dr. Otto Edlinger (commercial), and Dipl.Ing. Heinz Schwinner (technical), are represented on the Board of Management (Vorstand). The execution of the Project and the development of the last two years have confirmed the original positive impression of the management. As a result of the investments started in 1960 (first project), the production equipment is being substantially renewed. At the end of 1961 the labour force included 612 employees (497 workers).

III. Present Financial and Earnings Record (See Annex 1a and 1b)

The financial situation of the past years is satisfactory. The liquidity position which deteriorated to a certain extent in 1960 as a result of the project investments and the sharp increase in turnover has proved sufficient. At the end of 1961 current assets included AS4,000,000.- of bank deposits. Short-term bank debts do not exist. The long-term indebtedness is not substantial.[1] A short summary of the financial situation is given below:

	1959		1960		1961 (prelim.)	
	1000AS	%	AS1000	%	AS1000	%
Fixed Assets	21,625	35	28,545	34	30,400	26
Current Assets	39,968	65	54,729	66	85,700	74
Balance Total	61,593	100	83,274	100	116,100	100
Equity	32,710	53	32,737	39	34,900	30
Long-term Debts	5,952	10	5,860	7	11,500	10
Short-term Debts	22,931	37	44,677	54	69,700	60
Balance Total	61,593	100	83,274	100	116,100	100

Ratios

Current Assets/short-term Debts	174 : 100	122 : 100	123 : 100
Net Current Assets/Total Net Operating Income	30.4 %	9.9 %	11.9 %
Equity/Long-term Debts	85 : 15	85 : 15	75 : 25

1) The details on the long-term ERP indebtedness of the Borrower have been forwarded to the Bank in IVK's letter of May 30, 1961.

The earnings situation which had been rather modest until 1960 already started to increase in 1961 as a first result of the project investments. Total sales expanded sharply since 1959.

	1959		1960		1961 (prelim.)	
	AS1000	%	AS1000	%	AS1000	%
Operating Income	56,004	100	102,035	100	135,262	100
Operating Profit after Normal Depreciation	2,162	4	4,638	5	12,337	9
Taxed Annual Profit	403	1	527	1	2,690	2
Taxed Annual Profit incl. extraord. Deprec.	1,233	2	2,981	3	6,690	5
Operating Income per Employee	149,000		195,000		221,000	

IV. Project

Based on a market study the Borrower in 1958 decided to reduce the number of different models and products from 21 to 3 types (a mobile harvester thresher, a Pickup press and a chopping machine). Thus, the production had to be changed and an investment program was drafted. This project, amounting to AS23,400,000.-, was submitted to IVK and a credit of AS3,900,000.- (US-$150,000) was granted in May 1961. The project investments, apart from minor changes, were carried out according to schedule. Up to December 1961 AS15,300,000.- were spent so that AS8,000,000.- remain to be invested in the years 1962 and 1963.

While carrying out the first project it became apparent that the expanding market and a fully rationalized production demanded further investments especially in the assembly plant and in the assembly storage. The Borrower has therefore submitted an additional project amounting to AS9,000,000.-.

Total investment costs are summarized in annex 2, list of goods. IVK's technical experts have reviewed the project planning and found it adequate.

V. Financing the Project

The financing of the first investment project was carried out in 1961 without difficulties. Both from the IVK and the ERP credit approx. AS2,700,000.- each were drawn. The remainder, approx. AS4,000,000.-,

was supplied without difficulties through earned depreciations and profits. The financing of old and new project investments for the period 1962/63 is given below:

SOURCE	AS1000	ALLOCATION	AS1000
Depreciation	15,897	Additions to fixed assets	
		Project I	8,000
Profit before dividends	8,752	Project II	9,000
Net increase IVK loan	6,400	Current renewals and minor investments	5,000
Short-term bank debts	2,400	Increase in stocks	13,000
Net increase in other short-term debts (down payments)	8,400	Increase in receivables	8,300
		Net decrease of ERP loan	100
Decrease of bank deposits	4,000	Dividends	1,000
		Available reserves	1,449
	45,849		45,849

From the financial projection it can be taken that adequate sources for the financing of investments and the increase in working capital have been provided for. The two projects comprise AS32,000,000.- and are financed to the amount of approx. 45 % by long-term credits (total IVK loan of AS9,400,000 = 30 %, ERP loan of AS4,500,000 = 15 % of total project costs). Both projects shall be completed in 1963.

VI. Future Earnings and Financial Record (See annex 1a and 1b)

The future earnings and financial forecast was carefully evaluated. The market development of the past two years supports the cautious sales estimates. The following table gives a short outline of the future sales program compared with actual 1961 figures:

Harvester Thresher	1961	1962	1963	1964/65 resp.
Domestic sales	630	800	900	950
Export sales	104	150	200	200
Total	734	950	1.100	1.150
Pickup Presses				
Domestic sales	142	150	150	150
Export sales	258	200	350	350
Total	400	350	500	500
Chopping Machines				
Domestic sales	1.897	2.150	2.150	2.150
Export sales	68	80	80	80
Total	1.965	2.230	2.230	2.230

The future earnings account which includes substantial reserves for contingencies is given below:

	1962 AS1000	%	1963 AS1000	%	1964 AS1000	%	1965 AS1000	%
Operating Income	161,785	100	176,840	100	183,437	100	183,457	100
Operating Profit after Normal Depreciation	16,252	10	17,938	10	19,483	11	18,518	10
Taxed Annual Profit	3,752	2	5,000	3	7,000	4	6,600	4
Taxed Annual Profit incl. extraord. Depreciation	7,552	5	8,400	5	7,000	4	6,600	4
Operating Income per Employee	226,000		241,000		250,000		250,000	

A certain reduction of the earnings power in the years 1964 and 1965 is due to the fact that personnel cost increases were anticipated while the sales are calculated on current prices.

The future financial situation continues to be satisfactory. A short outline is given below:

	1962 AS1000	%	1963 AS1000	%	1964 AS1000	%	1965 AS1000	%
Fixed Assets	34,200	26	34,500	26	38,200	26	39,900	27
Current Assets	97,800	74	104,400	74	107,000	74	108,700	73
Balance Total	132,000	100	140,900	100	145,200	100	148,600	100
Equity	38,100	29	42,600	30	48,800	34	54,500	37
Long-term Liabilities	17,400	13	17,800	13	15,400	11	13,600	9
Short-term "	76,500	58	80,500	57	81,000	55	80,500	54
Balance Total	132,000	100	140,900	100	145,200	100	148,600	100

Ratios

Current ratio	128 : 100	130 : 100	132 : 100	135 : 100
Net current assets/Total net operating income	13.2 %	13.6 %	14.2 %	15.4 %
Equity/long-term debts	69 : 31	71 : 29	76 : 24	80 : 20

The debt service coverage as given below is favorable and amply secures the repayment of the loan:

1962	1963	1964	1965
7.2x	5.8x	5.1x	5.6x

VII. Market[1)]

The domestic and export market situation of the Borrower's products continues to be favorable. The 1962 production is almost entirely sold at the present date. Statistic data of the market development during the period 1959 through 1961 support the optimistic appraisal of the future development.

The total number of mobile harvester threshers officially registered in Austria show the following figures:

	1959	1960	1.1. - 11.30 1961
	1,110	2,149	1,808
of which Epple-Buxbaum products	125	344	471
other Austrian crafts	24	36	46

This survey only counts crafts which use public roads so that the actual total of new purchases per year is estimated to be approx. 30 per cent above the statistical figure.

The Borrower's endeavours to export a certain amount of his production were already last year successful. It has to be stated, however, that the future development of the Borrower does not depend on these export sales.

VIII. Protective Arrangements

Protective arrangements comprise the deposition of another mortgage deed in the amount of AS6,050,000.- ranking equally with an AS4,500,000.- ERP loan granted for the first project and ranking after mortgages which, however, are not registered for old ERP credits amounting to AS1,800,000.- as of December 31, 1961. At present, the total real estate of the Borrower is uninfringed. All other contractual stipulations will be equal to those of the first IVK loan agreement, i.e. the Borrower will abstain from the payment of dividends if net current assets should be below 20 per cent of total net operating income. The Borrower will, finally, not incur any long-term debts without IVK's approval, if, as a result thereof, the debt/equity ratio would drop below 50 : 50 in favor of long-term liabilities.

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1) A detailed evaluation of the market situation has been submitted as annex 3 to the original project report in September 1960.

In summarizing, the Project is sound in both technical and financial respect so that the approval of the loan is recommended. Again it shall be noted that the additional credit of AS5,500,000.- raises the Borrower's indebtedness towards IVK only to AS9,400,000.- while an AS10,000,000.- loan had already been approved by the Bank in 1960.

ÖIK-C/425-7.3.1962
DrL/Pk

Borrower:

Epple-Buxbaum Werke AG., Wels

Annex 1a

Condensed Balance Sheet

A. Balance Sheet

	Contractual Ratio	1959		1960		preliminary 1961		1962		1963		1964		1965		19____		19____	
		AS 1000	%	AS 1000	%	AS 1000	%	AS 1000	%	AS 1000	%	AS 1000	%	AS 1000	%	AS 1000	%	AS 1000	%
I. Balance Sheet Figures																			
1. Fixed Assets		20.499	33	26.903	32	28.800	25	32.600	25	34.900	25	36.600	25	38.300	26				
2. Investments		1.126	2	1.642	2	1.600	1	1.600	1	1.600	1	1.600	1	1.600	1				
3. Inventories		29.126	47	41.724	50	60.500	52	70.500	53	73.500	52	73.500	51	73.500	49				
4. Delivery Claims		7.817	13	7.772	9	16.000	14	21.300	16	24.300	17	25.300	17	26.300	18				
5. Sundry Current Assets		3.025	5	5.233	7	9.200	8	6.000	5	6.600	5	8.200	6	8.900	6				
6. Balance Total		61.593	100	83.274	100	116.100	100	132.000	100	140.900	100	145.200	100	148.600	100		100		100
7. Equity		32.710	53	32.737	39	34.900	30	38.100	29	42.600	30	48.800	34	54.500	37				
8. Long-term Liabilities		5.952	10	5.860	7	11.500	10	17.400	13	17.800	13	15.400	11	13.600	9				
9. Delivery Debts		6.959	11	17.582	21	22.500	19	22.500	17	22.500	16	22.500	15	22.500	15				
10. Short-term Bank Debts		155	-	3.648	4	-	-	-		2.400	2	-	-	-	-				
11. Sundry Short-term Debts		15.817	26	23.447	29	47.200	41	54.000	41	55.600	39	58.500	40	58.000	39				
12. Balance Total		61.593	100	83.274	100	116.100	100	132.000	100	140.900	100	145.200	100	148.600	100		100		100
II. Reference Figures																			
13. Fixed Assets (1 + 2)		21.625	35	28.545	34	30.400	26	34.200	26	36.500	26	38.200	26	39.900	27				
14. Current Assets (3 + 4 + 5)		39.968	65	54.729	66	85.700	74	97.800	74	104.400	74	107.000	74	108.700	73				
15. Equity + Long-term Liabilities (7 + 8)		38.662	63	38.597	46	46.400	40	55.500	42	60.400	43	64.200	45	68.100	46				
16. Short-term Liabilities (9 + 10 + 11)		22.931	37	44.677	54	69.700	60	76.500	58	80.500	57	81.000	55	80.500	54				
17. Net Current Assets (14 ./. 16)		17.037	28	10.052	12	16.000	14	21.300	16	23.900	17	26.000	19	28.200	19				
18. Balance Total		61.593	100	83.274	100	116.100	100	132.000	100	140.900	100	145.200	100	148.600	100		100		100
19. Fixed Assets + Extraordinary Depreciations [1])		23.485	37	32.858	38	38.713	31	46.313	32	51.760	33	52.947	33	54.996	34				
20. Equity + Extraordinary Depreciations [1])		34.570	54	37.050	42	43.213	35	50.213	35	57.860	37	63.547	40	69.596	43				
21. Equity + Extraordinary Depreciations [1]) + Long-term Debts		40.522	63	42.911	49	54.713	44	67.613	47	75.660	48	78.947	49	83.196	51				
22. Balance Total + Extraordinary Depreciations [1])		63.453	100	87.588	100	124.413	100	144.113	100	156.160	100	159.947	100	163.696	100		100		100
23. Total Net Operating Income		56.004		102.035		135.262		161.785		176.840		183.437		183.457					
24. Employees		376		524		612		715		734		734		734					
25. Wage Earners		291		427		497		595		609		609		609					
26. Salaried Personnel		85		97		115		120		125		130		130					
III. Ratios																			
27. Current Assets : Short-term Liabilities (14 : 16)		174:100		122:100		123:100		128:100		130:100		132:100		135:100					
28. Turnover of Stock (23 : 3)		1,9x		2,4x		2,2x		2,3x		2,4x		2,5x		2,5x					
29. Turnover of Debtors (23 : 4)		7,1x		13,1x		8,5x		7,6x		7,3x		7,3x		7,0x					
30. Net Current Assets : Total Net Operating Income (17 : 23)		30,4%		9,9%		11,9%		13,2%		13,6%		14,2%		15,4%					
31. Equity : Long-term Debts (7 : 8)		85:15		85:15		75:25		69:31		71:29		76:24		80:20					
32. Equity + Extraordinary Depreciations [1]) : Long-term Debts (20:8)		85:15		86:14		79:21		74:26		76:24		80:20		84:16					
33. Fixed Assets per Wage Earner (1 : 25)		74.000		67.000		58.000		55.000		57.000		60.000		63.000					
34. Salary Earners : Wage Earners (26 : 25)		23:77		19:81		19:81		17:83		18:82		17:83		17:83					
35.																			

ÖIK-C/421 5.3.1962

[1]) As far as hidden reserves are represented

Calculated:

Checked:

Borrower:
Epple-Buxbaum Werke AG., Wels

Condensed Balance Sheet

B. Profit & Loss Statement

	1959		1960		preliminary 1961		1962		1963		1964		1965		19____		19____	
	AS 1000	%	AS 1000	%	AS 1000	%	AS 1000	%	AS 1000	%	AS 1000	%	AS 1000	%	AS 1000	%	AS 1000	%
I. Profit and Loss Statement																		
1. Total Net Operating Income	56.004	100	102.035	100	135.262	100	161.785	100	176.840	100	183.437	100	183.457	100		100		100
2. Operating Expenditure before Taxes [1]) and Normal Depreciation [2])	50.832	90,8	93.585	91,7	119.327	88,2	141.136	87,2	154.602	87,4	159.674	87,-	160.639	87,6				
3. Net Operating Profit before Taxes [1]) and Normal Depreciation	5.172	9,2	8.450	8,3	15.935	11,8	20.649	12,8	22.238	12,6	23.783	13,-	22.818	12,4				
4. Normal Depreciation	3.010	5,4	3.812	3,7	3.598	2,7	4.397	2,7	4.300	2,4	4.300	2,3	4.300	2,3				
5. Net Operating Profit before Taxes [1])	2.162	3,9	4.638	4,6	12.337	9,1	16.252	10,-	17.938	10,2	19.483	10,6	18.518	10,1				
6. Interest on Long-term Capital	160	0,3	131	0,1	270	0,2	800	0,5	1.000	0,6	1.000	0,5	1.000	0,5				
7. Interest on Short-term Capital	1.089	1,9	571	0,6	1.440	1,1	1.500	0,9	1.500	0,8	1.500	0,8	1.500	0,8				
8. Taxes [1])	520	0,9	1.389	1,4	4.414	3,3	6.800	4,2	7.438	4,2	10.383	5,7	9.818	5,3				
9. Other Non-operating and Extraordinary Results																		
a) Income	968	1,7	501	0,5	527	0,4	500	0,3	500	0,3	500	0,3	500	0,3				
b) Expenditure	128	0,2	67	-	50	-	100	0,1	100	0,1	100	0,1	100	0,1				
10. Extraordinary Depreciation	830	1,5	2.454	2,5	4.000	3,-	3.800	2,3	3.400	1,9	-		-					
11. Taxed Annual Profit (Loss)	403	0,7	527	0,5	2.690	2,-	3.752	2,3	5.000	2,9	7.000	3,8	6.600	3,6				
II. Reference Figures																		
12. Management Salary if not Included in Total Expenditures																		
13. Interest Payments as far as They Exceed Earned Interest	759	1,4	531	0,5	1.498	1,1	2.100	1,3	2.300	1,3	2.300	1,3	2.300	1,3				
14. Annual Profit (Loss) + Extraordinary Depreciation (11 + 10)	1.233	2,2	2.981	2,9	6.690	4,9	7.552	4,7	8.400	4,8	7.000	3,8	6.600	3,6				
15. Profits (Dividends) Withdrawn	400	0,7	500	0,5	500	0,4	500	0,3	500	0,3	800	0,4	900	0,5				
16. Annual Profit (Loss) + Extraordinary Depreciation + Interest on Long-term Capital (14 + 6)	1.393	2,5	3.112	3,1	6.960	5,1	8.352	5,2	9.400	5,3	8.000	4,4	7.600	4,1				
17. Funds Available for Amortization (16 – 15)	993	1,8	2.612	2,6	6.460	4,8	7.852	4,8	8.900	5,-	7.200	3,9	6.700	3,6				
18. Repayment of Long-term Liabilities	626	1,1	652	0,6	600	0,4	800	0,5	1.600	0,9	2.357	1,3	1.800	1,-				
19. Repayment of Long-term Liabilities + Interest on Long-term Capital (18 + 6)	786	1,4	783	0,8	870	0,6	1.600	1,-	2.600	1,5	3.357	1,8	2.800	1,5				
20. Total Production in Units																		
III. Ratios [3])																		
21. Net Yield from Equity (14 – 12 : A 20)	3,6%		8,1%		15,5%		15,0%		14,5%		11,0%		9,5%					
22. Gross Yield from Equity (14 + 8 – 12 : A 20)	5,1%		11,8%		25,6%		28,6%		27,3%		27,4%		23,6%					
23. Net Yield from Long-term Capital (16 – 12 : A 21)	3,4%		7,3%		12,7%		12,4%		12,4%		10,2%		9,1%					
24. Gross Yield from Long-term Capital (16 + 8 – 12 : A 21)	4,7%		10,5%		20,8%		22,4%		22,2%		23,3%		21,2%					
25. Debt Service Coverage I (17 : 19)	1,3x		3,3x		7,4x		4,9x		3,4x		2,1x		2,4x					
26. Debt Service Coverage II (13 + 14 + 4 + 8 : 18 + 13 + 15)	4,0x		7,4x		7,7x		7,2x		5,8x		5,1x		5,6x					
27. Total Net Operating Income per Employee (1 : A 24)	149.000		195.000		221.000		226.000		241.000		250.000		250.000					
~~28. Total Net Operating Income per Wage Earner (1 : A 25)~~ Employees	376		524		612		715		734		734		734					
[2]) Cost of Materials	31.441	56,2	64.514	63,2	82.313	60,9	96.754	59,8	106.839	60,4	110.604	60,3	110.604	60,3				
Wages and Salaries	13.663	24,4	21.163	20,7	27.414	20,3	33.342	20,6	35.067	19,8	36.374	19,8	37.339	20,4				
Sundry Expense	5.728	10,2	7.908	7,8	9.600	7,1	11.040	6,8	12.696	7,2	12.696	6,9	12.696	6,9				

ÖIK-C/421 5.3.1962

DEFINITIONS

[1]) **Taxes:** Trade Tax on Capital, Trade Tax on Income, Personal or Corporate Income Tax, Property Tax, Real Estate Tax.

[3]) **Yield from Equity:** Taxed Annual Profit (Loss) if necessary – Management Salary + Extraordinary Depreciation : Equity + Extraordinary Depreciation.

Gross Yield: Taxed Annual Profit (Loss) if necessary – Management Salary + Extraordinary Depreciation + Interest on Long-term Capital : Equity + Extraordinary Depreciation + Long-term Debts.

Computing the gross yield taxes (8) have to be added to profit.

Debts Service Coverage I: Taxed An nual Profit + Extraordinary Depreciation + Interest on Long-term Capital – Profits (Dividend s) Withdrawn : Annual Repayments + Interest on Long-term Debts.

Debts Service Coverage II: Taxed A nnual Profit + Extraordinary and Normal Depreciation + Interest Payments as far as They Exc eed Earned Interest + Taxes : Annual Repayments + Interest Payments as far as They Exc eed Interest

Calculated:

Checked:

ÖIK Re 008 - I. 61 - 300 - BA 672

List of Goods

	AS1000
1. New construction of assembly plant A	3,800
2. Light, power, air, and water installations for assembly plant A	180
3. Heating (connection to existing remote-controlled heating)	170
4. Equipment for assembly plant A, control and taking over of goods	250
5. 3 tiering trucks	22
6. 1 Electric fork elevating stacker with batteries	180
7. 1 passenger and goods elevator for assembly plant A (5 tons)	400
8. Readaptation of assembly hall within the assembly plant A	70
9. Erection of a soundproof inlet chamber	133
10. Shifting and renewal of the central welding and suction plants	211
11. Costs for the removal of the assembly plant, the ball bearing assembly, and the existing machinery and equipment in the assembly hall	200
12. Expansion of heating for the ventilation of the assembly welding plant and the dashboards	120
13. Change and expansion for light and power installations in the assembly hall	80
14. Extension of an open air storage on the original barrack grounds, plant II	50
15. Reconstruction of canteen	100
16. Completion of expanded north building including equipment	240
17. Sheet-iron shears	400
18. Multiple spindle drill	360
19. Unforeseen	2,034
	9,000

Austria - Fn 237
(Epple B.)

ÖSTERREICHISCHE INVESTITIONSKREDIT
AKTIENGESELLSCHAFT
Sekr/Sch

WIEN I, AM HOF 4
TELEPHON 63 46 31 SERIE
CABLE: INVESTCRED
FERNSCHREIBER:
KONTROLLBANK 01-1441
PETERSEN'S CODE 3. ED.

March 8th, 1962

International Bank for
Reconstruction and Development,
1818 H Street, N.W.,
Washington 25, D.C.

Rec'd 3/14/62

Department of Operations, Europe, Africa and
Australasia

Gentlemen:

Epple-Buxbaum Werke Aktiengesellschaft

Please find enclosed 5 copies of the English version of our project appraisal and the loan agreement to be concluded with the borrower concerning a credit to — see document Fn 237 #22

Epple-Buxbaum Werke Aktiengesellschaft
Wels, Buxbaumstraße 2,O.Ö.

amounting to US-$ 212.000,-- for financing the erection of a storage hall and additions to the investment programme which has been executed in 1959. This programme was also partly financed by World Bank funds.

The project was submitted to the Working Party of the Board of Directors with letter of February 20th, 1962 and received its unanimous approval.

In accordance with Article III, Section 3.02, of the Loan Agreement between us, No. 237 AUA, of September 25, 1959 we, therefore, submit this project to the Bank to be accepted for Bank financing.

Should any further additional informations be deemed necessary, we are, of course, glad to furnish them immediately.

Looking forward to your favorable decision, we remain,

Yours truly,

ÖSTERREICHISCHE INVESTITIONSKREDIT
AKTIENGESELLSCHAFT

Letter of Approval.

ÖSTERREICHISCHE INVESTITIONSKREDIT
AKTIENGESELLSCHAFT

Sekr/Sch

WIEN I, AM HOF 4
TELEPHON 63 46 31 SERIE
CABLE: INVESTCRED
FERNSCHREIBER:
KONTROLLBANK 01-1441

June 13th, 1961

International Bank for
Reconstruction and Development,
1818 H Street, N.W.,
Washington 25, D.C.

Attention: Mr. S.R.Cope, Director of Operations
Europe, Africa and Australasia

Gentlemen:

Loan No.237-AUA-Project No. 5 -
Epple-Buxbaum-Werke Aktiengesellschaft

Referring to your letter of June 6th, 1961 we thank you for having approved above mentioned project and for having credited the Loan Account in the amount of US-$150,000. We have also noted that the interest rate is 5-3/4% per annum.

Please find enclosed signed copy of the letter of approval.

We remain,

Yours truly,

ÖSTERREICHISCHE INVESTITIONSKREDIT
AKTIENGESELLSCHAFT

Encl.

COPY

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
WASHINGTON 25, D. C.

June 6, 1961

Oesterreichische Investitionskredit
Aktiengesellschaft
Am Hof 4
Vienna, Austria

Gentlemen:

Loan No. 237-AUA - Project No. 5 -
Epple-Buxbaum-Werke Aktiengesellschaft

Referring to the Loan Agreement (Second Industrial Credit Project) dated September 25, 1959 between us, and to our cable of today, we hereby wish to confirm our approval, pursuant to Section 3.02 of the Loan Agreement, of the Epple-Buxbaum project referred to above for credit to the Loan Account. We have therefore, today, pursuant to Section 2.02 of the Loan Agreement, credited the Loan Account in the amount of $150,000 in respect of this project. In accordance with Section 2.05 of the Loan Agreement, the rate of interest on this part of the Loan so credited to the Loan Account is 5-3/4% per annum.

In accordance with Section 2.07 of the Loan Agreement we hereby enclose an amortization schedule and schedule of premiums on prepayment and redemption in respect of the part of the Loan credited to the Loan Account for the above project. Please confirm your agreement therewith by signing the form of confirmation on the enclosed copy of this letter and returning such copy to us.

As a matter of record, the Bank considers this investment project as Project No. 5 - Epple-Buxbaum-Werke Aktiengesellschaft.

Yours sincerely,

S. R. Cope
Director of Operations
Europe, Africa and Australasia

Enclosures

CONFIRMED:

OESTERREICHISCHE INVESTITIONSKREDIT
AKTIENGESELLSCHAFT

By _____

Date June 6th, 1961

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Loan No. 237-AUA

(Epple-Buxbaum-Werke Aktiengesellschaft -
Project No. 5)

Oesterreichische Investitionskredit

Time of Prepayment or Redemption	Premium
Not more than two years before maturity	1/2%
More than two years but not more than four years before maturity	2%
More than four years but not more than six years before maturity	3-1/2%
More than six years but not more than eight years before maturity	4-3/4%
More than eight years before maturity	5-3/4%

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Loan No. 237-AUA

(Epple-Buxbaum-Werke Aktiengesellschaft -
Project No. 5)

Oesterreichische Investitionskredit

Amortization Schedule

Date Payment Due	Payment of Principal (expressed in dollars)*
October 1, 1962	U.S. $ 7,000
April 1, 1963	7,000
October 1, 1963	8,000
April 1, 1964	8,000
October 1, 1964	8,000
April 1, 1965	8,000
October 1, 1965	9,000
April 1, 1966	9,000
October 1, 1966	9,000
April 1, 1967	10,000
October 1, 1967	10,000
April 1, 1968	11,000
October 1, 1968	11,000
April 1, 1969	11,000
October 1, 1969	12,000
April 1, 1970	12,000
	U.S. $ 150,000

*To the extent that any part of the Loan is repayable in a currency other than dollars (see Loan Regulations Section 3.02), the figures in this column represent dollar equivalents determined as for purposes of withdrawal.

Austria Ln237
(5)

June 6, 1961

Oesterreichische Investitionskredit
Aktiengesellschaft
An Hof 4
Vienna, Austria

Gentlemen:

Loan No. 237-AUA - Project No. 5 -
Epple-Buxbaum-Werke Aktiengesellschaft

Referring to the Loan Agreement (Second Industrial Credit Project) dated September 25, 1959 between us, and to our cable of today, we hereby wish to confirm our approval, pursuant to Section 3.02 of the Loan Agreement, of the Epple-Buxbaum project referred to above for credit to the Loan Account. We have therefore, today, pursuant to Section 2.02 of the Loan Agreement, credited the Loan Account in the amount of $150,000 in respect of this project. In accordance with Section 2.05 of the Loan Agreement, the rate of interest on this part of the Loan so credited to the Loan Account is 5-3/4% per annum.

In accordance with Section 2.07 of the Loan Agreement we hereby enclose an amortization schedule and schedule of premiums on prepayment and redemption in respect of the part of the Loan credited to the Loan Account for the above project. Please confirm your agreement therewith by signing the form of confirmation on the enclosed copy of this letter and returning such copy to us.

As a matter of record, the Bank considers this investment project as Project No. 5 - Epple-Buxbaum-Werke Aktiengesellschaft.

Yours sincerely,

S. R. Cope
Director of Operations
Europe, Africa and Australasia

Enclosures

CONFIRMED:

OESTERREICHISCHE INVESTITIONSKREDIT
AKTIENGESELLSCHAFT

By_____

Date_____

cleared and cc: Mr. Apcar
Mr. Perram
Mr. Wiehen
Treasurer's

JHCollier:v mc

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Loan No. 237-AUA

(Epple-Buxbaum-Werke Aktiengesellschaft -
Project No. 5)

Oesterreichische Investitionskredit

Time of Prepayment or Redemption	Premium
Not more than two years before maturity	1/2%
More than two years but not more than four years before maturity	2%
More than four years but not more than six years before maturity	3-1/2%
More than six years but not more than eight years before maturity	4-3/4%
More than eight years before maturity	5-3/4%

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Loan No. 237-AUA

(Epple-Buxbaum-Werke Aktiengesellschaft -
Project No. 5)

Oesterreichische Investitionskredit

Amortization Schedule

Date Payment Due	Payment of Principal (expressed in dollars)*
October 1, 1962	U.S. $ 7,000
April 1, 1963	7,000
October 1, 1963	8,000
April 1, 1964	8,000
October 1, 1964	8,000
April 1, 1965	8,000
October 1, 1965	9,000
April 1, 1966	9,000
October 1, 1966	9,000
April 1, 1967	10,000
October 1, 1967	10,000
April 1, 1968	11,000
October 1, 1968	11,000
April 1, 1969	11,000
October 1, 1969	12,000
April 1, 1970	12,000
	U.S. $ 150,000

*To the extent that any part of the Loan is repayable in a currency other than dollars (see Loan Regulations Section 3.02), the figures in this column represent dollar equivalents determined as for purposes of withdrawal.

Austria - m 237

(5)

FORM NO. 27
(11-58)
INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

OUTGOING WIRE

INTERNATIONAL FINANCE
CORPORATION

TO: INVESTCRED
VIENNA

DATE: JUNE 6, 1961

IMRT

CLASS OF
SERVICE: LT

COUNTRY: AUSTRIA

TEXT:
Cable No.:

REURLET MAY 30 COMMA BANK HAS TODAY APPROVED PROJECT NUMBER FIVE EPPLE-BUXBAUM PROJECT AND CREDITED YOUR LOAN ACCOUNT IN AMOUNT OF US DOLLARS 150,000 STOP INTEREST RATE FIVE THREE QUARTERS PERCENT STOP LETTER FOLLOWS ✓ June 6/61

COPE

NOT TO BE TRANSMITTED

MESSAGE AUTHORIZED BY:

NAME SRCope

DEPT. Operations - EAA

SIGNATURE _____
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

ORIGINAL (File Copy)

(IMPORTANT: See back of yellow copy for guide in preparing form)

JHCollier:vmc

CLEARANCES AND COPY DISTRIBUTION:

cc and cleared: Mr. Apcar
Mr. Wiehen
Mr. Perram
cc: Treasurer's

For Use by Archives Division

Checked for Dispatch: _____

DISPATCHED

GENERAL FILES
CORRESPONDENCE

JUN 6 5 56 PM 1961

ÖSTERREICHISCHE INVESTITIONSKREDIT
AKTIENGESELLSCHAFT

Sekr/DrHa/Sch

WIEN I, AM HOF 4
TELEPHON 63 46 31 SERIE
CABLE: INVESTCRED
FERNSCHREIBER:
KONTROLLBANK 01-1441

May 30, 1961

International Bank for
Reconstruction and Development,
1818 H Street, N.W.,
Washington 25, D.C.,
U.S.A.

Attention: S.R.Cope, Director of Operations Europe,
Africa and Australasia

Gentlemen:

Loan 237 AUA - Epple-Buxbaum Project

With reference to your letter of April 27, 1961 we like to inform you on the funded debt situation of above mentioned project. There is a preceding ERP loan of a total of 4,450.000 AS, last repayment due on July 1, 1964 with an interest rate of 4-1/4% p.a. An additional ERP-loan was granted amounting to 1,500.000 AS, interest rate 4-1/4% p.a., full repayment due on January 1, 1965. Out of these two loans an amount of 2,141.974 AS is still open to be repaid. The third ERP-credit of 4,500.000 AS is granted, however, not paid out and will have equal ranking with our loan. The loan is repayable in 14 semi-annual instalments, beginning on January 1, 1962, interest rate 5% p.a. There is no change in the development of the project so that we uphold our project appraisal.

Balance sheets for 1960 are not yet prepared, we will forward them immediately after completion.

Thus, all requirements being fulfilled, we have declared effective the loan agreement on May 25, 1961 and kindly ask you to credit the respective Loan Account.

We remain,

Yours truly,

ÖSTERREICHISCHE INVESTITIONSKREDIT
AKTIENGESELLSCHAFT

ack June 6/61.

April 27, 1961

Gentlemen:

Loan 237 AUA - Epple-Buxbaum Project

With reference to your letter of April 19, 1961 we are pleased to inform you that the Bank is ready to approve the new, revised project on the condition that the amounts of the two ERP loans are inscribed in Section 10.09 of the Loan Agreement.

According to your letter of October 3, 1960, the conditions and exact amount of the new ERP loan should have been determined by now. We would like to receive this information, not only for the new ERP loan but also for the "old" one of "approximately AS 3 million" mentioned in your project appraisal.

In agreeing to approve this project, we assume that Investitionskredit is satisfied that the financial position of the borrowing firm has not deteriorated since our examination last fall. To complete our records, we would appreciate it if you would send us the financial statements (unaudited, if necessary) of the company for 1960.

Yours sincerely,

S. R. Cope
Director of Operations
Europe, Africa and Australasia

Oesterreichische
Investitionskredit A.G.
Am Hof 6
Vienna, Austria

Cleared and cc: Mr. Collier
Mr. Apcar
Mr. Wiehen
cc: Mr. Lejeune
Mr. Perram (cleared with)

O.M.
OMMyhrer:fgs

ÖSTERREICHISCHE INVESTITIONSKREDIT
AKTIENGESELLSCHAFT

Sekr/Sch

WIEN I, AM HOF 4
TELEPHON 63 46 31 SERIE
CABLE: INVESTCRED
FERNSCHREIBER:
KONTROLLBANK 01-1441

April 19, 1961

International Bank for
Reconstruction and Development,
1818 H Street, N.W.,
Washington 25, D.C.

Attention: Mr. S.R.Cope, Director of Department of
Operations, Europe, Africa and Australasia

Gentlemen:

Loan No.237 - AUA - Epple-Buxbaum Werke AG.
Project No. 5

With reference to your letter of approval of October 14, 1960 and our letter of November 9, 1960 we like to inform you that negotiations with the above mentioned Borrower have finally been concluded, that the loan amount, however, has been reduced to US-$ 150.000,--. Besides the Borrower asked for some minor changes of contractual stipulations which our institute approved of. We wish to draw the Bank's attention to the reduction of the ratio net current assets/net sales to 20% in Section 10.03. Considering the fact, however, that in relation to the reduced loan amount this concession is of little importance we assume that the Bank will uphold its approval of this project. The loan agreement is envisaged to be signed early next week and we shall inform you of its effectiveness immediately.

We remain,

Yours truly,

ÖSTERREICHISCHE INVESTITIONSKREDIT
AKTIENGESELLSCHAFT

ÖSTERREICHISCHE INVESTITIONSKREDIT
AKTIENGESELLSCHAFT

WIEN I, AM HOF 4
TELEPHON 63 46 31 SERIE
CABLE: INVESTCRED
FERNSCHREIBER:
KONTROLLBANK 01-1441

Sekr/Sch

April 19, 1961

International Bank for
Reconstruction and Development,
1818 H Street, N.W.,
Washington 25, D.C.

Attention: Mr. S.R.Cope, Director of Department of
Operations, Europe, Africa and Australasia

Gentlemen:

Loan No.237 - AUA - Epple-Buxbaum Werke AG.
Project No. 5

With reference to your letter of approval of October 14, 1960 and our letter of November 9, 1960 we like to inform you that negotiations with the above mentioned Borrower have finally been concluded, that the loan amount, however, has been reduced to US-$ 150.000,--. Besides the Borrower asked for some minor changes of contractual stipulations which our institute approved of. We wish to draw the Bank's attention to the reduction of the ratio net current assets/net sales to 20% in Section 10.03. Considering the fact, however, that in relation to the reduced loan amount this concession is of little importance we assume that the Bank will uphold its approval of this project. The loan agreement is envisaged to be signed early next week and we shall inform you of its effectiveness immediately.

We remain,

Yours truly,

ÖSTERREICHISCHE INVESTITIONSKREDIT
AKTIENGESELLSCHAFT

Austria - Ln 237
#5

FORM NO. 59
(2-55)

CROSS REFERENCE SHEET

COMMUNICATION: Letter

DATED: November 29, 1960

TO: Oesterreichische Investitionskredit AG, Am Hof 4, Vienna 1, Austria.

FROM: J. H. Collier

FILED UNDER: Austria - Loan 237 - Project 6

SUMMARY: Paragraph 2.

As we informed you by cable we have removed from the loan account the $385,000 for the Epple-Buxbaum project with effect from October 14 so that no commitment charge is now payable by you in respect of this project. We shall await further information from you about the company's decision in this case.

Austria Ln237 (5)

Messrs. Norman G. Jones & R.L. Prins November 16, 1960

Walter C. F. Rutland

Loan 237 AUA - Project No. 5 - Mauls-Burbaum-Werke

Effective October 14, 1960, the Loan Account has been reduced by $385,000 being amount previously credited in respect of subject Project. (Refer cable to Borrower of November 14, 1960 from Mr. Collier).

cc: Mr. Rigby
Mr. Deely
Mr. Ferran
Mrs. Brown
Mr. Matthews
Mr. Grothe
Mrs. Manion
Mr. Rutland
AFerran/jo

Form No. 27
(11-58)
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

OUTGOING WIRE

INTERNATIONAL FINANCE CORPORATION

Austria-Ln
237
(5)

TO: INVESTCRED
VIENNA

DATE: NOVEMBER 14, 1960

CLASS OF SERVICE: LT

COUNTRY: AUSTRIA

TEXT:
Cable No.:

Nov. 9/60

YOUR CABLE DATED NOVEMBER ELEVEN AND LETTER RE EPPLE BUXBAUM ARRIVED TODAY STOP LOAN ACCOUNT REDUCED BY $385,000 BEING AMOUNT PREVIOUSLY CREDITED IN RESPECT OF EPPLE BUXBAUM PROJECT STOP REDUCTION EFFECTIVE OCTOBER FOURTEEN HENCE NO COMMITMENT CHARGE PAYABLE BY YOU STOP [YOUR CABLE GARBLED HENCE POSITION RE LEIPNIK LUNDENBURGER NOT CLEAR PLEASE ADVISE STOP LETTER FOLLOWS] copied for #6.

COLLIER

NOT TO BE TRANSMITTED

MESSAGE AUTHORIZED BY: J.H. Collier.

NAME JHCollier

DEPT. Operations - EAA

SIGNATURE JHCollier:vmc

(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

CLEARANCES AND COPY DISTRIBUTION:

cleared and cc: Mr. Fontein
Mr. Apcar
Mr. Rutland
Mr. Perram

Copy in Leipnik - #6.

For Use by Archives Division

ORIGINAL (File Copy)

ORTANT: See back of yellow copy for guide in preparing form)

Checked for Dispatch: CA

KONTROLLBANK LN

FS NR 3377 11.11.1960

Nov-10/60

YOUR CABLE LEIPNIK-LUNDENBURGER STOP REFER TO

Nov. 9/60 Project 5-

OUR LETTER EPPEL-BUXBAUM ASKING YOU TO CONSIDER

PROCEDURE AS PREVIOUSLY UNDERTAKEN THAT YOU CREDIT

OUR SUBSIDIARY LOAN AGREEMENT HAS BEEN DECLARED

EFFECTIVE BY US STOP ANY DIFFERENT PROCEDURE WOULD

NECESSITATE A CHANGE IN OUR NEGOTIATIONS WITH THE SUBSIDIARY

BORROWER

INVESTCRED

KONTROLLBANK WN

Copy in Project #6-

Austria Ln 237 (5)

ÖSTERREICHISCHE INVESTITIONSKREDIT
AKTIENGESELLSCHAFT

Sekr/DrHa/Sch

WIEN I, AM HOF 4
TELEPHON 63 46 31 SERIE
CABLE: INVESTCRED
FERNSCHREIBER:
KONTROLLBANK 01-1441

November 9, 1960

International Bank for
Reconstruction and Development,
1818 H Street, N.W.,
Washington 25, D.C.

Attention: Mr. S.R.Cope, Director of Department of
Operations, Europe, Africa and Australasia

Gentlemen:

Loan No. 237-AUA-Epple-Buxbaum-Werke AG.

Refering to your letter of October 14, 1960 we regret to inform you that the contractual arrangements with the Borrower have not yet been concluded. The prospective Borrower wrote to us to inform our institution that the decision on whether he will ask for the loan or not is at the moment difficult to take and he, therefore, wants to postpone the loan to the early spring 1961.

We have declined an arrangement as proposed. We have offered the Borrower the understanding that the amount in question will be reserved on the condition that a commitment charge will be paid.

You have credited our Loan Account, however, with your letter of October 14, 1960. This procedure has not been so far customary. You have always waited until we confirmed that the contractual agreement has been signed. Since we were under the impression that the respective loan agreement with our Borrower would be signed in a few days we did not want to cause any imposition by asking you to revise this procedure, if possible. It might well be that the Loan Agreement will not be signed at all. In this case we would have had to pay commitment charge without a credit existing.

Would you kindly review this problem and give us notice of your decision. In the matter itself we shall keep you informed.

We remain,

Yours truly,

ÖSTERREICHISCHE INVESTITIONSKREDIT
AKTIENGESELLSCHAFT

See Nov. 14/60 cable

AKTIENGESELLSCHAFT
ÖSTERREICHISCHE INVESTITIONSKREDIT

Sekr\Dtha\Sch

WIEN I, AM HOF 4
TELEPHON 63 46 31 SERIE
CABLE: INVESTCRED
FERNSCHREIBER:
KONTROLLBANK 01-1441

November 9, 1960

International Bank for
Reconstruction and Development,
1818 H Street, N.W.,
Washington 25, D.C.

Attention: Mr. S.H.Cope, Director of Department of
Operations, Europe, Africa and Australasia

Gentlemen:

Loan No. 521-AUA-Epple-Buxbaum-Werke AG.

Referring to your letter of October 14, 1960 we regret to inform you that the contractual arrangements with the Bottomer Werke have not yet been concluded. The prospective Bottomer wrote to us to inform our institution that the decision on whether he will ask for the loan or not is at the moment difficult to take and he, therefore, wants to postpone the loan to the early spring 1961.

We have declined an arrangement as proposed. We have offered the Bottomer the understanding that the amount in dispute will be reserved on the condition that a commitment charge will be paid.

You have credited our Loan Account, however, with your letter of October 14, 1960. This procedure has not been so far customary. You have always waited until we confirmed that the contractual agreement has been signed. Since we were under the impression that the respective loan agreement with our Bottomer would be signed in a way that we did not want to cause any importation by asking you to revise this procedure, it would be just the loan agreement will not be signed at all. In this case we would have had to pay commitment charge without a credit extending.

Would you kindly review this problem and give us notice of your decision. In the matter itself we shall keep you informed.

We remain,

Yours truly,

ÖSTERREICHISCHE INVESTITIONSKREDIT
AKTIENGESELLSCHAFT

Austria - Ln 237 (5)

Messrs: Norman G. Jones
and B. L. Prins
Walter C. P. Rutland

October 19, 1960

LOAN 237 AUA - Project No. 5 - Epple - Buxbaum - Werke.

Effective October 14, 1960 the Bank credited the Loan Account in the amount of 385,000 in respect of subject Project. The rate of interest on this part of the Loan is 5-3/4% per annum (Refer cable to Borrower from Mr. Cope dated October 14, 1960).

cc: Mr. Rigby
Mr. Deely
Mr. Matherate
Mr. Matthews
Mr. Grothe
Mr. Perram
Miss Charalambous
Mr. Rutland

APerram/mh

October 14, 1960

Oesterreichische Investitionskredit
Aktiengesellschaft
Am Hof 4
Vienna, Austria

Gentlemen:

Thank you for your letter of October 3, containing some further information on the Epple-Buxbaum project and enclosing copies of the loan agreements with Epple-Buxbaum and Leipnik-Lundenburger. We enclose a formal letter of approval for the Epple-Buxbaum project.

We have meanwhile studied the Leipnik-Lundenburger project. We find the project itself acceptable but we note that investments in the power plant have already been carried out. As you know, it is not the Bank's policy to use its loans for re-financing operations and Section 3.02 of the Loan Agreement enables us to refuse reimbursement of expenditures made more than 90 days before submission of the project to the Bank. Would you therefore give us some additional information on this aspect of the project, including the dates when the main parts of the equipment were ordered and paid for, and the reason why the company now seeks to re-finance these expenditures?

Yours sincerely,

J. H. Collier
Department of Operations
Europe, Africa and Australasia

JHCollier:vmc

cc and cleared: Mr. Apcar
Mr. Fontein
Mr. Perram

✓ Leipnik-Lundenburger project

October 14, 1960

Oesterreichische Investitionskredit
Aktiengesellschaft
Am Hof 4
Vienna, Austria

Gentlemen:

Loan No. 237-AUA - Project No. 5 -
Epple-Buxbaum-Werke Aktiengesellschaft

Referring to the Loan Agreement (Second Industrial Credit Project) dated September 25, 1959 between us, and to our cable of today, we hereby wish to confirm our approval, pursuant to Section 3.02 of the Loan Agreement, of the Epple-Buxbaum-Werke project referred to above for credit to the Loan Account. We have therefore, today, pursuant to Section 2.02 of the Loan Agreement, credited the Loan Account in the amount of $385,000 in respect of this project. In accordance with Section 2.05 of the Loan Agreement, the rate of interest on this part of the Loan so credited to the Loan Account is 5-3/4% per annum.

In accordance with Section 2.07 of the Loan Agreement, we hereby enclose an amortization schedule and schedule of premiums on prepayment and redemption in respect of the part of the Loan credited to the Loan Account for the above project. Please confirm your agreement therewith by signing the form of confirmation on the enclosed copy of this letter and returning such copy to us.

As a matter of record, the Bank considers this investment project as Project No. 5: Epple-Buxbaum-Werke Aktiengesellschaft.

Yours sincerely,

S. R. Cope
Director of Operations
Europe, Africa and Australasia

Enclosures

CONFIRMED:

OESTERREICHISCHE INVESTITIONSKREDIT
AKTIENGESELLSCHAFT

By_____

Date_____

JHCollier:vmc

cc and cleared: Mr. Fontein
Mr. Apcar
Mr. Perram

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Loan No. 237-AUA (Epple-Buxbaum-Werke - Project No. 5)

Oesterreichische Investitionskredit

Amortization Schedule

Date Payment Due	Payment of Principal (expressed in dollars)*
October 1, 1962	US $ 18,000
April 1, 1963	19,000
October 1, 1963	20,000
April 1, 1964	20,000
October 1, 1964	21,000
April 1, 1965	22,000
October 1, 1965	22,000
April 1, 1966	23,000
October 1, 1966	24,000
April 1, 1967	25,000
October 1, 1967	26,000
April 1, 1968	27,000
October 1, 1968	28,000
April 1, 1969	29,000
October 1, 1969	30,000
April 1, 1970	31,000
	US $ 385,000

*To the extent that any part of the Loan is repayable in a currency other than dollars (see Loan Regulations, Section 3.02), the figures in this column represent dollar equivalents determined as for purposes of withdrawal.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Loan No. 237-AUA (Epple-Buxbaum-Werke - Project No. 5)

Oesterreichische Investitionskredit

Time of Prepayment or Redemption	Premium
Not more than two years before maturity	1/2%
More than two years but not more than four years before maturity	2%
More than four years but not more than six years before maturity	3-1/2%
More than six years but not more than eight years before maturity	4-3/4%
More than eight years before maturity	5-3/4%

FORM No. 27
(11-58)
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

OUTGOING WIRE

INTERNATIONAL FINANCE CORPORATION

TO: INVESTCRED
VIENNA

DATE: October 14, 1960

CLASS OF SERVICE: LT

COUNTRY: AUSTRIA

TEXT:
Cable No.:

MRC

REURLET OCTOBER 3 COMMA BANK HAS TODAY APPROVED PROJECT NO. 5 EPPLE-BUXBAUM AND CREDITED YOUR LOAN ACCOUNT IN AMOUNT OF US DOLLARS 385,000 STOP INTEREST RATE FIVE THREE QUARTERS PER CENT STOP LETTER FOLLOWS

COPE

NOT TO BE TRANSMITTED

MESSAGE AUTHORIZED BY:

NAME S.R.Cope

DEPT. Director, Department of Operations, EAA

SIGNATURE _____
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

CLEARANCES AND COPY DISTRIBUTION:

JHCollier:fgs

cc: Mr. Perram
Mr. Apcar
Mr. Fontein

For Use by Archives Division

Checked for Dispatch: _____

ORIGINAL (File Copy)

(IMPORTANT: See back of yellow copy for guide in preparing form)

FORM NO. 57
(5-48)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

OFFICE MEMORANDUM

TO: Mr. S. R. Cope

DATE: October 14, 1960

FROM: J. H. Collier

SUBJECT: AUSTRIA

Attached is a formal letter of approval of the Epple-Buxbaum project. This project was approved in principle by our letter of September 22 but formal approval was delayed pending receipt of the subsidiary loan agreement.

Also attached is a letter concerning the latest project we have received, the Leipnik-Lundenberger project, This project is quite acceptable except that a substantial part of the equipment included in the definition of the project appears to have been already installed. The Working Party feels that we should know what the position is in more detail before approving the project; we would be reluctant to turn the project down but we do not wish Investitionskredit to think that our principle against using our funds for re-financing is a dead letter.

This project concerns the modernization of a sugar factory. You will remember that we looked into the economic situation of the Austrian sugar industry in connection with a project for the first IVK loan (the project was later withdrawn) and concluded that there was no good reason for objecting to a loan for this purpose.

cc: Mr. Apcar
Mr. Fontein
Mr. Perram

copy in Leipnik-Lundenberger project.

Mr Collier

ÖSTERREICHISCHE INVESTITIONSKREDIT
AKTIENGESELLSCHAFT

Sekr/Sch

WIEN I, AM HOF 4
TELEPHON 63 46 31 SERIE
CABLE: INVESTCRED
FERNSCHREIBER:
KONTROLLBANK 01-1441

October 3, 1960

International Bank for
Reconstruction and Development,
1818 H Street, N.W.,
Washington 25, D.C.

Attention: Mr. S.R. Cope, Director of Operations
Europe, Africa and Australasia

Gentlemen:

Epple-Buxbaum Project

We confirm receipt of your letter of September 22, 1960 and thank you for having accepted the Epple-Buxbaum Project for Bank financing. In order to complete your records we are pleased to give you the following answers to your questions:

1. The conditions and the exact amount of the ERP-loan will be fixed in a meeting of the decisive body of the ERP-authorities, which will take place early in October. As soon as we receive more detailed informations we shall advise you accordingly.

2. It is not possible to give an exact analysis of the profit before depreciation, interest and taxes (line 25 of our balance analysis) separate for each of the Borrower's three main products for the years 1960, 1961 and 1962. The development of sales, expenditures and earnings of the Financial Forecast was precisely calculated and based on the recalculation of series produced for each of the main products of the year 1959, on a very accurate personnel planing for the period 1960-1964, and on a cautious projection of the development of expenditures. For details as regards cost of materials according to production branches in the years 1960-1964 see Annex 1. A plan showing the Borrower's prospective labor power in the same period is given in Annex 2. The development

ack Oct. 14/60.

of operating expenditures was calculated in proportion to the income from production based on the figures of 1959 and, in addition, includes reserves not carried as assets in connection with the execution of the project in 1961.

A recalculation for the year 1959 shows the following profit before taxes and after calculated depreciation, interest and sales tax for each of the Borrower's main products:

		in 1000 AS
Harvester thresher (Epple Mobil 2S)	about	10,000.--
Pick-up press (Paladin)		1,900.--
Chopping machine (Blasius)		1,100.--

The amount of the profits for each of the main products in 1959 was due to the relatively modest volume of series and that production was hampered by the beginning transformation of the plant. Profits are expected to increase substantially on account of the rationalization of production and the reduction of costs, which will be achieved by the project.

3. Answering this question we refer to Annex 3 to this letter.

Please find also enclosed five drafts each of the loan agreements with Epple-Buxbaum and Leipnik-Lundenburger.

We hope that above informations will cover all points raised in your letter and remain,

Sincerely yours,

ÖSTERREICHISCHE INVESTITIONSKREDIT
AKTIENGESELLSCHAFT

Encl.

FORM No. 57
(5-48)

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

OFFICE MEMORANDUM

TO: Mr. S. R. Cope

DATE: September 22, 1960

FROM: O. Myhrer O.M.

SUBJECT: AUSTRIA - Loan 237-AUA - Epple-Buxbaum Project

1. Attached for your signature is a letter informing the IVK that we have found this project technically and financially acceptable for Bank financing. We have not yet received the text of the subsidiary loan agreement.

2. The prospective beneficiary is Epple-Buxbaum-Werke, a producer of agricultural machinery, founded in 1873 and established as a joint stock company in 1922. The share capital of Sch. 10 million is reported to be widely distributed. The company is located in the center of the agricultural region of Upper Austria and is known to be well run, commercially as well as technically.

3. The plant is in some respects outdated, and the project is to renew the machinery within a framework of general rationalization and expansion of production facilities. The project, which should result in a threefold increase in production with a 50% addition to the labor force, would be completed by 1962, and is estimated to cost altogether Sch. 53 million, with Sch. 23 million invested in fixed assets.

4. The proposed loan amounts to Sch. 10 million, which would carry 7 1/4% interest, and be amortized over 12 years, including 2 years of grace. To protect the loan, the company would deposit a mortgage deed in the amount of Sch. 11 million on its total real estate. In addition to this loan, there would be a loan out of ERP funds, the terms of which we do not yet know.

5. The Working Party recommends that the attached letter be sent to the IVK.

September 22, 1960

Oesterreichische Investitionskredit A.G.
Am Hof 4
Vienna, Austria

Gentlemen:

Loan 237-AUA - Emmle-Bumbaum Project

We have received your appraisal of this project and are pleased to inform you that we have found it technically and financially acceptable for Bank financing. Apparently by oversight, we have not yet received the text of the subsidiary loan agreement and we should like to receive copies before the project is formally approved. Would you therefore please send us the usual number of copies of the draft agreement at your earliest convenience.

In order to complete our records, we would also appreciate the following additional information:

1. Terms and conditions of the Sch. 4.5 million ERP loan.

2. Amount of profit from the three agencies in each of the years 1960-1962, as included in the overall profit in annex 5, line 25 of your project appraisal.

3. In its market report, the company indicates that it expects to sell approximately 900 - 1,000 mobile harvester threshers per year. May we have estimates of annual sales for each of the three models for the period 1960-1964, together with information as to the company's annual production capacity for these models over the same period.

We have just received today the project appraisal for the Leipnik-Lundenburger Zuckerfabrik and in this case also we should appreciate it if you would send us copies of the subsidiary loan agreement. *

Sincerely yours,

S. R. Cope
Director of Operations
Europe, Africa and Australasia

C.M.
Cryhrer:vmc

cleared and cc: Mr. Collier
Mr. Apcar
Mr. Fontein
cc: Mr. Perram

* Copy in Leipnik project

Austria Ln 237

The Working Party

September 14, 1960

G.A. Apcar

Epple-Buxbaum-Werke A.G., Wels - Loan 237-AUA

The above mentioned project has been submitted by IVK for the Bank's approval.

1. Proposed Loan Credit

Loan of S.10.0 million required to finance the modernization and to increase capacity of existing facilities. The company, after a market study, decided to concentrate its production of farm equipment to three models, namely a) mobile harvester threshers, b) pick-up pressure presses, and c) chopping machines.

2. The Borrower

The company, manufacturers of farm equipment, was founded in 1873 and turned into a joint stock company in 1922. Its share capital, S.10.0 million, is widely distributed. The president of the company is Dr. W. Strohschneider; the management rests with Dr. Otto Edlinger and Dipl. Ing. Heinz Schwinner. IVK is satisfied that the company is well run from both the technical and commercial standpoint.

3. Financial Position

As at December 31, 1959 the company's long-term debts amounted to S.5.5 million, of which approximately S.3.0 million was represented by counterpart loan funds. Equity amounted to S.32.7 million and the debt/equity ratio was 14:86. On the assumption that the project is approved the debt/equity ratio will be approximately 32:68. The current ratio is satisfactory; in 1958 and 1959 it was 173:100 and 176:100 respectively. A comparison of the company's balance sheet for the past four years is summarized below:

	1956	1957	1958	1959
	--In Millions of Schillings--			
Fixed Assets	24.693	22.018	19.987	20.380
Inventories	23.370	28.232	36.361	29.125
Current Assets	5.973	6.729	8.411	12.087
Total Assets	54.036	56.979	64.759	61.592
Equity	36.339	35.587	32.983	32.710
Long-term debt	6.726	6.334	5.875	5.534
Short-term debt	10.971	15.058	25.901	23.348
Total Liabilities	54.036	56.979	64.759	61.592
Ratios				
Current Assets/Current Liabilities	267:100	232:100	173:100	176:100
Debt/Equity	16:84	15:85	15:85	14:86

Operating results (including agency profits) for 1958 and 1959 were as follows (in millions of Schillings):

	1958	1959
Profits before depreciation, taxes and interest	6,768	6,102
Less: interest and taxes	2.426	1.859
Profits before depreciation	4.342	4.243
Depreciation	4.041	3.840
Net Profit	0.301	0.403
Debt Service Coverage	3.8	3.3

4. Financing of the Project

It is proposed to finance the project on the following lines:

Source	1959-1962 (In Mils. of Schillings)
IVK Loan	10.0
ERP Loan	4.5
Profits	14.496
Depreciation	24.030
	53.026

Allocation

Fixed Assets	- Machinery	18.1
	- Buildings	4.152
	- Reserves	1.108
Current Assets	- Increase in inventories	26.969
	- Miscellaneous	2.697
		53.026

The following is an estimate of operating income (from production only) for the years 1959 (actual) through 1962 (in millions of Schillings):

	Actual	Estimated		
	1959	1960	1961	1962
Gross Operating Income	56.172	84.130	122.416	139.454
Less Operating Costs	50.904	75.159	96.418	111.154
Net Operating Income before taxes, interest and depreciation	5.268	8.971	25.998	28.300

Forecasts of operating results (including profits from agencies)* for 1960 through 1962 are summarized hereunder (in millions of Schillings):

	1960	1961	1962
Profits before Depreciation, Taxes, Interest	9.497	26.534	28.836
Less: Interest and Taxes	2.071	13.336	14.903
Profits before Depreciation	7.426	13.198	13.933
Less: Depreciation	7.253	6.510	6.427
Net Profit	0.173	6.688	7.506
Debt Service Coverage	4.5	7.2	5.7

5. Market

The borrower's main foreign competitor on the Austrian market for mobile harvester threshers is Glass of Western Germany, whose products are presently selling at 20% higher than the borrower's. There is a 12½% import duty for this item. Hofherr and Schrantz, who are the borrower's sole Austrian competitors, are not considered serious challengers.

The Austrian Institute of Agrarian Technics has tested and endorsed the borrower's product as highly satisfactory.

The Austrian Ministry of Agriculture and Forestry estimates the demand for mobile harvesters at 15,000 - 20,000 units over the next 4 - 8 years. It should, therefore, not be overoptimistic to assume a demand of approximately 2,000 units p.a. The life of the machine is estimated at 10 years, and it is assumed that normal annual demand will continue at approximately 2,000 units p.a.

The borrower's forecasts for 1960 through 1962 are based on sales of approximately 900 units for local consumption, plus 100 units for export. This is not considered overoptimistic.

The demand in Austria for pick-up pressure presses is estimated at between 20,000 - 30,000 units p.a. Foreign pick-up presses are approximately 25% more expensive than the borrower's product, there being a 15% import duty on this item. Speiser of Göppingen, Germany is the distribution agent for the borrower's product in Germany. No indication is given in the Appraisal Report as to the borrower's estimated production capacity for this model, or the estimated sales.

The Stationary Chopping Machine was first introduced in quantity in 1959, when the demand exceeded the supply. Currently the borrower enjoys a 60% share of the market. German products are 30%

* It is estimated that profits from agencies ~~will amount to approximately S.0.536 per annum less income from other investments and interest received.~~ and income from other investments will amount to approximately S0.536 million per annum.

higher than the domestic equivalent, there being an 18% import duty. The Appraisal Report does not indicate what the 60% share of the market represents.

Assuming that during its first year of full operation (1961) total sales were to reach only 70% of the forecast, the debt service coverage (forecast, 7.2) would be satisfactory at 3.7 times.

6. Terms of the Loan and Protective Covenants

a) The borrower to pay interest on the IVK loan at 7-1/4% p.a. The loan to be repaid within 10 years, including a two-year grace period. The first maturity will fall due on September 30, 1962.

b) A mortgage deed amounting to S.11.0 million to rank equally with the ERP loan of S.4.5 million.

c) Restrictions on payments of dividends (or other profits) if as a result the net current assets fall below 25% of operating income. The borrower will not incur additional long-term debt without IVK's approval, if as a result thereof, the debt/equity ratio would exceed 50:50.

7. Summary and Conclusions

The project is considered sound, both technically and financially, and it is recommended that IVK be informed of the Bank's approval of its application subject to the Subsidiary Loan Agreement being satisfactory. In this connection it should be mentioned that the Subsidiary Loan Agreement was not included with the Appraisal Report.

So as to complete our records we would appreciate the following additional information:

1. Terms and conditions of the S.4.5 million ERP loan.

2. A breakdown of estimated profits from the three agencies for the period 1960-1962.

3. In its market report the company indicates that it expects to sell approximately 900 - 1,000 mobile harvester threshers p.a. May we have a breakdown of the estimated annual sales for the three models for the period 1960 - 1964 together with information as to the company's annual production capacity for these models over the same period.

4. Additional information on investments in machinery to support the company's assumption that the proportion of labor costs to operating income may be expected to be reduced from 24% in 1959 to less than 13% in 1964.

G.A. Apcar:hm.
cc: Messrs: O.M. Myhrer, D.J. Fontein, A.R. Perram
and Operational Files.

FILES.
P. 100

4 copies

ÖSTERREICHISCHE INVESTITIONSKREDIT
AKTIENGESELLSCHAFT

Sekr/DrHa/Sch

WIEN I, AM HOF 4
TELEPHON 63 46 31 SERIE
CABLE: INVESTCRED
FERNSCHREIBER:
KONTROLLBANK 01-1441

August 31, 1960

International Bank for
Reconstruction and Development,
1818 H Street, N.W.,
Washington 25, D.C.

Attention: Mr. S.R. Cope, Director of Department of Operations, Europe, Africa and Australasia

Gentlemen:

Please find enclosed 5 copies of the English version of our project appraisal concerning a credit to

Epple-Buxbaum-Werke Aktiengesellschaft

amounting to AS 10 million for financing a rationalization and enlargement project in existing plant installations.

The project was submitted to the working party of the Board of Directors on July, 28 1960, and received its unanimous approval.

We, therefore, submit this project to the Bank in accordance with Article III, Section 3.02, of the Loan Agreement between us, No. 237 AUA, of September 25,1959 for approval.

Should any further additional informations be deemed necessary, we are, of course, glad to furnish them immediately.

Looking forward to your favorable decision in due time, we remain,

Yours truly,

ÖSTERREICHISCHE INVESTITIONSKREDIT
AKTIENGESELLSCHAFT

Encl.

FILES.
P 100

ÖSTERREICHISCHE INVESTITIONSKREDIT
A K T I E N G E S E L L S C H A F T

Sekr/Drka/Sch

WIEN I, AM HOF 4
TELEPHON 88 46 21 SERIE
CABLE: INVESTCRED
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KONTROLLBANK 01-1441

August 31, 1960

International Bank for
Reconstruction and Development,
1818 H Street, N.W.,
Washington 25, D.C.

Attention: Mr. S.R. Cope, Director of Department of
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for approval.

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immediately.

Looking forward to your favorable decision in due time,
we remain,

Yours truly,

ÖSTERREICHISCHE INVESTITIONSKREDIT
AKTIENGESELLSCHAFT

Encl.