Today. For tomorrow. For us.

ANNUAL REPORT 2019
ÖBB-INFRASTRUKTUR AG

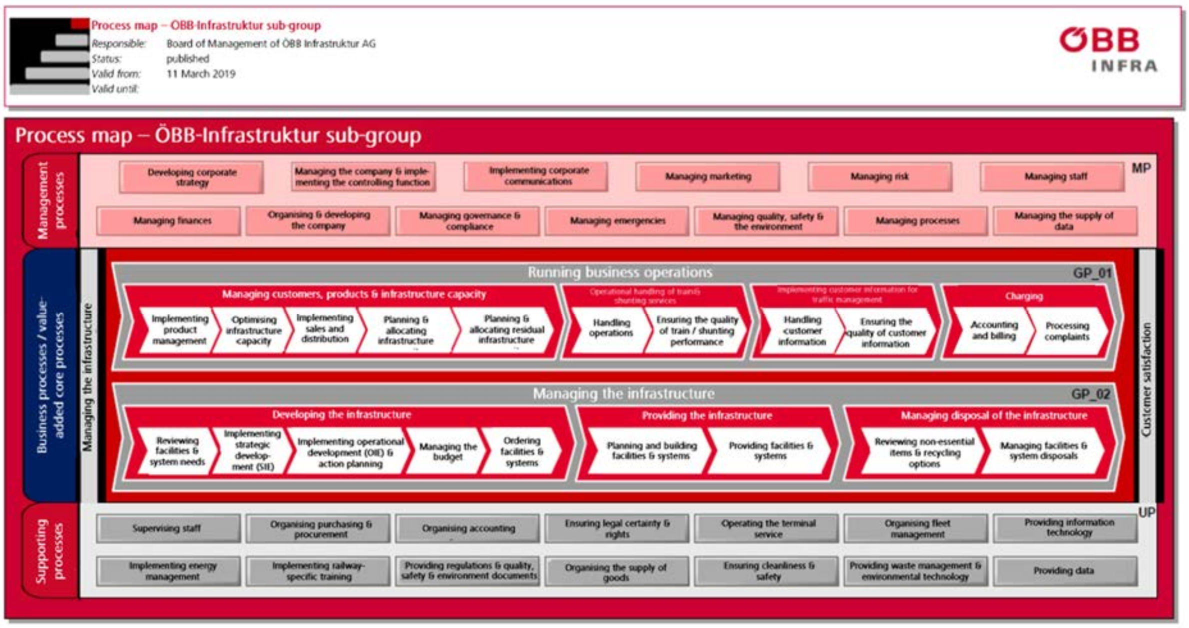
Contents

Consolidated Management Report

A. Group structure and investments

The ÖBB-Infrastruktur Group must ensure the economic and efficient use of Austria's railway infrastructure and its availability to all railway operators on a non-discriminatory basis. At the same time, the ÖBB-Infrastruktur Group builds Austria's railway infrastructure on behalf of the Republic of Austria. The financing of the capital expenditures in rail infrastructure development is ensured through the cash flow generated, outside capital and guarantees and investment grants from the federal government on the basis of multi-year master plans. Management, development and utilisation of real estate belonging to the ÖBB Group is the responsibility of ÖBB-Immobilienmanagement Gesellschaft mbH, a subsidiary of ÖBB-Infrastruktur AG.

The following process map provides an overview of all the company's essential and value-added processes. The focus here is on presenting the various correlations together with a focus on customers and value creation. It is structured according to process category (business, management and support processes) and broken down into different levels of detail.



ÖBB-Infrastruktur AG operates a certified integrated management system that supports and monitors improvements in the areas of quality, environmental protection, employee safety and security. External audits are at the beginning of the audit cycle, internal audits support the process of continuous improvement in the corporate group. At the end of the audit period, the efficacy results are included in the management evaluation. The integrated management system follows the generally accepted management cycle Plan – Do – Check – Act. The Board of Management of ÖBB-Infrastruktur AG is informed of the measures, goals and effectiveness of the integrated management system as part of an annual management evaluation.

ÖBB-Infrastruktur AG and its major subsidiaries are certified according to the relevant international standards listed below. The Asset Management and Strategic Planning division was also able to complete its ISO 55001 certification in addition to the standards stated above for the integrated management system.

	ISO 9001: 2015	ISO 14001: 2015	OHSAS 18001: 2007	ISO 55001: 2014	SMS in accordance with the Federal Railways Act (EisbG) Section 39	SCC
ÖBB-Infrastruktur AG	X	X	X		X	
Asset Managment and Strategic Planning Division				X		
ÖBB-Immobilienmanagement GmbH	X	X	X			
Rail Equipment GmbH & Co KG	X	X	X			
Mungos Sicher & Sauber GmbH & Co KG	X	X				X

The parent company Österreichische Bundesbahnen-Holding Aktiengesellschaft (hereinafter ÖBB-Holding AG) is a joint-stock corporation under Austrian law. The registered office of the company is at Am Hauptbahnhof 2, A-1100 Vienna, and the company is registered in the Company Register at the Commercial Court Vienna under number FN 247642f. The federal government holds all shares in ÖBB-Holding AG, which holds all shares in ÖBB-Infrastruktur AG.

Investments

All of ÖBB-Infrastruktur Group's investments are listed in detail in the investment overview in the annex to the Group's consolidated financial statements. An overview of the number of investments in Austria and abroad (incl. ÖBB-Infrastruktur AG) is provided below:

	as of Dec 31, 2019	as of Dec 31, 2018
Investments >50%	20	23
Investments 20-50%	3	3
thereof abroad	*1*	*1*
Investments <20%	3	3
thereof abroad	*2*	*2*
Total	**26**	**29**
thereof abroad	*3*	*3*

The ÖBB-Infrastruktur Group

The ÖBB-Infrastruktur Group, with a total of 18,734 employees, operates 1,048 stations and stops in Austria, as well as the rail infrastructure used by ÖBB-Personenverkehr AG, Rail Cargo Austria AG, two other companies belonging to the ÖBB Group and other railway undertakings (RUs) not belonging to the ÖBB Group.

ÖBB-Infrastruktur AG has the following material subsidiaries and investments:

ÖBB-Immobilienmanagement Gesellschaft mbH

ÖBB-Immobilienmanagement Gesellschaft mbH offers modern real estate services, both within the Group and externally. ÖBB owns 23,000 buildings, making it one of Austria's largest property owners. ÖBB-Immobilienmanagement Gesellschaft mbH – a wholly-owned subsidiary of ÖBB-Infrastruktur AG – provides integrated real estate services, primarily within ÖBB Group. Its responsibilities include the sale and exploitation of real estate, project development, implementation of the railway station initiative, property management, facility management and space management. It develops and sells properties that are not necessary for operations and is responsible for the life cycle management of an extensive portfolio of 4,038 buildings and 1,048 railway stations and stops. The services portfolio comprises both commercial and technical facility management and facilities responsibility for virtually all superstructures owned by the ÖBB Group, including train stations. Its area of responsibility also includes the creation of quality standards and test systems relevant to structural engineering. Across Austria, a team of about 800 employees ensures professional and efficient management of the extensive services portfolio. For the ÖBB-Infrastruktur Group EUR 50.3 million (PY: EUR 77.7 million) in the financial year 2019 were generated from the sale of properties (revenues less carrying amounts and provisions).

In addition to the tasks in facility management in the area of station and property management, the ownership role for all properties (building constructions and land) as well as for passenger stations should be emphasised. ÖBB-Immobilienmanagement GmbH is therefore responsible for the overall appearance of the railway station for the purposes of the mobility chain, with station buildings, forecourts, streets, paths, park & ride facilities, customer sanitary facilities, platforms up to the edge of the platform, etc. It is the qualified point of contact both within the Group and for customers, neighbouring residents, local authorities and interest groups. Some of the most important meaningful quality indicators of ÖBB real estate management are: quality check, malfunction indicators and complaints.

The overall target value set for customer satisfaction (average of all categories in QC) was achieved in 2019. There was even a slight increase achieved in customer satisfaction as compared with 2018. The requirements related to cleanliness and maintenance with respect to the target value defined for 2019 were exceeded slightly, and the annual result in the area of safety is also within the target value range. A slight increase was achieved in accessibility as compared with the previous year. The number of system-related immediate measures to be initiated in 2019 declined towards the end of the year. The monthly average of 241 immediate measures was below the number for 2018 (301 immediate measures). The average number of immediate measures for each station also halved to 0.16 from 0.33 in the previous year. The number of immediate measures at the start of the survey in 2013 was comparatively low at 7,000 per month. The total number of complaints in the 2019 financial year amounted to 1,647 and was therefore 5% higher than in 2018. The increase occurred primarily in the service area. An improvement of 8% was achieved in the area of safety as compared with the previous year. The same level was maintained in cleanliness. The breakdown in the number of complaints is as follows: Service complaints 1,181, safety complaints 176, cleanliness complaints 290. Measured against 261.4 million passengers (total number in 2018) this represents 0.63 complaints per 100,000 passengers, which is a minimal increase compared to the previous year (0.60 complaints).

Mungos Sicher & Sauber GmbH & Co KG

Mungos is the Group's internal complete provider of security and cleanliness services. With respect to cleaning services, stations throughout Austria (i.e. the area visible to customers) are cleaned by Mungos staff. The cleaning services include daily or regular maintenance cleaning as well as special cleaning (such as cleaning for roofs or the application of floor sealants). The employees' expertise is particularly significant here: Mungos has employees in every federal province or area who have passed the master craftsman's examination in cleaning, thereby ensuring good advice for internal clients. Mungos offers a comprehensive service to railway operators involving graffiti removal from trains. Mungos has been the general service provider for operational safety and security services in the ÖBB Group since Jan 01, 2017. Mungos Security ensures security and order at stations, with all stations in Austria serviced either by mobile patrols or by stationary staff based on an intelligent area concept reflecting the actual situation. The portfolio has also included strategic security services since Jan 01, 2019 in addition to operational security services through the integration of public security (formerly Group Security). Mungos is thereby developing into a one-stop shop within the Group and guarantees efficient service provision. In addition to the cleaning and security staff, all operational ÖBB customer information staff at the stations are also part of Mungos. Mungos is the face of ÖBB-Infrastruktur AG to the end customer through its products. Mungos GmbH & Co KG has also been acting since Sep 01, 2019 as an employment agency for employees who have been hired on a permanent contract.

Rail Equipment GmbH & Co KG

The procurement and Group-wide rental and utilisation of specialty rail vehicles and equipment and road vehicles, their purchasing, financing, servicing, and maintenance are the responsibility of Rail Equipment GmbH & Co KG. In addition, Rail Equipment GmbH & Co KG supports the strategic orientation of the ÖBB Group towards a total mobility service provider by serving the last mile.

Güterterminal Werndorf Projekt GmbH

Güterterminal Werndorf Projekt GmbH was established under a public/private partnership model to create the Werndorf Cargo Terminal and was acquired by ÖBB-Infrastruktur AG in 2012.

WS Service GmbH

WS Service GmbH was established at the end of 2013 and provides services for and in connection with switch points, and therefore in particular for the maintenance, inspection and repair of these. ÖBB-Infrastruktur AG holds 51% of WS Service GmbH.

Weichenwerk Wörth GmbH

Weichenwerk Wörth GmbH is Austria's market leader in the production of switch points, insulated rail joints, and switch-related logistics services and has also positioned itself as an exporter to Southeastern and Western Europe primarily in the areas of superstructure and industrial switch points. The holding in Weichenwerk Wörth GmbH amounts to 43.05%.

Galleria die Base del Brennero – Brenner Base Tunnel BBT SE

ÖBB-Infrastruktur AG has held a 50% stake in Galleria di Base del Brennero - Brenner Basistunnel BBT SE since 2011 and therefore in the major project "Construction of the Brenner Base Tunnel". The necessary funding is provided to ÖBB-Infrastruktur AG in addition to the applicable master plan of the Republic of Austria. For the acquisition of the shares, the Republic of Austria has made a shareholder contribution to ÖBB-Infrastruktur AG via ÖBB-Holding AG in the amount of the cost of the investment.

Breitspur Planungsgesellschaft mbH

The object of Breitspur Planungsgesellschaft mbH is to plan the continuation of the 1,520-millimetre broad-gauge rail infrastructure from the border of Ukraine through Slovakia to and within Austria. The stake in this company amounts to 25%.

Other significant subsidiaries

Some real estate projects are handled by independent project companies. Particularly worth mentioning here are ÖBB-Realitätenbeteiligungs GmbH & Co KG, Elisabethstraße7 Projektentwicklung GmbH & CO KG, Elisabethstraße 9 Projektentwicklung GmbH &Co KG, Gauermanngasse 2–4 Projektentwicklung GmbH & Co KG, Operngasse 16 Projektentwicklung GmbH& Co KG, Mariannengasse 16–20 Projektentwicklung GmbH & Co KG.

The ÖBB-Infrastruktur Group not only provides the Austrian rail infrastructure, but also employs a total of 18,734 people. ÖBB-Infrastruktur AG cooperates with partners in the following areas:
- Construction
- Transport
- Technical equipment
- Information technology and telecommunications
- Facility management
- Office supplies
- Disposal etc.

Branch offices

The ÖBB-Infrastruktur Group has no plants or branches.

B. General conditions and market environment

Please note in particular that the statements under "General conditions and market environment" and "Economic and forecast report" and on the probable development of the Group are based on estimates (e.g. studies etc.) which do not yet take the influence of the global coronavirus crisis into account, as this cannot be assessed at the present time. Please refer to Note 36 to the Consolidated Financial Statements for further information on the coronavirus crisis.

B.1. General economic conditions

Global economic development

As already forecast for 2018, after years of stable economic development, global growth declined in 2019. At 2.9%, the increase was of the lowest level since 2009 and thus also 0.4 percentage points below the forecast from the first quarter of 2019. For the year 2020, global economic growth is expected to increase again to 3.3%.[1]

The main driver of the economic slowdown in 2019 was the weakening of economic development in the industrialised countries. The dip in growth in most emerging markets should be overcome again in the coming year. On the other hand, the industrialised countries, particularly the US and the eurozone, are expected to remain weak.[2]

Global economic situation (Change in % compared to the previous year)

Key figures and forecasts for global economic performance		2018	2019	2020
Gross domestic product, real	Eurozone	1.9	1.2	1.3
	US	2.9	2.3	2.0
	China	6.6	6.1	6.0
	World trade	3.6	2.9	3.3
Global trade (goods and services), real		3.7	1.0	2.9
Value added in industrial production (manufacture of goods), real *)		3.2	2.7	-
Crude oil price (USD)		29.4	-11.3	-4.3
Commodity price (USD)		1.6	0.9	1.7

*) Time series only available without forecast.
Source: IMF, UNIDO.

A major factor for the cooling of the economy in 2019 was the weakening of world trade. Growth rates of container handling in international seaports have fallen continuously since 2018. The main reasons for this were the decline in Chinese domestic demand and the ongoing trade conflict with the US in conjunction with a lower growth in industrial production. At the same time, major commodity indices showed a downward trend. For example, after an all-time high in 2018, the price of steel has fallen by 1.3% since the beginning of the year. After a weak performance, the copper price showed an upward trend again at the end of the year[3].

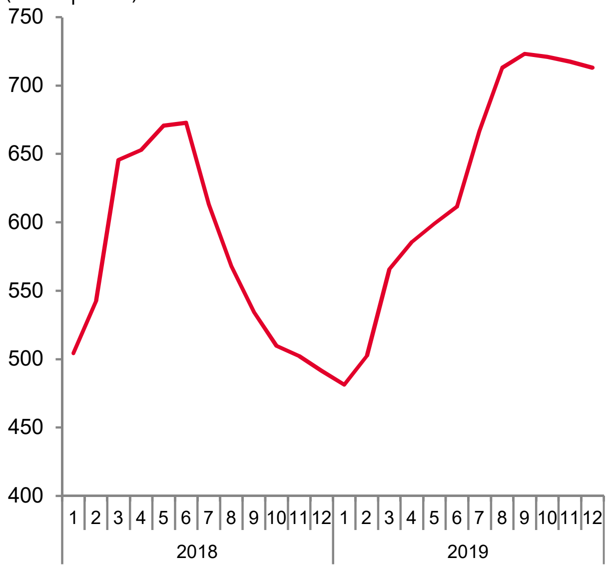
While the forecasts for 2020 in the industrial sector remain subdued, a turnaround is expected in 2020 for global trade and economic development as a whole.[4] One indication that the bottom of the development of global trade has been reached was the upward trend of the HARPEX price index for container shipping over the whole of 2019.

[1] IMF.
[2] IMF.
[3] Trending economic factors (steel) and macrotrends (copper).
[4] IMF.

The price trend is also an important early indicator for the economy. The rate of inflation was 2.0% in 2018. This was the highest figure since 2012. Consumer prices are expected to rise again globally in the industrialised countries in 2020, following a decline of 0.5 percentage points in 2019.[5] However, inflation expectations for the eurozone remain subdued at 1.2% for both 2019 and 2020, after 1.8% in 2018.[6] Accordingly, the monetary policy of the European Central Bank (ECB) maintains an expansionary course. The US Federal Reserve has raised the key interest rate almost continuously since 2015, reaching a target corridor of 1.75% to 2.00%. In the eurozone on the other hand, this key rate will remain at 0% at least until mid-2020 following the last decision of the ECB Governing Council in September 2019.[7] Interest rates on deposits at the ECB by commercial banks remain negative and at -0.5% p.a. are at their lowest level since 2014.[8]

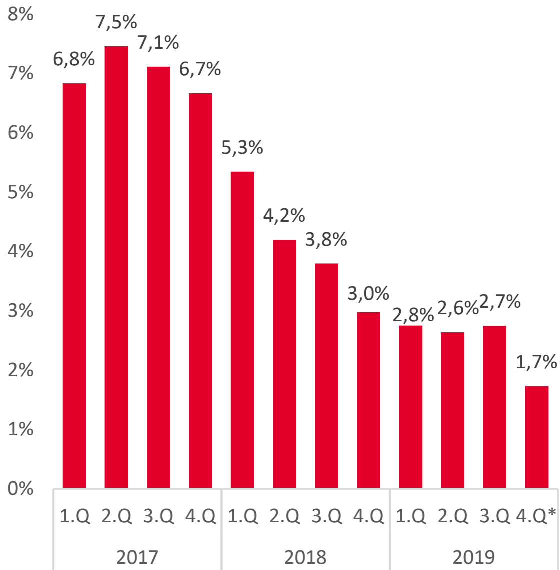
Development of worldwide container transport

Price index for container transport (HARPEX) (index points)



Source: Baltic Exchange, Harper Petersen & Co.

RWI/ISL Container Throughput Index (change in %)



*provisional assessment.
Source: RWI and ISL

European economic development

The economic slowdown had already started in 2018 and continued into 2019. At 1.2%, growth in 2019 was of its lowest level since 2014. The forecast for 2020 is also cautious with growth of 1.3% expected.[9] The exchange rate of the euro continued to decline year-on-year and stood at USD 1.1221 at the end of the year, which equates to a minus of 2.1%.[10]

Austrian economic development

As a small open economy, Austria was particularly affected by the cooling of the international economy. The growth rate for 2019 was 1.7%, 0.7 percentage points below the previous year's figure. For 2020, an increase of only 1.2% is forecast.

In particular, the slack in German industry had a dampening effect on Austrian growth. After a strong first quarter of 2019 and a drastic decline in the second quarter, the production index was already negative in the third quarter. This downward trend also continued in the fourth quarter of 2019. Expectations for 2020 remain extremely cautious in the manufacturing sector with growth forecast at just 0.4%.

[5] IMF.
[6] European Commission.
[7] ÖNB.
[8] ECB.
[9] IMF.
[10] Finanz.at.

Key data and forecasts for the economic situation in Austria

Parameter	Unit	2018	2019	2020
Gross domestic product, real	Change in %	2.4	1.7	1.2
Thereof manufacture of goods	Change in %	5.1	1.1	0.4
Goods exports	Change in %	6.4	2.3	2.4
Goods imports	Change in %	4.0	2.4	2.3
Gross capital investment, real	Change in %	3.9	3.1	1.6
Private consumer spending, real	Change in %	1.1	1.5	1.6
Inflation rate	Change in %	2.0	1.5	1.5
Maastricht deficit	in % of the GDP	0.2	0.6	0.3
Unemployment rate	in % of the labour force	4.9	4.6	4.7

Source: WIFO.

Economic development in Austria is supported by continuous stable private consumption. In the medium term, economic growth is expected to remain low but stable at roughly the same level as in 2020. The main factor here remains stable domestic consumption.[11]

Development of industrial production (excluding the construction industry) in Austria (production index, adjusted for employment, % change compared to the same quarter of the previous year)

*) Only October and November.
Source: Statistik Austria.

Capital markets and national budget

Since October 2016, the Austrian Federal Financing Agency (Österreichische Bundesfinanzierungsagentur, OeBFA), among others, has been raising the necessary funds for the infrastructure investments of ÖBB-Infrastruktur AG on the capital market. The financing costs are therefore determined by the interest rate of government bonds. The issue yields for government bonds reached a historical low of 0.18% in 2019 with an average term of around 15 years. From the third quarter of 2019 onwards, the average yield of issues was negative across the board, even regardless of their terms. At -0.09%, the average current yield of Austrian federal bonds for the full year 2019 also slipped into negative territory.[12] This means that investors are willing to pay to have a safe form of investment. This trend can also be observed outside of Austria. In Germany, federal bonds have been issued with negative yields since mid-2019. The reasons for this development lie in the continuing low interest rate level combined with restrained inflation and economic activity.[13]

[11] WIFO.
[12] ÖNB.
[13] Handelsblatt.

B.2. Political and regulatory framework

The Corporate Affairs Department at ÖBB-Holding AG focuses on the legislative initiatives in Austria and Brussels that are relevant for ÖBB and represents the interests of the ÖBB Group in this context. The employees at Corporate Affairs analyse the political framework conditions, write up position papers as well as amendments and prepare information for decision-makers. To this end, they are regularly in contact with ÖBB experts and then with external stakeholders.

The political and media dialogue in Austria and Europe was strongly influenced by climate change and the discussion about necessary CO_2 reduction measures, especially in the second half of 2019. Embedded in this topic setting, ÖBB was able to communicate its positioning as Austria's largest climate protection company in line with its services. In parallel with this, numerous activities to reduce CO_2 emissions were initiated and continued – such as the expansion of the "ÖBB Rail&Drive" car sharing offer and the presentation of the CO_2 savings of each passenger on each rail journey.

Corporate affairs activities in Austria in 2019 are focused on the areas of energy, goods transport and bus transport. The objectives included reducing the railway's tax burden for energy and reducing the distortion of competition between rail and road.

At the European level, the political framework conditions were marked by significant systemic changes. The ongoing negotiations on the UK's withdrawal from the EU (Brexit), the election of a new European Parliament and a new EU Commission were political events that dominated the political environment. Apart from Brexit, the central topics of the political debate were the new financial framework for the next 5-year legislative period on the one hand, and measures in the fight against climate change on the other.

Corporate Affairs has drawn up position papers, including on the subject of "More freight by rail" or the "European research programme Horizon Europe" and shared these with stakeholders, opinion leaders and advocacy groups in Austria and at EU level.

Issues management in Austria

Various topics and legislative proposals were dealt with related to rail in Austria, such as the amendment of the Railway Act, the tax reform and the law on the expansion of renewable energies. The required upgrade for capacities of the rolling highway on the Brenner Pass to cushion the impact of a tightened sectoral driving ban was another topic covered.

Elections were held in Austria in September 2019 followed by government negotiations. In the run-up, ÖBB addressed its concerns to all parties. The objective was and is to achieve CO_2 savings and more climate protection in the transport sector. Accordingly, the following priorities were proposed:
- Further upgrading the railway infrastructure with a focus on local transport and goods transport lines in order to create sufficient capacities for the modal shift to rail in the medium term as well;
- Strengthening and upgrading regional bus transport as the backbone of public transport and transport to the railways;
- Targeted promotion of the use of alternative drive systems in road and rail transport and provision of the necessary charging infrastructure;
- Shift freight transport to rail by creating fair competition conditions between road and rail (fuel taxation, tolls, transparency of external costs).

Issues management in Brussels

Corporate Affairs activities at the EU level focused on maintaining contacts with the new or re-elected Members of the European Parliament (MEPs) following the results of the EU elections in May. The focus was on the dialogue with the members of the Transport and Environment Committees and MEPs with an affinity for railways as well as on the hearings of the new commissioners in the European Parliament.

In parallel, the negotiations at Council level and after the summer break in the European Parliament (EP) were intensively monitored. The dossiers in this context were bus liberalisation, passenger rights, tolls as well as passenger transport rights, the research framework programme and combined transport. Furthermore, electronic freight documents, social rights of lorry drivers, free access to passenger data as well as to collective action through position papers, formulated amendments and stakeholder discussions were also on the agenda.

The intensive cultivation of contacts with stakeholders was continued steadily, among other things by participating in an event of the Austrian Economic Chambers Professional Association of Track Railways Fachverband Schienenbahnen in Brussels. ÖBB's positive presence at the European level is visible in the election of ÖBB Holding CEO Andreas Matthä as Chairman of the Community of European Railway and Infrastructure Companies (CER).

B.3. Market environment

Railway upgrades within Austria continued in 2019 in accordance with the Infrastructure Master Plan 2018 to 2023. One focus is the upgrade of the Austrian part of the international Baltic-Adriatic axis. This includes major infrastructure projects such as the Koralm Railway and the Semmering Base Tunnel as well as the Vienna-Bratislava link.[14] At the borders and in the immediate and wider surroundings of Austria, infrastructure measures are being implemented that have an impact on rail transport to and through Austria.

There will be two improved routes to Slovenia in future: the Maribor route and thus the connection between Graz and Ljubljana and the Adriatic ports of Trieste and Koper will be expanded.[15] Preparations are also underway for the renewal of the Karawanks Tunnel. Both are branches of the Alps-Western Balkans corridor.[16] In September 2019, the eleventh European freight corridor, known as the Amber Corridor, was officially put into operation.[17] This connects the Slovenian port of Koper with Hungary, Slovenia and Poland and runs largely parallel to the Baltic-Adriatic Corridor.[18] The route directly to the port of Koper will also be massively improved: in 2019, the building concession for a double-track upgrade was granted.[19]

ÖBB-Infrastruktur AG holds a 50% stake in the Austrian-Italian company for the construction of the Brenner Base Tunnel (BBT SE). The connection of the Brenner base tunnel is crucial for the further development of the Scandinavian-Mediterranean corridor. The central challenge remains the development and construction of access routes in neighbouring countries.

China's "New Silk Road" initiative influences current and future freight traffic flows from the East and South-East to and through Austria. As early as 2016, the Chinese shipping company COSCO took over the majority of the Greek port of Piraeus. In 2019, China signed contracts for investments in Italian ports as well as in the Croatian port of Rijeka including connections to the hinterland. The upgrade and improvement of the Budapest – Belgrade railway line is also part of the Chinese efforts in Europe. Chinese companies and the Russian state railway RŽD are expanding sections of the line in Serbia. A Chinese-Hungarian consortium was awarded the contract to upgrade the Hungarian section of the line in 2019.[20] In Austria, there are plans to extend the Eurasian broad-gauge railway network from eastern Slovakia to the Vienna area. In 2019, there were intensive discussions about the possible location of a terminal – in northern Burgenland or in Lower Austria.[21]

Vienna is receiving a second electrified rail connection to the neighbouring Slovakian capital Bratislava. Electrification is scheduled for completion in 2022, as is the partial double-track upgrade of the "Marchegger branch". The measures will reduce the travel time between Vienna and Bratislava in regional transport by around 25 minutes. Travel time reductions of up to 40 minutes should even be possible for high-ranking long-distance transport between Austria and Slovakia.[22]

The number of passengers has risen sharply in recent years, especially at Vienna International Airport. In 2019 the Administrative Court issued a positive final ruling on the environmental impact assessment for the third runway. The airport link project is designed to improve the airport's connection to the high-performance rail network. This will further strengthen the function of the railway as an airport feeder from all over Austria. However, the possibilities for railways to compete with short-haul flights will be further improved in return. The train path selection procedure for this project was started in 2019.[23]

From December 2020, the railway line between Munich and Zurich will be able to be operated electrically throughout.[24] In the already electrified Austrian part of the line, the double-track upgrade started in November 2019. The electrification of the Lindau – Munich line and the electrification also underway in Germany between Lindau and Ulm will increase the attractiveness of the northern access routes to the ÖBB Cargo Terminal in Wolfurt.[25]

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[14] BMK.
[15] DVZ, Slovenia Times.
[16] European Commission.
[17] Railway Gazette.
[18] Ports Europe.
[19] Railway Pro.
[20] Deutsche Welle, Railfreight.com, Railway Pro, Industry Europe.
[21] Kurier.
[22] BMK.
[23] ORF.
[24] Neue Züricher Zeitung.
[25] Deutsche Bahn.

C. Economic report and outlook

Please note in particular that the statements under "General conditions and market environment" and "Economic and forecast report" and on the probable development of the Group are based on estimates (e.g. studies etc.) which do not yet take the influence of the global coronavirus crisis into account, as this cannot be assessed at the present time. Please refer to Note 36 to the Consolidated Financial Statements for further information on the coronavirus crisis.

C.1. Revenues

Overview	2019	2018	Change	Change in %	
Mil. train-kilometres	156.4	154.4	2.0	1%	
Total gross tonnage-kilometres in million	78,698.0	78,190.7	507.3	1%	
Self-generated traction power from ÖBB power plants in GWh	722	678	44	6%	
Traction power from overhead contact line in GWh	1,830	1,847	-17	-1%	
Floor space incl. exterior spaces rented out in thousands m²	2,672	2,683	-11	0%	
Revenue in EUR million	1,023.5	1,049.2	-25.7	-2%	*)
Total revenue in EUR million	3,380.2	3,303.9	76.3	2%	
Total revenue per employee in kEUR	184	182	2	1%	

*) adjusted comparative amounts, see Note 3 in the Notes to the Consolidated Financial Statements.

Performance indicators

The development of train-kilometres (Tkm) is an important indicator for assessing the operating performance of the ÖBB-Infrastruktur Group. Compared to the previous year, performance volume increased by 2.0 million Tkm to a total of 156.4 million Tkm (PY: 154.4 million Tkm).

Development of train-kilometres by type of traffic in millions	2019	2018	Change	Change in %
Passenger transport	107.6	105.9	1.7	2%
thereof ÖBB Group	*99.2*	*97.4*	*1.8*	*2%*
Goods transport	41.5	41.0	0.5	1%
thereof ÖBB Group	*30.4*	*30.7*	*-0.3*	*-1%*
Service trains and light engines	7.3	7.5	-0.2	-3%
thereof ÖBB Group	*5.5*	*5.8*	*-0.3*	*-5%*
Total	**156.4**	**154.4**	**2.0**	**1%**
thereof ÖBB Group	***135.1***	***133.9***	***1.2***	***1%***

The development of total gross tonne-kilometres (TGTkm) is another indicator used to assess business performance. While in the 2018 financial year external railway operators accounted for 16.0 billion TGT km or 20% of the total, in 2019, they accounted for 17.0 billion TGT km, which corresponds to 22% of the total.

Development of gross tonnage-kilometres by type of traffic in millions	2019	2018	Change	Change in %
Passenger transport	31,111.8	30,690.4	421.4	1%
thereof ÖBB Group	*28,553.1*	*28,070.9*	*482.2*	*2%*
Goods transport	46,499.7	46,347.7	152.0	0%
thereof ÖBB Group	*32,292.1*	*33,160.1*	*-868.0*	*-3%*
Service trains and light engines	1,086.5	1,152.6	-66.1	-6%
thereof ÖBB Group	*855.0*	*925.5*	*-70.5*	*-8%*
Total	**78,698.0**	**78,190.7**	**507.3**	**1%**
thereof ÖBB Group	***61,700.2***	***62,156.5***	***-456.3***	***-1%***

Other key performance indicators for the sales generated are the generation of traction power in ÖBB's own power plants and the rentable area of the properties.

Development of the electricity sector:

Traction power in GWh	2019	2018	Change	Change in %
Self-generated traction power from ÖBB power plants	722	678	44	6%
Traction power from overhead contact line	1,830	1,847	-17	-1%

Development of the rentable areas:

Floor space incl. rentable exterior spaces in thousands m²	2019	2018	Change	Change in %
Usage by external parties (outside the Group)	623	642	-19	-3%
Usage by ÖBB Group companies other than ÖBB-Infrastruktur AG	321	319	2	1%
Usage by ÖBB-Infrastruktur AG	556	550	6	1%
Vacant and public space	1,153	1,152	1	0%
Floor space	**2,653**	**2,663**	**-10**	**0%**
Exterior spaces rented out	19	20	-1	-5%
Total portfolio	**2,672**	**2,683**	**-11**	**0%**

As in the prior year, the floor space of buildings incl. rentable exterior spaces amounts to 2.7 million m², of which one-fourth is rented out to third parties. The rest is rented out within the Group, used by the ÖBB-Infrastruktur Group itself or consists of public and vacant spaces.

Revenue

Revenue ÖBB-Infrastruktur Group in EUR million	2019	2018	Change	Change in %	
Total group revenue	1,288.4	1,309.7	-21.3	-2%	*)
less intra-group revenue	-264.9	-260.5	-4.4	2%	
Revenue	**1,023.5**	**1,049.2**	**-25.7**	**-2%**	*)
Other income (consolidated)	2,356.7	2,254.7	102.0	5%	*)
Total income	**3,380.2**	**3,303.9**	**76.3**	**2%**	
thereof with other entities of the ÖBB Group	*714.2*	*743.1*	*-28.9*	*-4%*	

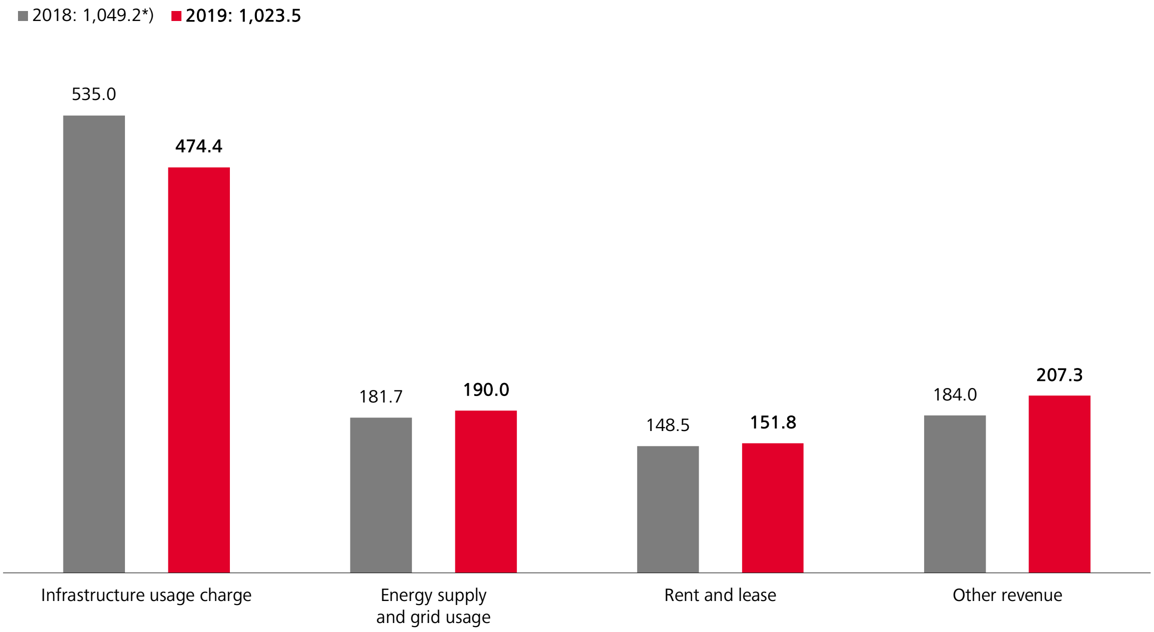
*) adjusted comparative amounts, see Note 3 in the Notes to the Consolidated Financial Statements.

As mentioned above, consolidated revenue reached EUR 1,023.5 million (PY: EUR 1,049.2 million), of which EUR 714.0 million (PY: EUR 742.9 million) are attributable to companies of other sub-groups of the ÖBB Group.

With an average number of employees of 18,359 (PY: 18,137 employees), the revenue per employee is EUR 56 thousand (PY: EUR 58 thousand).

Revenue is mainly generated in Austria. Revenues in the amount of EUR 27.3 million (PY: EUR 21.6 million) was generated with customers abroad. This revenue mainly relates to the supply of energy and the infrastructure usage charge.

Development of the group revenue in EUR million



*) adjusted comparative amounts, see Note 3 in the Notes to the Consolidated Financial Statements.

C.2. Result of operations

Overview	2019	2018	Change	Change in %
EBIT[26] in EUR million	575.2	603.1	-27.9	-5%
EBIT margin[27] in %	17.0%	18.3%	-1.3%	-7%
EBITDA[28] in EUR million	1,386.0	1,379.8	6.2	0%
EBT in million EUR	38.3	45.3	-7.0	-15%
Return on equity[29] in %	2.7%	3.2%	-0.5%	-16%
Return on assets[30] in %	2.3%	2.5%	-0.2%	-8%

[26] EBIT corresponds to earnings (not including earnings of investments accounted for using the equity method) on the Consolidated Income Statement.
[27] EBIT margin: EBIT/total income.
[28] EBITDA: EBIT + depreciation and amortization.
[29] Return on equity: EBT/shareholders' equity.
[30] Return on total assets: EBIT/total capital.

Structure of the Income Statement

The Income Statement of the ÖBB-Infrastruktur Group is structured as follows:

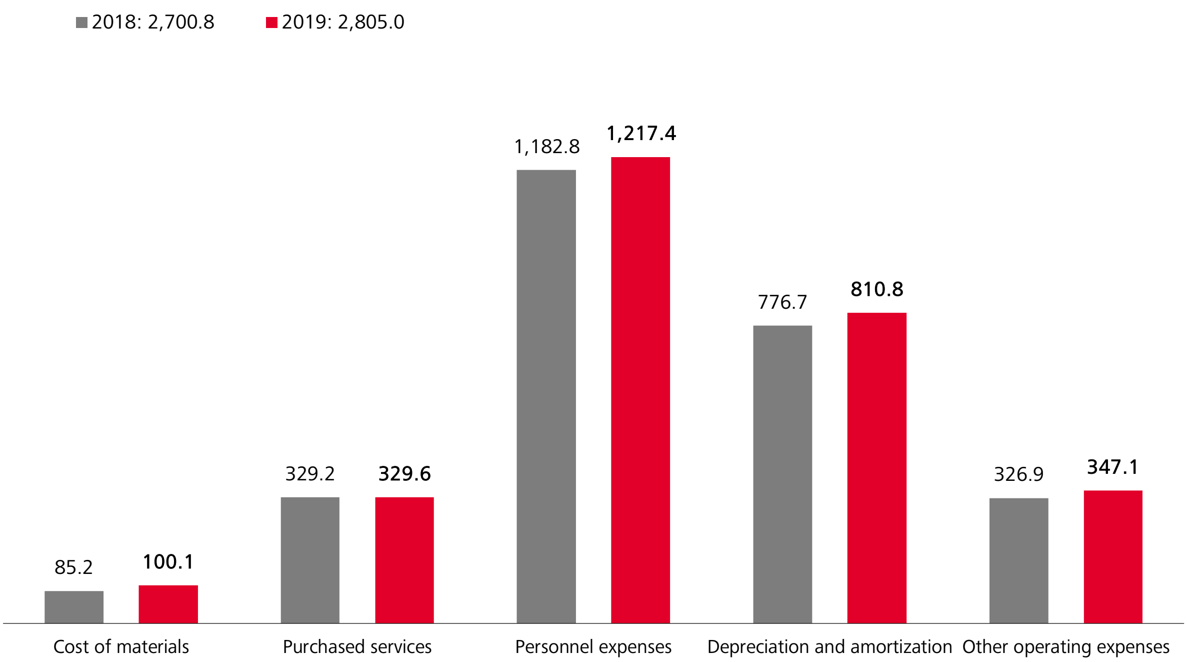
Structure of the Income Statement in EUR million	2019	in % of total income	2018	in % of total income	Change	Change in %	
Revenue	1,023.5	30%	1,049.2	32%	-25.7	-2%	*)
Other own work capitalised	312.3	9%	306.3	9%	6.0	2%	
Other operating income and increase/decrease of inventories	2,044.4	61%	1,948.4	59%	96.0	5%	*)
Total income	**3,380.2**	**100%**	**3,303.9**	**100%**	**76.3**	**2%**	
thereof from other Group entities	***714.2***	***21%***	***743.1***	***22%***	***-28.9***	***-4%***	
Cost of materials	100.1	3%	85.2	3%	14.9	17%	
Purchased services	329.6	10%	329.2	10%	0.4	0%	
Personnel expenses	1,217.4	36%	1,182.8	36%	34.6	3%	
Depreciation and amortization	810.8	24%	776.7	24%	34.1	4%	
Other operating expenses (incl. impairments on trade receivables)	347.1	10%	326.9	10%	20.2	6%	
Total expenses	**2,805.0**	**83%**	**2,700.8**	**82%**	**104.2**	**4%**	
thereof from other Group entities	***233.3***	***7%***	***226.1***	***7%***	***7.2***	***3%***	
EBIT	**575.2**	**17%**	**603.1**	**18%**	**-27.9**	**-5%**	
Financial result	-536.9	-16%	-557.8	-17%	20.9	4%	
thereof from other Group entities	*-2.1*	*0%*	*-1.1*	*0%*	*-1.0*	*0%*	
EBT	**38.3**	**1%**	**45.3**	**1%**	**-7.0**	**-15%**	

*) adjusted comparative amounts, see Note 3 in the Notes to the Consolidated Financial Statements.

Total income of the ÖBB-Infrastruktur Group in the reporting period amounted to EUR 3,380.2 million (PY: EUR 3,303.9 million), with an average of 18,359 employees (PY: 18,137 employees) resulting in an amount per employee of EUR 184 thousand (PY: EUR 182 thousand).

Total expenses in the ÖBB-Infrastruktur Group amounted to EUR 2,805.0 million (PY: EUR 2,700.8 million) and was divided between the following expense categories:

Development of operating expenses in EUR million



The average personnel expenses per employee in the ÖBB-Infrastruktur Group amounted to EUR 66 thousand (PY: EUR 65 thousand). This corresponds to a payroll ratio[31] of 43% (PY: 44%).

The material intensity[32] was 4% (PY: 3%). As in the prior year the average expenses for materials and services received per employee amounted to kEUR 23.

The ÖBB-Infrastruktur Group recorded a negative financial result for the reporting period of 536.9 million (PY: EUR 557.8 million).

EBT decreased to EUR 38.3 million (PY: EUR 45.3 million).

C.3. Net assets and financial position

Overview	Dec 31, 2019	Dec 31, 2018	Change	Change in %
Total assets in EUR million	25,296.7	24,166.2	1,130.5	5%
PP&E-to-total-assets ratio[33] in %	93%	93%	0%	0%
PP&E-to-net-worth ratio[34] in %	6%	6%	0%	0%
PP&E-to-net-worth ratio II[35] in %	89%	90%	-1%	-1%
Equity ratio[36] in %	6%	6%	0%	0%

Structure of the Statement of Financial Position

The Statement of Financial Position of the ÖBB-Infrastruktur Group developed as follows:

Structure of the Consolidated Statement of Financial Position in EUR million	Dec 31, 2017	Dec 31, 2018	Structure 2018	Dec 31, 2019	Structure 2019	Change from 2018 to 2019
Non-current assets	22,665.9	23,637.9	98%	24,730.0	98%	1,092.1
Current assets	489.1	528.3	2%	566.7	2%	38.4
Total assets	**23,155.0**	**24,166.2**	**100%**	**25,296.7**	**100%**	**1,130.5**
Shareholder's equity	1,337.8	1,427.0	6%	1,420.4	6%	-6.6
Non-current liabilities	20,067.6	18,809.7	78%	19,564.7	77%	755.0
Current liabilities	1,749.6	3,929.5	16%	4,311.6	17%	382.1

Total assets of the ÖBB-Infrastruktur Group rose to EUR 25,296.7 million in the reporting period (PY: EUR 24,166.2 million). The increase in non-current assets is mainly due to investments in property, plant and equipment and the first-time application of IFRS 16 starting on Jan 01, 2019. More information on capital expenditure in the financial year is provided in Chapter C.4. Capital expenditure and financing measures.

The decrease in shareholders' equity, to EUR 1,420.4 million (PY: EUR 1,427.0 million), produced an equity ratio of 6%, unchanged from the previous year.

Trade receivables increased from EUR 128.5 million to EUR 202.4 million. Working capital[37] totalled EUR -325.9 million (PY: EUR -473.3 million).

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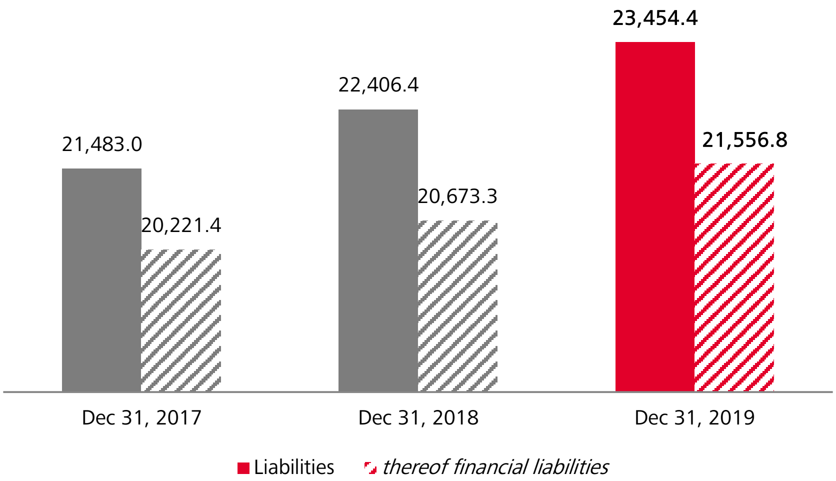
[31] Payroll ratio: personnel expenses/total expenditure.
[32] Material intensity: cost of materials/total expenditure.
[33] PP&E ratio: Property, plant and equipment/total assets.
[34] PP&E-to-net-worth ratio: equity/property, plant and equipment.
[35] PP&E-to-net-worth ratio II: (equity + non-current borrowings) / property, plant and equipment.
[36] Equity ratio: Equity / total capital.
[37] Working Capital: inventories (excl. real estate recovery projects) + trade receivables – trade payables – prepayments for inventories.

Liabilities in EUR million



In total, the liabilities of the ÖBB-Infrastruktur Group increased in the reporting period by 5% to EUR 23,454.4 million (PY: EUR 22,406.4 million).

For explanations of significant provisions, please refer to Note 26 in the Notes to the Consolidated Financial Statements.

Notes to the Consolidated Statement of Cash Flows

In the financial year, the free cash flow[38] decreased to EUR -852.2 million (PY: EUR -475.3 million).

Abstract from the Group Cash Flow Statement in EUR million	Dec 31, 2019	Dec 31, 2018	Change
Cash flow from operating activity	1,039.6	1,199.8	-160.2
Cash flow from investing activity	-1,891.8	-1,675.1	-216.7
Free cash flow	-852.2	-475.3	-376.9
Cash flow from financing activity	768.1	271.5	496.6
Cash-effective change of funds	-84.1	-203.8	119.7

The detailed Consolidated Statement of Cash Flow is included in Note 34 to the Consolidated Financial Statements.

C.4. Capital expenditure and financing measures

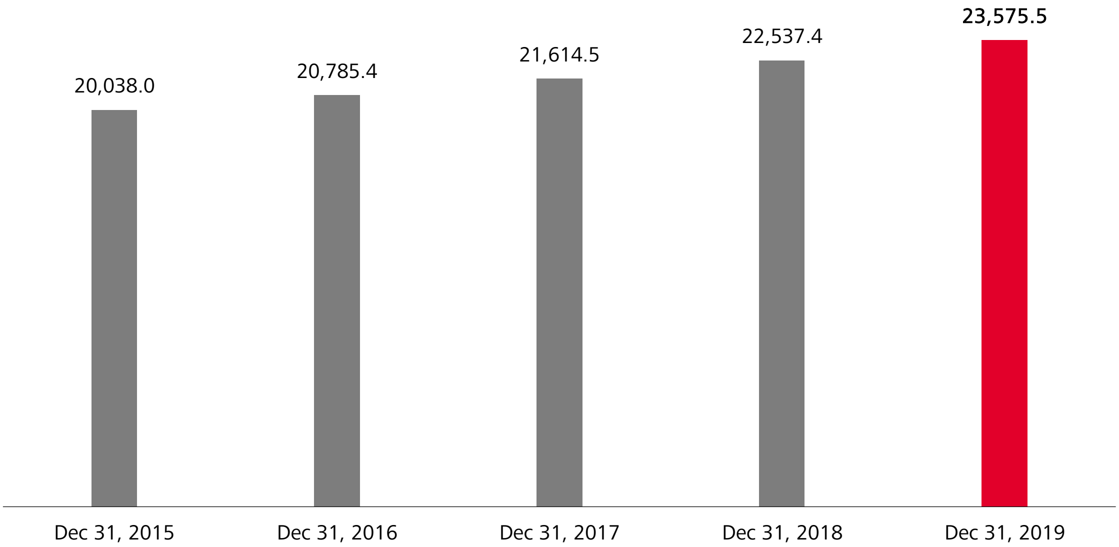
Overview	2019	2018	Change	Change in %
Capital expenditure in EUR million	2,129.7	1,985.0	144.7	7%
Capital expenditure ratio of total income[39] in %	57%	56%	1%	2%
Capital expenditure ratio of carrying amounts[40] in %	9%	9%	0%	0%

In total, the ÖBB-Infrastruktur Group invested EUR 2,129.7 million (PY: EUR 1,985.0 million), equivalent to a capital expenditure ratio of 57% (PY: 56%) of total income and, just as in the previous year, 9% of the carrying amount as of Jan 01. The calculation is made based on gross investment previous to the deduction of investment grants.

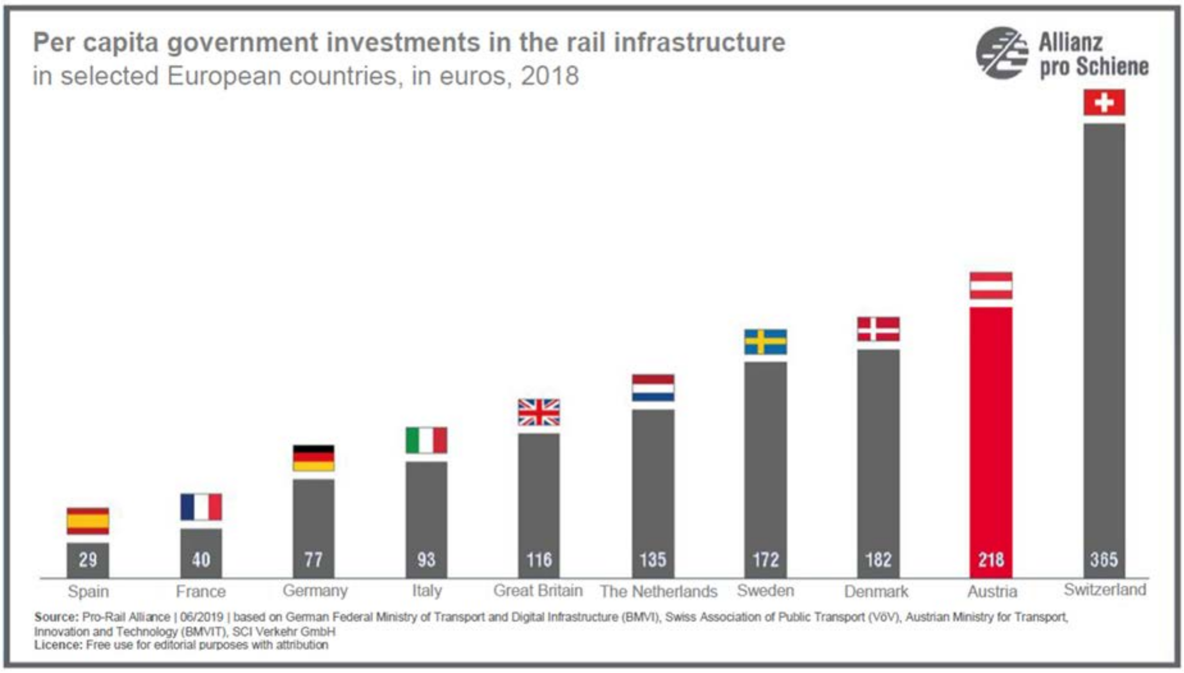
[38] Free cash flow: cash flow from operating activities + cash flow from investing activities.
[39] Capital expenditure ratio: investment in property, plant and equipment / total income.
[40] Capital expenditure ratio: investment in property, plant and equipment / carrying amount of PP&E as of Jan 01.

Since 2017, the ÖBB-Infrastruktur Group has been raising the necessary financing primarily through loans from the Republic of Austria that are provided by the Austrian Federal Financing Agency (OeBFA) rather than by issuing its own bonds on the capital markets. According to Eurostat criteria, the ÖBB-Infrastruktur AG is part of the government sector. All existing bonds of ÖBB-Infrastruktur AG and their guarantees by the Republic of Austria remain unaffected by this expansion of the financing instruments of ÖBB-Infrastruktur AG. Further information can be found in Note 25 to the consolidated financial statements.

Development of property, plant and equipment in EUR million



Austria is among the European leaders in per capita investments in the railway network:



Investment focus in 2019

In 2019, ÖBB-Infrastruktur Group focused on the following investment priorities:
- Development of the Southern Line
- Four-track extension of the Western Line
- Construction of the Brenner Base Tunnel
- Construction of cargo terminals
- Numerous local transport projects in large urban areas
- Railway stations
- Improving tunnel safety on existing lines
- Noise protection measures
- Railway junctions; technical safety, removals, replacement measures, such as over- and underpasses
- Construction of Park&Ride facilities
- Large-scale capital expenditure, such as new tracks and switches
- E-charging infrastructure at railway stations
- Upgrade of mobile network

During the reporting period the following projects, among others, were worked on: the extension of the St. Margrethen line – Lauterach (VorarMRerg), the selective double-track extension Vienna – Bratislava (Vienna/Lower Austria), the Semmering Base Tunnel (Lower Austria/Styria), the Koralm Railway, the modernisation of the Lavanttal Line (Carinthia), the modernisation of Bruck – Graz (Styria), the modernisation of East Tyrol (Lienz – Sillian), the extension of the Mattigtal Line including the remodelling of the Neumarkt/Köstendorf station into a traffic junction (extension of Steindorf bei Straßwalchen – Neumarkt/Köstendorf, Salzburg), the four-track extension of the Western Line between Linz and Wels (Linz Main Station Westside), the modernisation of the Summerauer Line, the modernisation of the Linz city harbour marshalling yard and the Brenner Base Tunnel (T/Italy, BBT SE). The Hennersdorf – Münchendorf (Lower Austria) section of the Pottendorfer Line went into operation in 2019. In Carinthia, the electrification of the Gailtal Line between Hermagor and Arnoldstein was completed, and Tyrol is now 100% electrified through the completion of the work on the Außerfern Line. Furthermore, preparatory work on the renewal of the power station Spullersee (VorarMRerg) was started.

The railway station initiative was also pushed forward – among other things, the following stations and stops were completed:
- Moosbierbaum-Heiligeneich Station
- Parndorf Station
- Frohnleiten Station
- Kematen-Piberbach Station
- Hall in Tyrol Railway Station
- Stops at Heinfels (new), Weitlanbrunn, Tassenbach (all in East Tyrol)
- Villach Landskron Station
- Imsterberg Stop
- Bisamberg Station
- Langenlebarn Station
- Tauplitz Railway Station
- Neuhofen an der Krems Station
- Rohr-Bad Hall Station
- Obereggendorf Stop
- Paasdorf Station

Furthermore, the following planning projects made progress: the four-track extension of the Western Line between Linz – Wels (Upper Austria) and Salzburg – Köstendorf (Salzburg), the electrification of the Mattigtal Line from Steindorf to Friedburg (Salzburg/Upper Austria), the extension of the Northern Railway (Vienna/Lower Austria), the connection between Schaftenau – Radfeld junction (Brenner northern approach) (Tyrol), border next to Kufstein – Schaftenau (Tyrol/Germany), the modernisation of the connecting line between Vienna-Hütteldorf and Vienna-Meidling (Vienna), the airport junction (Lower Austria/Burgenland), the broad-gauge railway project (Lower Austria/Burgenland), the airport branch line (Styria) and the new power plant Obervellach II (Carinthia) and the new pumped-storage power plant Tauernmoos (Salzburg).

In the first half of 2019, work began on the Graz – Weitendorf section (Koralm Railway), the portal section and Mürzzuschlag Station (Semmering Base Tunnel), the Telfs-Pfaffenhofen parking garage, the Tullnerfeld parking deck and the Schwarzach St. Veit, St. Valentin Park & Ride facility. Among others, the Park & Ride facilities Enns, Kirchdorf an der Krems and Neuhofen an der Krems, Golling-Abtenau, WieseMRurg, Perchtoldsdorf were built in 2019. In addition, the construction of the ÖBB apprentice dormitory and the St. Pölten educational campus as well as the ÖBB apprenticeship facilities in Bludenz, Innsbruck and Knittelfeld started in 2019.

At the following stations and stops, construction started in 2019:
- Lienz Railway Station
- Tauplitz Railway Station
- Gerasdorf Stop
- Villach-Landskron Stop
- Gaisbach-Wartberg Station
- Sillian Railway Station
- Mürzzuschlag Station
- Schwaz Railway Station
- Stops at Heinfelsund Tassenbach (East Tyrol package)
- Kirchstetten Railway Station
- Untersiebenbrunn Stop
- Neumarkt-Köstendorf and Steindorf bei Straßwalchen Stations
- Gerasdorf Railway Station
- Böheimkirchen Station
- Praterstern Station, police station
- Linz shunting Station Stadthafen

Studies show: one invested euro results in two euros of added value to the Austrian economy. In the construction phase, a capital expenditure of one billion euros generates approx. 17,000 jobs, and the improved accessibility secures and creates thousands more jobs, promotes interaction between the different regions, and boosts their competitiveness. Studies also show that places with railway stations are less likely to be affected by out-migration than places with no station.

ÖBB-Infrastruktur AG enables a sustainable mobility alternative by investing in and operating rail infrastructure. This is because, in addition to the positive ecological effects, the economic effects of the construction and operation phase also have a positive impact on value creation and employment.

Milestones on major projects

The 130 km long Koralm Railway between Graz and Klagenfurt is completely under construction. Large parts of the line have already been completed and are partially in operation. The heart of the new high-performance line is the 33 km-long twin-tube Koralm Tunnel. From the Carinthian side, the last remaining tunnel drilling machine is working here in three shifts towards the second breakthrough. On the Styrian side, however, the interior lining is already being put in at full speed. Outside the Koralm tunnel, the Koralm Railway is also taking on more and more concrete forms. In 2019, the shell large sections of the Koralm Railway in Lower Carinthia could be completed – such as the St. Kanzian tunnel chain. The shell of the second longest tunnel system of the Koralm Railway, the Granitztal Tunnel, is also nearing completion. In spring 2019, construction of the last construction stage Graz – Weitendorf began. The Koralm Railway is now 100% under construction. After completion, passengers will be able to travel by rail from Graz to Klagenfurt in only 45 minutes. Western Styria and Southern Carinthia will be easier to reach – as will our neighbouring countries.

For the Semmering Base Tunnel, 40% of the tunnel has now been driven.

In 2019, the last section of the Semmering Base Tunnel, the tunnel portal and the Mürzzuschlag Station were given the go-ahead. In Mürzzuschlag, the west portal of the 27 km long tunnel is being built. The Mürzzuschlag railway station will also be rebuilt in the course of this project – modernised, customer-friendly and barrier-free.

After its completion, the Semmering Base Tunnel will enable passengers between Vienna and Graz to travel 30 minutes faster. This future line will also be a huge relief for freight traffic.

2019 was marked by intensive construction activity on the Brenner Base Tunnel. More than 114 km of the entire tunnel system of 230 km have already been driven (as of Nov 21, 2019). Since August 2017, a separate rail siding to the Wolf construction site has been available for the Pfons-Brenner construction section. Construction work on this construction section began on Nov 19, 2018. The project "Sillschlucht" is expected to start in spring 2020. The integration into Innsbruck Main Station was completed in mid-2019. On Italian national territory the construction sections Eisack-underpass and Mauls 2-3 are active. In December 2018 the breakthrough of the south portal for the two main tunnel tubes took place here. The extremely complex and extensive work will last until the end of 2022.

The two-track upgrade of the Pottendorfer Line is progressing according to plan. A continuous two-track connection between Vienna Meidling and Wiener Neustadt will be established by 2023. The section Hennersdorf – Münchendorf, where the double-track upgrade was carried out in the existing infrastructure, was completed in 2019.

In the Ebreichsdorf section, the double-track upgrade is taking place on a new train path including a new station and a spacious Park&Ride facility. The main construction measures in this area are planned from 2020 until commissioning in 2023. The existing line is then to be dismantled in 2024. In the Vienna area, the currently single-track section between Meidling Station and the Altmannsdorf junction is to be expanded to two tracks by 2023. The submissions for the EIA (environmental impact assessment) and for the railway-related building permits will be made by the end of 2019.

In 2019, work on the upgrade of the Vienna – Bratislava line continued at full speed. Thus, from 2023 on, a reduction in travel time of up to 25 minutes between the two capitals should be made possible. The project includes the two-track upgrade in sections and the electrification of the existing ÖBB line from the Vienna Stadlau Station to the national border near Marchegg. In order to increase capacity and offer better connections for passengers, upgrade on the line began in October 2016 while maintaining regular train services during this project. The Vienna section became officially operational with the timetable change in December 2018. Since 2018 the Lower Austrian section (approx. 32 km) is being selectively upgraded to two tracks and electrified.

Bundled implementation of reinvestment projects in conjunction with route closures

In order to minimise the disruption to train services, ÖBB-Infrastruktur AG bundled the implementation of numerous reinvestment projects during route closures in 2019.

ÖBB-Infrastruktur AG carried out extensive work on the existing Semmering Line in May 2019 and on the Vienna suburban line in June and July. A railway replacement service was provided for passengers during the main construction phases for the projects.

With these measures, ÖBB-Infrastruktur AG ensures that passengers reach their destinations safely and on time.

At the beginning of May 2019, construction work started on the Linz city harbour marshalling yard (Linz Vbf. Stadthafen) in the Linz industrial area. The transhipment point, which is important for the Linz industrial area, will be electrified, existing tracks will be extended to the length of freight trains and an additional track will be laid. Detours and costly switching from electric to diesel locomotives will be history once the station has been modernised. Less shunting effort also means less noise for people living in the vicinity of the marshalling yard.

In August 2019, a new electronic interlocking system (elektronisches Stellwerk ESTW) went into large-scale operation at Linz Main Station. Thanks to state-of-the-art digital technology, the new interlocking system will enable the steadily growing train services on the Western Line in the Linz greater area to be handled smoothly and safely further on. Passengers will benefit from more punctual trains and real-time information on their travel times. The new facility also serves as a basis for the upgrade of the four-track Western Line towards Salzburg.

At the beginning of September 2019, construction began on one of ÖBB-Infrastruktur AG's largest construction projects in Upper Austria in the coming years. The Westside of Linz Central Station will be expanded to four tracks to create additional capacity for passenger and freight traffic on the Western Line. This is the first of three sections, in addition to Linz – Marchtrenk and Marchtrenk – Wels, to create the four-track Western Line between Linz and Wels.

Migration of further sections into the five signalling and control centres

The control areas of the five signalling and control centres (Betriebsführungszentralen BFZ) were again significantly expanded in 2019. Among other things, the Linz Main Station, Leonding, Pasching, Großreifling, Landl and Hieflau branches were migrated to the BFT Linz, the Roppen and Imsterberg branches to the BFZ Innsbruck and the Krieglach and Mitterdorf-Veitsch branches to the BFZ Villach. This means that 55% of ÖBB-Infrastruktur AG's core network is already managed from the five signalling and control centres.

The operational control centre disruption concept describes how to return to operations as quickly as possible at high quality in the event of a fault or incident, and how to keep disruptions to national and international train traffic to a minimum. The disruption concept provides for the seamless transfer of the signalling and control centre systems and operating stations to other operational control centre locations, which makes work much easier in the event of a disruption.

This is aimed at avoiding infrastructure restrictions.

ETCS – European Train Control System

The ETCS contributes to the standardisation of the European railway system and thus to easier and cost-optimised access to the railway system. This strengthens the position of the rail system in relation to other modes of transport in the long term.

The implementation of the European Train Control System (ETCS) migration plan enables and ensures interoperability on the basis of European specifications. This assures that the legal requirements are met both technically and in terms of time. It also guarantees close coordination with the operational control centre disruption concept. This ensures the appropriate levels of safety, punctuality, and quality for railway operations which are becoming increasingly packed and complex, and it also best meets customer requirements.

Digitalisation at ÖBB-Infrastruktur AG

We use digitalisation and automation in the ÖBB-Infrastruktur Group in order to improve on our success criteria such as punctuality, safety, and customer satisfaction, and in order to facilitate access to the railways. In doing so we use interdisciplinary thinking and drive coordinated initiatives throughout the Group that arise from digitalisation. These initiatives implement methods of automation and digitalisation in the railway system in order to improve capacity, cost-effectiveness and quality through greater efficiency.

Against the background of the concrete challenge of successfully handling the relevant topics with their many facets, we establish the necessary processes and work on providing the necessary skills and resources. This ensures that we meet the central prerequisites for a successful and targeted transformation process. The initiatives in the context of digitalisation were defined in close coordination with the affected areas within ÖBB-Infrastruktur AG, as this was the only way to achieve significant improvements that would bring direct added value in the operational areas. The first measurable projects are the train movement checkpoints and "Greenlight" for high-precision location of vehicles. The goal is to provide comprehensive and standardised digital information on vehicles in our railway network to support operational processes and improve safety even further.

ÖBB was already a pioneer in remote control and digitalisation of railway operations with its operational management strategy (BFS). Older signal towers are gradually being replaced with modern electronic interlocking systems in order to promote this even further.

ÖBB-Infrastruktur AG entered into and expanded several partnerships with infrastructure operators in the reporting period in order to use international findings and developments in the area of digitalisation for effective further development of railway operations. This includes, for example, the cooperation between SBB and ÖBB-Infrastruktur AG in the "Smart Rail 4.0" programme. Furthermore, ÖBB-Infrastruktur AG has been a member of EULYNX since 2019 in order to actively promote the further development of interlocking technology and to firmly establish the advantages of digitalisation.

In order to increase efficiency in the area of deployment of facilities, ÖBB-Infrastruktur AG is relying on the subject area of building information modelling (BIM). BIM is an object-oriented, information-based planning method and links three-dimensional constructions with further information such as product characteristics, costs, construction progress, operator-relevant details, etc. BIM makes digital models "intelligent". Since 2016, several major projects as well as one planning project have been handled with this novel digital method. Since international standards for BIM in the infrastructure sector are currently still lacking, ÖBB-Infrastruktur AG has become actively involved in the development of standards – the so-called IFC-Rail project of buildingSMART International – together with other infrastructure operators from all over the world. In the period under review, a so-called Candidate Standard for railway infrastructure was jointly developed and internationally coordinated, which is to be made into a final ISO standard in the next few years. In this way, ÖBB-Infrastruktur AG is creating the prerequisites for an internationally coordinated, homogeneous and consistent data flow and thus the conditions for a further increase in efficiency in the area of facility maintenance.

The MovIT (Modularly Linked IT) program within the Line Management and Facilities Development division was launched in 2017 with the aim of establishing a future-proof IT landscape for process-supporting and facility data management applications. This involves replacing existing databases and applications on the one hand and developing new applications based on the needs of specialist departments, staff and regions on the other. All projects within the MovIT programme always take into account the framework conditions of ÖBB-Infrastruktur AG and are continuously coordinated with all relevant stakeholders.

Presentation of the entire master plan and other investment projects

Project		Capital expenditure 2019	Projected or effected completion
Modification and new construction of stations	Bisamberg Station	2.7	2019
	Braunau am Inn Station	5.1	2020
	Fehring Station	3.5	2021
	Gailtal railway (creation of barrier-free accessibility Nötsch - Hermagor)	2.5	2019
	Gerasdorf Station	5.0	2020
	Gröbming Station	0.6	2019
	Guntramsdorf-Kaiserau Station	0.3	2019
	Station Hall in Tyrol	6.6	2019
	Heinfels Station	1.1	2019
	Kapfenberg Station	12.5	2020
	Kirchstetten Station	2.9	2021
	Langenlebarn Station	2.3	2019
	Lienz Station	10.5	2021
	Möllersdorf Aspangbahn Station	0.4	2019
	Öblarn Station	1.0	2019
	Oed Station	0.6	2019
	Paasdorf Station	1.2	2019
	Parndorf Ort Station	3.0	2019
	Schwaz Station	9.1	2021
	Station Seefeld in Tyrol [*)]	1.2	2018
	Sillian Station	4.6	2020
	Steyr Münichholz Station	0.6	2019
	Tassenbach Station	1.1	2019
	Tauplitz Station	6.0	2019
	Ternitz Station	5.3	2021
	Tulln Station[1)]	4.9	2019
	Villach Landskron Station	1.4	2019
	Weitlanbrunn Station	0.9	2019
	Zurndorf Station	0.7	2019
Parking garages	Telfs-Pfaffenhofen; construction of parking garage	4.5	2019
	Tullnerfeld; Investment grant construction parking garage	2.3	2019
Greater Vienna	Freight Center Vienna South [2)]	1.1	2016/2021
	Expansion of the Marchegger branch [3)]	56.6	2018/2022
	Vienna Meidling – Branch Altmannsdorf; two-track expansion	1.2	2023
	Vienna Hütteldorf – Vienna Meidling; connecting railway	1.9	2026
Western Line	Linz city harbour marshalling yard; remodelling and construction of an ESTW (electronic interlocking system)	6.0	2021
	Attnang-Puchheim - Salzburg Central Station; expansion of existing line	10.5	2025
	Linz - Wels; four-track expansion	35.0	2026
	Linz Kleinmünchen (a) - Linz Central Station; four-track expansion	2.3	2017/2030
	Neumarkt-Köstendorf - Salzburg; new line	3.3	Planning
Southern Line	Gloggnitz - Mürzzuschlag; renewal of existing line	16.1	2020
	Vienna Blumental - Wampersdorf; two-track expansion of the Pottendorfer line [4)]	60.7	2023
	Wampersdorf - Wiener Neustadt; improvement of line [5)]	13.4	2023
	Graz – Weitendorf, needs-based upgrade	21.1	2023
	Graz - Klagenfurt; Koralm Railway	250.1	2025
	Gloggnitz - Mürzzuschlag; new line (Semmering Base Tunnel)	292.3	2027
	Bruck a.d. Mur - Graz; station conversion [6)]	18.8	2027
	Süßenbrunn - Bernhardsthal; expansion of existing line	11.0	2029
Pyhrn-Schober Corridor	Wels - Passau; expansion of existing line	13.5	2020
	Linz Main Station - Summerau; improvement	9.0	2023
	Linz - Selzthal; selective two-track expansion and station conversion	1.4	2026
Brenner Line	Brenner Base Tunnel	240.0	2028
	State border near Kufstein - Radfeld junction; four-track upgrade Unterinntal	5.2	Planning

ArMRerg Line	Wolfurt; terminal, expansion *)	3.9	2018
	St. Margrethen - Lauterach; development for local transport and improvement	8.1	2021
	Bregenz - Bludenz; expansion of local transport (Rhine valley concept)	0.7	2029
Programmes	Noise protection	6.1	
	Park & ride	14.8	
	Electrification	15.7	
	Safety and operation management systems	90.8	
	Measures for customer satisfaction (mobile communications, data networks, wireless network)	12.6	
Reinvestments in the railway network		**592.5**	
Others (incl. intangible assets)		**209.6**	
Total master plan and other investment projects		**2,129.7**	

*) The investments concern residual work after successful commissioning.

[1] Commissioning of the island platforms and the customer area took place in 2018.

[2] Commissioning of the service tracks, KLV (combined transport CT) and WLV (wagonload freight) facility was in 2016, WLV2 and KLV2 facilities are expected to be commissioned in 2021.

[3] The Vienna section was commissioned in 2018 (Erzherzog-Karl-Straße – Vienna Aspern Nord). 2022 refers to the area of Lower Austria. The full upgrade of the line is planned by 2028.

[4] Commissioning of the Hennersdorf – Münchendorf section took place in 2019. Upgrade in the Ebreichsdorf section will be implemented by 2023.

[5] Section Ebenfurth – Wr. Neustadt Civitas Nova completed in 2019.

[6] Fronleiten Station completed in 2019.

C.5. Strategy of the ÖBB-Infrastruktur Group

Environmental conditions and challenges

The tasks of ÖBB-Infrastruktur AG include the planning, development, maintenance, and operation of the rail infrastructure as well as the provision of services in the railway sector. Customers are central to our activities at all times. The upgrade of integrated mobility, investments in WiFi and mobile phone networks as well as the ongoing further development of railway stations are just a few examples of the ÖBB Group's innovative strength and customer orientation. Generations of committed employees have shaped the company and made an important contribution to the modernising strength that the company has always exhibited. A main focus again this year was on the further education and advancement of our employees. "Youth is our future!"

In March 2019, a new staff unit "Corporate Development" was established within ÖBB-Infrastruktur AG. The areas of strategy and innovation, research and development, organisational development and process management were bundled as leading functions in the staff unit Corporate Development.

In 2019, the foundation stone was laid for the new training campus at the St. Pölten location, where training and further education for railway-specific occupational groups such as dispatchers, shunters, train drivers or wagon technician will take place. In this way we are creating an Austria-wide competence centre where uniform standards can be taught at a high level.

The mobility sector is changing. The rising importance of digitalisation, increasing environmental awareness and increasing internationalisation are having a major impact on mobility behaviour. Under these conditions, we have intensified efforts to develop the ÖBB-Infrastruktur Group continuously, actively and successfully into a modern, innovative, sustainably profitable and stable company.

Progressive market liberalisation, boosted in particular by European directives related to railway packages, is leading to steadily growing competition in passenger and freight traffic. Through targeted capital expenditures, the ÖBB-Infrastruktur Group creates the conditions for attractive mobility, enables easy access to the railway and ensures safety, punctuality and the best customer service. In the intermodal transport segment, for example, customers require a one-stop shop that not only organises the handling and storage of their loading units, such as containers, but can also offer other value-added services such as stuffing or equipment repair.

The ÖBB Group also faces additional internal challenges: generation change and new forms of co-operations, continuous optimisation of the cost structure, process optimisation with regard to increasing the speed with which the company reacts to market changes, and the further promotion of innovation and digitalisation as catalysts for achieving our strategic goals.

Strategy and strategy implementation – key initiatives in the Group

The Target Network 2025+ as a master plan for ensuring the long-term, sustainable development of rail as a means of transport

The Target Network 2025+ sets the strategic course for the upgrade and maintenance of railway infrastructure in Austria. It creates the conditions for the step-by-step introduction of a consistent interval timetable for passenger transport and supports the further shift of freight traffic from road to rail. The further development of the infrastructure portfolio forms the basis for generating additional demand for rail. Based on the Target Network 2025+, a network development plan (NDP) is being drawn up, which contains objectives and specifications for the infrastructure design of the ÖBB route network.

Building on these, in the route development plans (RDPs), the specifications and contents from the Target Network 2025+ and the network development plan (NDP) are substantiated in phases, prioritised and transferred to the respective lines. By focusing on strategic goals and measures, the RDPs specify the requirements for the further development of the lines. As such they show the way to achieving and implementing the Target Network 2025+ and are an important instrument for operationalisation. In order to be able to continue to take the right strategic measures in the future, work is already underway on the Target Network 2040+.

Strategic Initiatives

Strategic initiatives are important, coordinated projects of ÖBB-Infrastruktur AG which significantly promote the development of the company and make a major contribution to achieving strategic objectives:

- We are pushing ahead with customer-oriented infrastructure development, including the revision of the target network.
- We are developing services for passenger stations and terminals/logistics hubs to increase customer numbers and customer satisfaction and to strengthen the competitive position of rail transport.
- We represent the core services of punctuality and safety.
- We continue to ensure high cost and time stability in construction projects.
- We will become a top employer with a focus on generational management, increasing the proportion of women and professional training and further education in the railway sector.
- We are generating long-term returns for our company through a real estate portfolio.
- We position ourselves as a sustainable company by increasing the share of the company's own production of traction power from renewable energy.
- We are pushing ahead with transparent processes and the digitalisation and automation of railway operations.
- We drive innovations that create added value both externally as well as internally in order to generate sustainable growth.

Infrastructure – Capital expenditure in upgrade and safety

Infrastructure expansion

ÖBB-Infrastruktur AG will invest an average of EUR 2.3 billion annually over the next years into the upgrade and modernisation of its networks and thus make a significant contribution to the domestic economy.

According to the current 2018 to 2023 master plan, EUR 13.9 billion will be invested by 2023 – a large part of this in the reinvestment in or upgrade of railway stations, park & ride facilities or terminals and in major upgrades of railway lines to further modernise rail transport and make it fit for future requirements.

Hard work continues to be put into the implementation of major projects such as the upgrade of the Southern Line (including the Koralm Railway and the Semmering Base Tunnel) and the Brenner Base Tunnel, in order to create a highly attractive rail system for generations with the Target Network 2025+.

Park & Ride expansion

The intelligent combination of modes of transport is essential for a sustainable and efficient transport system. In order to make the interface between motorised individual transport (MIV) and the railway system as simple as possible, ÖBB-Infrastruktur AG has already increasingly been building Park&Ride facilities in recent years. With the goal of putting more than 2,000 car parking spaces and at least 1,200 covered two-wheeler parking spaces into operation annually in the next few years, this approach will be continued. The main focus for the construction of new Park&Ride facilities (car parking spaces) at railway stations is in the surroundings of conurbations (e.g. within a radius of 30 km from capital cities). There are no plans to build Park&Ride facilities directly in the capitals. Park&Ride facilities should be located such as to ensure that motorised individual transport is addressed in a structured way near the "source" (switch to public transport as quickly as possible).

Electromobility

Electromobility should expand the railway station's functionality as a multimodal mobility hub as the number of electric vehicles will expand significantly over the next few years. So far, needs-based e-car charging infrastructure has been created at around 50 Park&Ride facilities. In the course of the construction and expansion of Park&Ride facilities, more and more charging facilities will be set up.

In the 2019 financial year, the fleet of the ÖBB-Infrastruktur Group will comprise 47 electric vehicles, 44 of which will be offered within the framework of the Austria-wide car sharing offer "ÖBB Rail&Drive".

ÖBB as an employer – Fit for the future

Approximately 16,400 ÖBB Group employees will be eligible to retire by 2030. Since almost 7,900 of these employees work at the ÖBB-Infrastruktur Group, the Group is facing a great challenge – and an equally great opportunity. In order to be able to cope with this, the Group's goal is to increase its attractiveness on the labour market – e.g. through a new employer branding.

Our strategic goals:

- ÖBB = among the top 10 employers in Austria (apprentices, technology, business)
- Infra-employee satisfaction: 70/100 (weighted points for internal survey)

For the coming generational change it is indispensable to appear and be perceived as an attractive employer on the internal and external labour market. Against this background, the ÖBB-Infrastruktur Group actively participates in the group-wide "Future of ÖBB" programme, which is concerned with a realignment of the ÖBB employer branding.

With approximately 1,500 apprentices, the ÖBB-Infrastruktur Group has one of the largest apprenticeship programmes in Austria. As part of an apprenticeship offensive, the proportion of apprentices who will be taken on by the company after completion of their training will rise sharply. A special focus is on the training and employment of female apprentices, and apprentices in technical professions.

Professional talent management and clear perspectives are intended to develop and motivate employees in order to ensure that existing expertise stays within the company and to enable the internal replacement of key employees. Career models promote sustainable career management in the Group.

In order to successfully cope with the major challenges of demographic change and the associated loss of knowledge within the ÖBB-Infrastruktur Group, colleagues are trained as knowledge transfer coaches or moderators of the knowledge management self-check in the course of a group-wide training programme. These initiatives, in addition to identifying employees with specialist knowledge accompanied by knowledge tandems and other measures already taken to handle standardised knowledge management, serve to meet the challenges arising from generation management.

Strategic personnel planning (SPP) enables the ÖBB-Infrastruktur Group to determine the long-term need for mass functions (dispatchers, shunting and technical maintenance) in order to initiate the corresponding processes such as recruiting and securing the appropriate training resources.

Sustainability and climate protection – rail and bus as a sustainable mobility provider

ÖBB-Infrastruktur AG provides 100% of its energy to railway operators on the Austrian electrified railway network as traction current from renewable sources. Its own eight hydroelectric power plants play an important role in this, generating approximately one third of the traction power required. On top of this there is also the world’s first solar power station for traction power in the Lower Austrian town of Wilfleinsdorf.

ÖBB has positioned itself as Austria’s largest climate protection company and has defined a range of strategic objectives. These include:
- increasing our own power generation from renewable energy sources (water, wind, solar) as a cost-effective option for secure power supplies,
- increasing supply security and stabilising power costs and
- stepwise adjustment transition to 100% CO2-free power supply for the railway infrastructure.

The construction project for the power station Tauernmoos with an investment value of EUR 260.5 million aims to exploit the previously unused energetic potential between the two largest existing reservoirs Tauernmoossee and Weißsee, and to construct a pumped-storage power station with an output of 170 MW. ÖBB power plants provide power at stable costs, independently of price developments on the energy markets, and make a crucial contribution towards increasing supply security. In-house energy generation will increase to just under 40%, and even to 67% when partners' power plants are included. The ÖBB-Infrastruktur Group is making a crucial contribution towards CO_2-free rail travel and towards achieving the Austrian and European climate and environmental goals through the project power station Tauernmoos.

ÖBB-Infrastruktur AG currently operates the two hydropower plants “Obervellach” and “Lassach” in Carinthia in the Obervellach area with a total annual energy production of 92 gigawatt hours (GWh). These power stations have been in operation for over 90 and 100 years, respectively, and will reach the end of their technical life in the next few years. With the “Obervellach Power Plant” project, investments are being made in the existing “Obervellach” and “Lassach” power plants, taking into account European water management conditions. The new power station will then have an annual energy production of 125 gigawatt hours (GWh), which will increase energy production at the Obervellach site by more than 35%. The total project costs amount to EUR 177.0 million.

The reinvestment project “power station Spullersee, site optimisation (construction)” also makes an essential contribution towards reaching these strategic objectives. In addition, the increasing volume of rail traffic and, in particular, the shortening of transit frequencies (interval timetable) also require improvements to the performance capabilities of the traction power system. The power station Spullersee exploits domestic hydropower and is used to supply environmentally-friendly CO_2-free traction power as fuel for a “green railway”.

These projects help boost ÖBB’s position as Austria’s biggest climate protection company.

Innovation – new ideas to drive success

Innovation as an important lever for achieving strategic objectives

Innovation is an essential lever for achieving the strategic goals of the ÖBB Group. Some successes have already been achieved in recent years. However, the work must be continued and innovation must be anchored as a strong driving force to implement the strategy more firmly in the company.

Understanding innovation as a network

The ÖBB-Infrastruktur Group is part of the ÖBB Group with approximately 40,000 employees: innovation is therefore seen as network activity and less as a central function. A Group-wide innovation network provides fertile ground for the broadest possible spectrum of innovations. There is a justified and meaningful tension between "accepting new things and learning from mistakes" and "meticulous timing and control of operational processes with regard to safety and reliability."

In addition to the “Ideenwerkstatt” (Ideas Workshop), R&D projects and the cooperation with research institutes, the company's "Open Innovation" initiative makes it possible to pursue solutions and services together with customers in order to make rail travel even more attractive.

ÖBB-Infrastruktur AG, together with other European railways, industry and the European Commission, is shaping tomorrow's railways through the "Shift2Rail" initiative. This initiative brings together research and development activities throughout Europe with the aim of making the railway more punctual, reliable and cost-effective through innovation. ÖBB-Infrastruktur AG is involved in and/or manages numerous projects, such as the development of railway stations for the future. Participation in European research programmes has high priority in order to bundle research, development and innovation activities with European partners.

Open innovation

In order to strengthen the innovation culture in the ÖBB Group, the “open innovation” method was established. This offers the group’s innovation drivers a broad range of services to support customer-centric innovation. In addition to professionally qualified staff and suitable premises such as the Open Innovation Lab, this includes a wide range of methods and competent staff to facilitate innovations. The principle of “rapid prototyping” is applied when innovation initiatives are implemented: Prototypes are quickly developed from ideas, which are immediately tested in the market by customers and further developed on the basis of feedback. This repetitive process allows ideas to be efficiently and quickly transformed into relevant products, services and processes. This method makes it possible to understand customer needs in a short time and to tailor the products to them.

The ÖBB-Infrastruktur Group’s Ideenwerkstatt

The “Ideenwerkstatt” (Ideas Workshop) is open to all employees and allows them to bring forward their improvement suggestions, with the aim of best supporting the potential of ÖBB employees for innovation and ideas, and thereby to jointly drive the development and shaping of the group’s future.

In May 2019, the best idea of the year – this time in the category of innovations – was awarded at the ÖBB Employee Award 2019. An independent jury selected its three favourites from a pool of ideas implemented in 2018 within the ÖBB Group. These three suggestions qualified for the election of the best idea of the year.

The winning idea, the “Reflecting stop-block”, originated from within the ÖBB-Infrastruktur Group.

C.6. Other important events and outlook

Outlook for the ÖBB Group

Environmental conditions and challenges

ÖBB is continuously examining trends and future developments as Austria's largest mobility service provider. The methods used by ÖBB to meet these framework conditions and the strategic goals pursued based on these conditions are described in more detail in further chapters of the Management Report.

The main framework conditions are summarised once again here:
- Progressive liberalisation and increased competition are changing familiar market structures (more on this in Chapter B.2.).
- Market conditions and social developments require structural adjustments (more on this in Chapter B.3.).
- New technologies and customer requirements are changing customer expectations with respect to products and services (more on this in Chapter B.3.).
- Growing awareness of environmental issues and a significant increase in climate protection movements are leading to increased demand for public transport.

Outlook

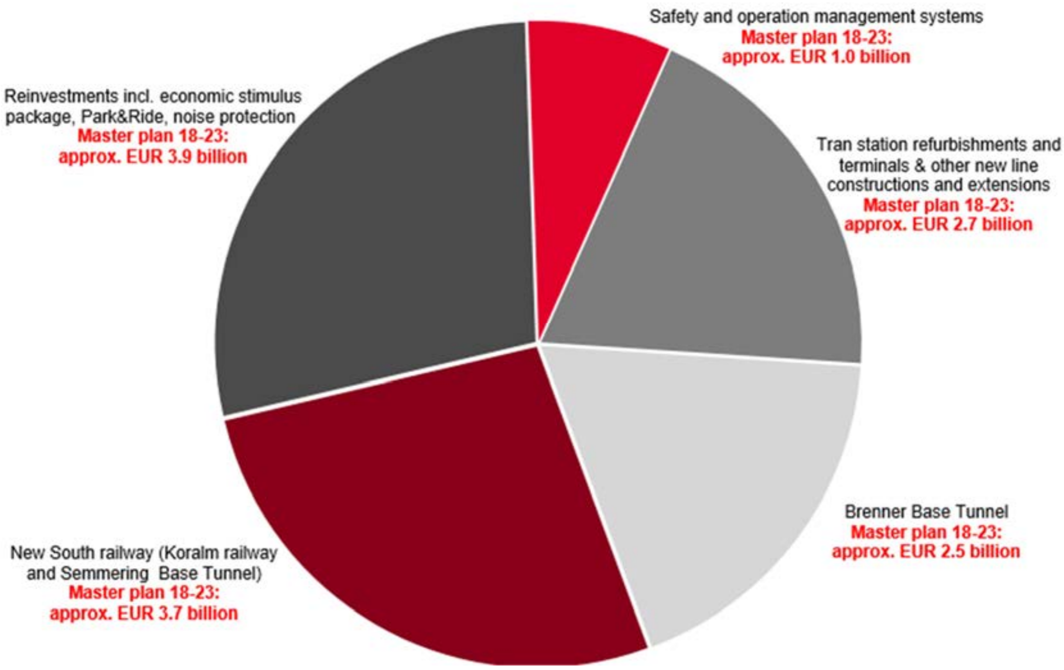
Only the most competitive suppliers will be able to survive in the long term. That is why ÖBB is working on becoming the quality leader in European railways – both in terms of infrastructure and of passenger and goods transport and also of course as a provider of technical services.

To this end, the entire ÖBB Group is undergoing a transformation process with the aim of becoming a more agile, efficient and competitive mobility service provider where safety and quality continue to have top priority. A new generation of managers and employees are just some of those helping to shape this transformation. A common understanding of leadership and shared corporate values are supporting the transformation process.

Outlook for the ÖBB-Infrastruktur Group

Master plan 2018 to 2023

With the approval of the Master plan, in 2018 the Austrian government laid the foundation for the continuation of the intensive upgrade of the rail infrastructure. An average of EUR 2.3 billion is invested annually in the construction and upgrade of rail infrastructure and its renewal. This continuation of the infrastructure offensive is also making it possible to implement a consistent interval timetable as an essential convenience for customers and to expand transport capacities for both freight and people.



Mobile network coverage along selected ÖBB lines and WiFi at the station

ÖBB-Infrastruktur AG, the Austrian Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology (BMK) and all Austrian mobile communications companies worked together to significantly improve mobile network coverage along Austria's most important railway lines. ÖBB-Infrastruktur AG takes over the construction of the infrastructural measures along the lines, the mobile phone companies equip them with transmission technology and take over the integration into their existing networks.

The expansion of network coverage along the rapid transit lines in the greater Vienna area and on the Vienna – Salzburg line was completed at the end of 2017. In a second stage, the southern line, the suburban railway lines in Styria, Carinthia, Tyrol and VorarMRerg will be equipped with improved mobile phone coverage. Most of the measures are already in operation, and overall completion is expected in the course of 2020.

In order to meet the constantly increasing customer requirements, ÖBB-Infrastruktur AG is pursuing the goal of seamless supply with mobile broadband (5G) on its heavily used route network. A corresponding planning project is to be completed by the end of 2020 in order to implement the upgrade as soon as financing is available. In addition to existing operational services, the strategic migration is planned for train radio and all other radio services used for operational purposes (shunting, technical services etc.) to the Future Railway Communication System (FRMCS), using a dedicated network as well as the public 5G networks. By 2020, a specialised strategy will be completed in the course of a strategic infrastructure development.

By the end of 2019, a public WLAN was put into operation at 80 railway stations. In addition to free Internet access at the railway station, this new communication channel enables further possibilities such as access to digital departure and arrival information, railway station information, timetables, ticket sales, traffic reports, VR applications and thus even better access to the railway system. The number of users is at a constantly high level, so that public WLAN will also be taken into account in future upgrades of selected railway stations (above a customer frequency of 1,000 per day).

Digitalisation

ÖBB-Infrastruktur AG is already testing pioneering technologies (cloud solutions) in the signalling field and increasingly relies on partner railways (DACH) in the area of digitalisation so that customers can also take advantage of the benefits of digitalisation in future. A next-generation digital signal tower (cloud-enabled solution) was trailed for the first time by ÖBB-Infrastruktur AG for instance in the reporting period. Smart field elements for innovative diagnostics, the disbanding of constrained ranges, and reinvestment cycles that are less hardware-dependent will make a positive contribution towards optimising lifecycle costs and a more efficient maintenance in the medium to long term.

Both the optimisation of the cost structure and the increase of safety are the focus of the newly integrated study pattern of a railway crossing safety system, which should provide a further impetus for new developments in level crossings and future regulations. In addition, the possibilities of block chain technology for integrating security installations into the overall system using 5G networks for data connection are being evaluated.

The intelligent networking of existing systems in train preparation, especially for complex shunting operations, is being tested in the field as a prototype in the PORTHOS project and should enable a considerable increase in efficiency and thus faster and safer processing. The digitalisation of processes in railway operations will also reduce manual activities, make documents available digitally across the entire processing chain and, by means of a mobile application, reach right into the train in order to provide the train driver with targeted information.

In order to schedule the increasing number of train journeys, an automated conflict detection and resolution system will be implemented step-by-step in the digital traffic management systems of ÖBB-Infrastruktur AG, which identifies possible optimisations on the basis of continuously updated data and intelligent algorithms, and proposes the optimised operating procedure to the train dispatcher as a recommendation for confirmation. This intelligent influencing of train services can further increase efficiency, which has a positive effect on the quality of operations.

In the course of digitisation, the data acquisition and data analysis of sensor systems such as train movement checkpoints is also gaining in importance, as these increasingly serve both as a basis for predictive maintenance applications and further optimisations with regard to cost reduction as well as for increasing safety and efficiency. Digitised information and solutions at ÖBB-Infrastruktur, such as the ÖBB InfraHub, allow information to be networked with other transport infrastructure operators and thus form the basis for multimodal traffic management.

The consistent upgrade of the data network will provide the technical basis for network segmentation (data network separation) by the end of 2020. This will be accompanied by an increase in data network security (separation of operational network segments from office network segments), which will be further strengthened by the already implemented upgrade of systems for network security, including dDos.

In order to realise digitisation and the associated increase in efficiency in the area of system provision, the Building Information Modelling (BIM) project was launched in 2016, which represents an information-based planning method in coordination with other railway infrastructure operators. This method is already in use for individual large-scale projects and planning projects.

The MovIT (Modularly Linked IT) program within the Line Management and Facilities Development division was launched in 2017 with the aim of establishing a future-proof IT landscape for process-supporting and facility data management applications. This involves replacing existing databases and applications on the one hand and developing new applications based on the needs of specialist departments, staff and regions on the other.

Forecast

The budget and medium-term planning from 2020 to 2025 is based on the Group's strategic objectives. ÖBB Group's activities over the next six years will be aligned to extending its portfolio of products and services and focusing on customer benefits and economically sustainable growth.

D. Research and development

At the end of 2018, ÖBB-Infrastruktur AG agreed with the Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology (BMK) that all necessary steps would be taken in 2019 to institutionalise a research centre specifically dedicated to the key high-tech topic of "digitalisation in railway infrastructure" in accordance with internal and external partners.

In compliance with this task, the staff unit Life Cycle Management and Innovations in the division Line Management and Facilities Development successfully initiated the necessary steps by the end of April 2019, followed by the staff unit Corporate Development; both of these are organisational units responsible for R&D throughout ÖBB-Infrastruktur AG.

An essential part of this path was, among other things, the active participation in the stakeholder process launched by the Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology (BMK) in 2018 for the strategic orientation of Austria's research, technology and innovation activities in the railway system, which ended with a final stakeholder workshop in April 2019. Participants covered the entire Austrian railway research community, including representatives from industry and science. ÖBB-Infrastruktur AG contributed to this process with its R&D roadmap RailTec 4.0 – Digitised Rail visionary thinking, which has been available since January 2018.

At the end of June 2019, the Austrian Research Promotion Agency (FFG) then published the call for proposals "Cooperative Technology Initiative System Rail" within the framework of the national "Mobility of the Future" funding programme on behalf of the Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology (BMK) as the funding body, with the focus on "Automation & Digitisation in the Railway System". At the beginning of July, ÖBB-Infrastruktur AG decided to participate as a consortium partner in a submission carried out by ÖBB-Holding AG as consortium leader. A total of seven research focal points were jointly developed with regard to content. On the one hand, they deal with currently challenging topics and those to be expected in the future. On the other hand, they make a significant contribution to the automation and digitalisation of the railway system.

ÖBB-Infrastruktur AG has defined four of the seven research priorities and formulated their contents together with selected partners from science and industry: simulation of railway operation in a digital twin, "Light" train control system without external light signals on regional railway lines, communication and supply of autonomous, digital elements along main and regional railway lines, shunting methods for the future by redesigning the shunting processes using new technologies.

At the beginning of November, the Austrian Research promotion Agency (FFG), this time on behalf of the Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology (BMK) and the Federal Ministry for Digitalisation and Economic Affairs (BMDW), published another call for proposals within the framework of the national funding programme "COMET – Competence Centers for Excellent Technologies". Here, too, ÖBB-Infrastruktur AG decided to participate and submit a proposal as consortium leader. The focus of the research will be on the components of the track system as well as on the components of bridges and tunnels. Here, too, the instruments digitisation and simulation will be the focus of attention in order to meet the challenges expected in the future. The content of the research priorities will be formulated in an upcoming work process which will be completed in spring 2020 together with selected partners from industry and science.

In addition to these two focal points, many other ÖBB projects were again supported by national and European funding programmes in 2019. For example, ÖBB-Infrastruktur AG is involved in the "Shift2Rail Joint Undertaking." The objective is to increase the competitiveness of railways in Europe. At the national level, the company works closely with the Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology (BMK) and the Austrian Research Promotion Agency (FFG).

As of Oct 17, 2019, ÖBB-Infrastruktur AG was working on 59 partly related and overlapping R&D projects as well as the two research programmes Transport Infrastructure Research VIF and Shift2Rail, each with several individual projects.

The current project portfolio amounts to EUR 23.8 million (for all current projects and their respective lifetime up to and including 2021 without deduction of subsidies).

Examples of current projects

The following extracts of R&D initiatives, which in some cases are based on multiple individual yet interdependent projects, are outlined within the context of areas of optimisation developed within the Group as part of the R&D strategy.

Objectives that are being pursued under the pillar "route infrastructure through optimisation" include, for instance: providing intelligently connected facility data, e.g. for the purposes of procuring needs-based advanced components, proactive incident management, or developing and implementing more realistic threshold values for preventive maintenance in respective guidelines; all in order to ensure the right route-related intervention points for taking measures (maintenance, reinvestments) as well as to create the digital infrastructure as a basis for automation.

Objectives that are being pursued under the pillar "operations management through optimisation" include e.g., digitalisation and automation in train and shunting operations, as well as the provision of customer information for traffic management in order to, for instance, improve efficiency in operations management, increase the use of infrastructure capacities, enable accurate train controls for punctual and energy-efficient traffic management (Automated Train Operation, ATO), develop customer-oriented information systems, and enable multimodal transportation management.

Objectives being pursued under the pillar of "customer and train station through optimisation" include, e.g., the provision of reliable, needs-based and targeted information in a customer-friendly format, e.g. through development of a mobility platform ("meinBAHNhof"), optimisation of the channels for customer information, continued development of wagon order notifications, incorporation of passenger flow studies in the planning phase. Beyond that, data should also be easily available, discrimination-free and quality-assured.

Component reliability (Line infrastructure pillar)

Prototype development of a measuring unit installed in the track for the combined detection of unstable vehicle running behaviour and the corresponding determination of wheel profiles at speeds of up to 250 km/h.

Maintenance activity expenditure (Line infrastructure pillar)

Development of a simple and automatable diagnostic system for assessing the condition and remaining service life of noise barriers with the aim of reducing the effort of periodically assessing their condition.

System construction cost pressures (Line infrastructure pillar)

A research programme with the aim of developing needs-based polymer pipe materials for efficient drainage systems in tunnels with a focus on resisting ageing and the tendency to sintering.

Operations management cost pressures (Operations management pillar)

Prototype development of a platform for shunting operations with the aim of supporting shunting staff efficiently and safely in the future by means of a single compact device in carrying out their growing, multifunctional tasks.

Capacity and degree of usage of the railway network (Operations management pillar)

A research programme with the aim of contributing to the development of an advanced signalling and automation system capable of applying the highest degree of automation, enabling trains to recognise their integrity themselves, improving traffic management services and providing a basis for standardisation.

Equipment and quality standards, including construction costs (Customer and station)

Development of a station of the future with a focus on smaller and medium-sized stations in urban and rural areas: materials, design, equipment and fittings, smart services, and energy efficiency.

E. Group relationships

Parent company ÖBB-Holding AG

The parent company ÖBB-Holding AG is a joint-stock corporation under Austrian law. The company was founded and established on the basis of Section 2 of the Austrian Federal Railways Structure Act (Bundesbahnstrukturgesetz – BundesbahnstruktG) of 2003. ÖBB-Holding AG provides various services such as marketing and treasury services for ÖBB-Infrastruktur AG and other Group companies. ÖBB-Holding AG provides various services such as marketing and treasury services for ÖBB-Infrastruktur AG and other Group companies. These are allocated to the Group companies by means of group allocation or activity allocation. In the financial year 2019, the ÖBB-Infrastruktur Group was invoiced EUR 19.2 million (PY: EUR 19.1 million) as group allocation.

The direct subsidiaries of ÖBB-Holding AG are primarily the sub-group parent companies ÖBB-Personenverkehr Aktiengesellschaft ("ÖBB-Personenverkehr AG"), Rail Cargo Austria Aktiengesellschaft ("Rail Cargo Austria AG") and ÖBB-Infrastruktur Aktiengesellschaft ("ÖBB-Infrastruktur AG").

ÖBB-Personenverkehr AG

The main task of ÖBB-Personenverkehr AG is the transport of persons, including the provision of public services as well as the production and operation of all the facilities necessary to do this with the exception of the rail infrastructure and the provision of all related business or businesses resulting therefrom, in particular the management of passenger transport on the basis of tariffs and timetables. In the financial year 2019, the company generated total income of EUR 338.1 million (PY: EUR 330.9 million). EUR 14.1 million (PY: EUR 13.8 million) was charged to the ÖBB-Infrastruktur Group.

Rail Cargo Austria AG

The main task of Rail Cargo Austria AG is the transport of freight, including the provision of public services as well as the production and operation of all the facilities necessary to do this with the exception of the railway infrastructure and the provision of all related business or businesses resulting therefrom, in particular the management of freight traffic. In the financial year 2019, total income of EUR 168.1 million (PY: EUR 170.7 million) was generated with Rail Cargo Austria AG. EUR 1.4 million (PY: EUR 1.7 million) was charged to the ÖBB-Infrastruktur Group by Rail Cargo Austria AG. No purchased services were capitalised (PY: EUR 0.2 million).

ÖBB-Produktion Gesellschaft mbH

ÖBB-Produktion Gesellschaft mbH ("ÖBB-Produktion GmbH") is the joint subsidiary of ÖBB-Personenverkehr AG. Main task of the company is the provision of traction and other services for other railway operators. In the financial year 2019, the company generated total income of EUR 177.4 million (PY: EUR 161.4 million). EUR 17.3 million (PY: EUR 18.0 million) was charged to the ÖBB-Infrastruktur Group. Purchased services in the amount of EUR 0.2 million (PY: EUR 0.1 million) were capitalised.

ÖBB-Technische Services-Gesellschaft mbH

ÖBB-Produktion Gesellschaft mbH ("ÖBB-Produktion GmbH") is the joint subsidiary of ÖBB-Personenverkehr AG and ÖBB-Technische Services-Gesellschaft mbH ("ÖBB-Technische Services-GmbH") is the joint subsidiary of ÖBB-Personenverkehr AG and Rail Cargo Austria AG. The main task of the company is the provision of services in connection with rolling stock. In the financial year 2019, the company generated total income of EUR 27.2 million (PY: EUR 24.2 million). EUR 31.7 million (PY: EUR 33.3 million) was charged to the ÖBB-Infrastruktur Group. Purchased services in the amount of EUR 10.6 million (PY: EUR 10.8 million) were capitalised.

ÖBB-Business Competence Center GmbH

As an intra-Group services company, ÖBB-Business Competence Center GmbH mainly provides standardised administrative services. In the financial year 2019, the company generated a total income of EUR 20.4 million (PY: EUR 21.1 million). EUR 92.3 million (PY: EUR 86.8 million) was charged to the ÖBB-Infrastruktur Group for internal services. Purchased services in the amount of EUR 4.0 million (PY: EUR 2.3 million) were capitalised.

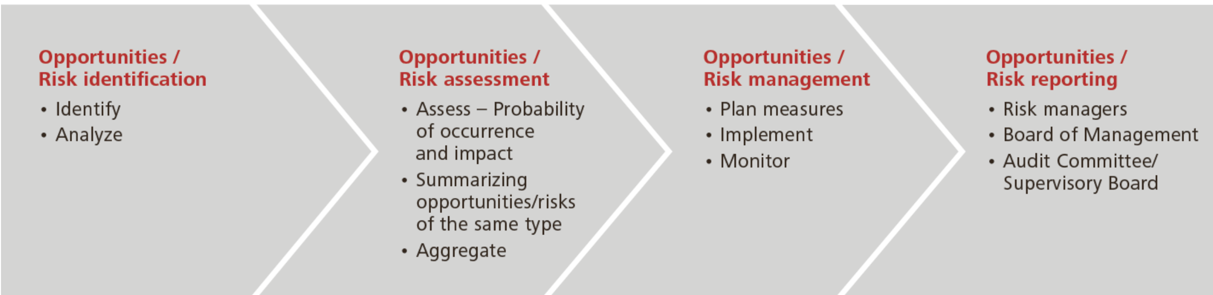
F. Opportunity and risk report

The opportunity and risk management procedure applies to all relevant business processes and key financial indicators in the main Group companies, and therefore is considered to be an important instrument of corporate governance. The objective is to promptly identify and proactively manage opportunities and risks through appropriate measures in order to protect existing and future success and growth potential. Based on updated evaluations or lessons learned, all identified opportunities/risks are continuously subjected to qualitative and quantitative assessment, particularly with regard to the possible impacts and likelihood of occurrence.

The ÖBB Group defines opportunities and risks generally as events or developments that might cause a positive or negative deviation of results from the assumptions made during planning. Consequently, the revision of the opportunity and risk portfolio is conducted in sync with the planning processes.

The corporate directive and the opportunity and risk management manual that are binding across the group define rules, margins and minimum requirements of risk management for all business units involved. The first objective of the risk policy is unrestricted safeguarding of business operations. According to this, risks may only be taken if they are calculable and associated with an increase in income and in the company value.

Opportunity and risk management process



This process is supported by risk management software. Following an assessment and consolidation of the individual opportunities and risks in the corporate opportunity and risk platform, a report to the Board of Management of ÖBB-Infrastruktur AG is prepared which describes the major risks and respective counter-measures or opportunities.

Regular reports are also submitted to the Audit Committee of the Supervisory Board – both the most current opportunity and risk reports as well as the results of the auditor's annual review of the viability of the opportunity and risk management system carried out as part of the audit of the annual financial statements done in accordance with Rule 14.3.8.5 of the Public Corporate Governance Code. This is intended to ensure that the Supervisory Board can obtain a continuous picture of the efficiency and effectiveness of the implemented system. The regular dialog with the Audit Committee also offers the opportunity to identify new risk-related topics top down and to deal with them further within the framework of risk management. A "Governance, Risk and Compliance" committee was set up in 2017 to formally promote a stronger integration of risk-related functions (risk management, ICS, compliance, process management, etc.).

In the ÖBB-Infrastruktur Group the function of a Group risk manager has been implemented to ensure the professional handling of opportunities and risks as well as the ongoing implementation of the risk and opportunity management process. He or she is responsible for the opportunity and risk management process in the Group and in the company. In the Group he or she performs the opportunity and risk consolidation and aggregation and determines its overall opportunities and risk position, each of which is aligned with the risk acceptability and risk-bearing capacity limits. If necessary, further action may be required and measures initiated. The risk manager reports to the Board of Management and the Group Opportunities and Risk Manager, submits the opportunity and risk report including risk prioritisation and the relevant control measures, and performs consulting and training tasks. In addition, in all business areas, staff offices, and in all major investments, decentralised risk managers and contacts have been defined who support managerial staff responsible for risk ("risk owners") in identifying opportunities and risks in their areas of responsibility.

For the year 2020, the most important opportunities and risks, none of which pose a danger to the portfolio, are allocated to the opportunity/risk fields as follows:

Strategy

The fact that environmental developments are becoming increasingly dynamic is reflected within the ÖBB-Infrastruktur Group to the extent that all political, legal, socio-cultural, ecological, economic and technological changes that could affect the achievement of the strategic goals of the company are regularly identified by the executives of all business divisions in a structured process. Appropriate measures are defined, and regular controlling is implemented, following a thorough analysis and prioritisation.

Operations

Risks arising from force majeure and natural hazards are countered with established systems and programs: for example, a natural hazard management system has been implemented (including weather information system, flood information system, natural hazard map). Failure risks in the area of all telecommunications services and essential data network services for railway operations are addressed with preventive risk-reduction measures such as emergency plans, creating redundancies, or the relocation of the system premises. Despite the generally extremely high reliability of the signalling and control centres, partial or total failures resulting from terrorism, sabotage or natural events such as fire cannot be excluded entirely. Therefore, a holistic incident management concept to key elements such as signal towers, remote control units, signalling and control centres units and customer information systems forms part of the operational management strategy. Equipment inspected regularly to mitigate the risk of a decline in revenue and increased expenses caused by quality problems in equipment, especially in rolling stock and locomotives. Training programs and information events are regularly organised to mitigate the risk of accidents caused by ÖBB employees. The risk of terrorist attacks is reduced both by targeted measures and instructions (behavioural recommendations) and through close cooperation with the Federal Ministry of the Interior. The existing emergency and contingency plans are continuously evaluated and reviewed by exercises conducted annually.

Sales and distribution

Risks exist primarily as a result of increasing competition and regulatory circumstances. These risks are mitigated by observing and analysing customer behaviour and making targeted adaptations to our portfolio of products and services. This measure also increases the opportunity to attract new customers and to further exploit the market potential of existing customers.

The long-term economic impact of the United Kingdom's withdrawal from the European Union is not yet clear, but most economic experts anticipate it is likely to be rather minimal. However, if economic growth in Europe does slow down significantly as a result, this could have a negative influence on the business development of the ÖBB-Infrastruktur Group. With total revenues of EUR 48 thousand, the ÖBB-Infrastruktur Group's direct volume of business with companies from the UK is very small.

Personnel, management and organisation

There is a risk here that failure to implement or incomplete implementation of planned measures, such as efficiency improvements or recruiting and knowledge transfer, could lead to increases in personnel expenses. Rigorous control procedures minimise this risk.

Law and liability

The "Code of Conduct", which contains the ethical principles and general principles that guide the Group's business activity, reduces the risk of costs being incurred as a result of penalties for violations of antitrust laws. A Compliance Team was set up in 2013 to assist primarily in this area of risk as part of an early warning and monitoring system, with the ultimate aim of avoiding risk and thus preventing damage. Changes in legislation and regulations – at both national and international levels – can lead to increased system costs (e.g. through new technical or organisational requirements). Accordingly, the development is carefully reviewed for possible effects in order to react at an early stage.

According to Association Liability Law (Verbandverantwortlichkeitsgesetz), the regulation stipulating that companies can be held liable and convicted for the punishable actions of their employees or decision-makers applies to ÖBB Group as well. The legal risk management system of the Group addresses this risk by identifying offenses under criminal law – such as negligence, environmental crimes and corruption – evaluating the current situation, and putting risk mitigation measures in place. Preventive measures have also been established by introducing monitoring and reporting systems and by issuing general behaviour directives in the Code of Conduct. Further risk mitigation is ensured through appropriate training programs and clear assignment of responsibilities.

Purchasing and procurement

Fluctuating prices for various raw materials constitute the largest risk, but could also offer potential opportunities. To mitigate this risk, contracts can be appropriately formulated by observing and analysing the market.

Data processing

System failures can cause additional costs and loss of revenue in the operating business units. Measures aimed at improving the availability of IT (e.g. equipping the server rooms) and confidentiality (such as staff awareness training) and integrity of data (e.g. backups) are implemented on an ongoing basis in order to reduce the risk. In addition to technical safeguards, the Chief Information Security Officer works together with the contact partners in the sub-groups and companies to ensure organisational measures for a uniform group-wide control and monitoring (security governance) of information security. Security governance is responsible for minimising damages resulting from, for example, malicious software or identified risks, by regular monitoring of the measures implemented.

Subsidiaries and investments

Subsidiaries and investments are considered within this risk area. Here, there is a risk that they may not achieve their budget targets, and that assets may have to be written down as a result of impairment testing, and allowances for investments may be required. The proceeds from utilisation and sales and the exact timing of realisation in the real estate area depend on the respective market developments. Risk management acts early on in structuring the negotiations and through targeted portfolio management.

Risks related to financial instruments

Original financial instruments

The ÖBB Group's portfolio of original financial instruments is shown in the Statement of Financial Position. These are receivables and liabilities from financing activities, trade receivables and payables, financial assets, and securities. Detailed information is provided in the Notes to the Consolidated Financial Statements.

Derivative financial instruments

The ÖBB-Infrastruktur Group uses derivative financial instruments to hedge against risks associated with interest rate changes and raw material prices. The Group directives prohibit the issue or holding of derivative financial instruments for speculative purposes. Derivative financial instruments are concluded only with reference to a hedged item, and furthermore, the permissible financial transactions are defined by the Group directives. Derivative financial instruments are assessed in accordance with the applicable accounting standards.

The last derivative used in the ÖBB-Infrastruktur Group is a structured derivative with a nominal value of EUR 20.0 million. The non-structured derivative (plain vanilla interest rate swaps) with a nominal value of EUR 100.0 million expired as planned in 2019.

Risk definition and risk management with respect to financial instruments

ÖBB-Holding AG only conducts financial transactions on behalf of and for the account of Group companies after their approval and on the basis of their instructions. ÖBB-Holding AG has created a risk-oriented monitoring environment that includes, amongst other things, guidelines and procedures for the assessment of risks, approvals, reporting, and the monitoring of financial instruments. The protection of Group companies' assets is the first priority for any and all financial activities. An important task of the Group Finance department, which is responsible for this, is the identification, assessment, and limitation of financial risks. Risk limitation does not mean the absolute elimination of financial risks. It means reasonable and transparent governance of quantifiable exposures within a specific framework for activities that has to be agreed with the respective Group companies. The most important financial risks are described in more detail below.

Liquidity risk

The primary aim of ÖBB Group in financial terms is to secure the necessary liquidity. Liquidity risk means the risk that a company might have difficulties meeting its obligations arising from financial liabilities that are settled by cash payment or by the delivery of another financial asset. The main tasks of the ÖBB Group's Finance department therefore include planning cash flows, agreeing upon sufficient credit lines, and adequately diversifying lenders to ensure consistent liquidity of all Group companies.

Interest rate risk

Risks arising from changes in market interest rates may affect the financial result of the ÖBB Group due to the structure of its Statement of Financial Position. The Group therefore strives to limit the influence of possible market interest rate fluctuations on results to a level agreed with all Group companies.

Derivative financial instruments adequate for managing interest rate risks are transacted on the basis of portfolio analyses and recommendations by Group Finance, and of corresponding decisions by Group companies. No derivatives have been used since 2019, as the last non-structured derivative (plain vanilla interest rate swaps) with a nominal value of approximately EUR 100.0 million expired as planned in 2019. This is because the majority of financial assets and financial liabilities have fixed interest rates. For more information on this see Note 29.2.a in the Notes to the Consolidated Financial Statements.

Currency risk

ÖBB Group companies are not exposed to any material foreign currency risks. Most finance agreements are denominated in euros.

There are no relevant exchange rate risks from cross-border leasing transactions, as the contractual liabilities in foreign currencies are matched by corresponding assets and receivables with matching volumes and maturity in the same amounts.

Counterparty risk

Counterparty risk describes the potential loss from failure by business partners to honour their financial commitments – mainly money market transactions, trade receivables, investments, positive present value swap transactions. Counterparty credit risk management is subject to limits that are individually assigned to each financial partner and checked daily for compliance.

Apart from the original transactions with ÖBB finance partners, counterparty risk also exists in connection with cross-border leases. For cross-border leasing transactions, security deposits, payment undertaking agreements and swaps were concluded with financial partners for lease instalments during the term and the acquisition cost at the end of the term. Cross-border lease management handles the administration, execution, risk management, and economic termination of existing cross-border leases. It aims, specifically, to monitor all the rights and obligations arising from the transactions, to ensure execution in accordance with the agreements, to avoid risks, and to ensure the profitability of the entire portfolio.

In previous years, the Group has significantly reduced the original volume of existing cross-border leases without losing the deferred tax benefit that was generated at the time of the initial transaction. The ÖBB's strategy remains to actively manage the risk associated with the transactions and take advantage of opportunities to terminate transactions under economically acceptable conditions. This strategy will not change in the future. For more information on cross-border leases see Note 30.3 in the Notes to the Consolidated Financial Statements.

Commodity risk

ÖBB-Infrastruktur AG operates its own hydroelectric power plants. It assumes the technical, commercial and legal responsibility for power facilities and includes the energy sector competence centre for the power procurement at ÖBB. Power facilities include power stations, frequency converters, substations, main power supply facilities and control centres. Risk management in the energy area is provided by ÖBB-Infrastruktur AG.

Around two thirds of the traction current required and the entire power needed for supplying the operating facilities (railway stations, etc.) is procured on the electricity market. The ÖBB-Infrastruktur Group is therefore strongly affected by electricity price volatility. The risk management strategy therefore arranges for price hedging.

For the ÖBB-Infrastruktur Group it is particularly relevant that prices are hedged and fixed in advance. Prices are hedged by concluding forwards for the planned purchase quantities for traction power, energy losses and operating facilities as well as for emission certificates. In addition to securing prices, the hedging also serves to increase planning certainty, which is necessary as the basis for price calculation. Further information can be found in Note 29.4 to the consolidated financial statements.

Internal control system

The members of the Boards of Management, Executive Boards and Managing Directors of the Group companies are aware of, and embrace their responsibility to design an appropriate internal control system (ICS). For the ICS, the minimum standard to be implemented by the sub-groups has been formulated.

As part of the continuous improvement process, a project for the “development of the internal control system in the ÖBB Group” was completed in 2017, among other things with a view to the maturity level of the ICS compared to well-known benchmark companies in Austria. The further development measures that were identified were then implemented over the next few years. The ICS concept was evaluated once again in 2019 with the help of external experts in terms of its ability to meet the statutory requirements, and the content of individual aspects was subject to further examination.

Control environment

The ICS at ÖBB Group is highly focused on process monitoring procedures of defined accounting issues. It supports compliance with significant provisions and the envisaged business policy (Compliance), along with ensuring the correctness and reliability of the financial reporting (Financial Reporting), and the economic efficiency of operational activities (Operations).

It is based on the internationally proven framework concept COSO (Committee of Sponsoring Organisations of the Treadway Commission). Thus, the ICS offers management a recognised basis for analysis and control tasks.

The ICS is based on the principle that audit measures regarding identifiable risks in essential/critical business processes are documented in a comprehensible fashion, that the structural organisation is documented comprehensibly (organisation chart, job description, functional description, etc.) and adjusted on a regular basis, and that the applicable regulations and internal specifications are widely known and available. Concrete guidelines were derived from the above-mentioned development project. The business processes based on available process maps must be directly linked with defined ICS key categories and, within these categories, with the relevant ICS key risks.

Risk assessment and control activities

Key risks are identified and captured at regular intervals, based on the process documentation. Suitable monitoring activities are determined in order to reduce the risk to an appropriate level. Regular self-assessments with rotating priority areas make sure that the effectiveness of monitoring procedures is reviewed and documented.

At this point, reference should be made to the procedure established within the framework of the development project. For the identified ICS key categories, a set of generic key risks has been formulated which must be addressed directly and bindingly by all Group companies through adequate controls.

In light of the size of the corporate group, an Internal Audit function has been established within the ÖBB Group. Internal Audit monitors the existence of an effective ICS in the Group companies. It audits certain ICS elements on the basis of an approved annual audit plan. The results are reported to the Audit Committee of the respective Supervisory Board in the form of an activity report.

A Compliance unit has also been set up. This unit operates independently on an event-driven basis and is supported by compliance officers from all sub-groups. Implementing preventive measures is a further essential aspect of compliance.

Information and communication

Regardless of the group-wide harmonisation, in accordance with the Group's decentralised structure, each sub-group has an appropriate, effective ICS. This entity is thus set up and maintained by the sub-groups on their own authority.

A group-wide minimum standard for the implementation of the ICS has been published, is evaluated on a regular basis and adjusted as necessary. Moreover, the organisational units of the Group are required to keep standardised and computerised documentation of the key checks defined within the processes, including the risk areas and corresponding test steps. Reports to management and the audit committees of the respective Group companies are also based on this non-editable, annotated and verifiable data.

Accounting

When the auditors audit the annual financial statements, the ICS as regards to the accounting process also forms part of the auditing mandate.

As far as the accounting pre-processes are concerned, broad standardisation was achieved. The respective workflows were transferred to a group-wide unit for accounting services within the ÖBB-Business Competence Center GmbH.

ÖBB-Business Competence Center GmbH provides operational support to ÖBB-Holding AG for its harmonising activities through suitably coordinated auditing, evaluation, and explanatory tasks.

SAP software is used to account for all business transactions within ÖBB Group. Some foreign subsidiaries also use other software solutions. Data transfer within the Group is thus largely automated. Upload files are sent to ÖBB-Holding AG for central processing of the data in the SAP Netweaver BI consolidation system.

Consolidated accounting is based on an IFRS Group Manual which is published and updated by the Accounting department at ÖBB-Holding AG on a regular basis. The Manual specifies and communicates important accounting requirements based on IFRS across the Group. The Accounting team is regularly trained on new developments in accounting to avoid any risk of accidental misstatement.

From 2016 to 2018, the ÖBB Group designed and implemented a modern accounting system within the ÖBB Group with the "MORE!" project. The project was triggered by the necessary introduction of the new general ledger and the central business partner in SAP as the basis for a future implementation of S4/HANA. The project was used to clear out unused settings, organisational units, master and transaction data, and to reorganise the chart of accounts in several modules. Other priorities included the merger of domestic and foreign ÖBB companies under one umbrella and the introduction of certain new functionalities. The migration to the production environment took place in Jan 2018, with all new postings since Jan 01, 2018 being made to the new system.

The information provided in the Notes to the Consolidated Financial Statements is compiled using software purchased by ÖBB-Holding AG specifically for this purpose. These are audited by local auditors, respecting Austrian statutory regulations and principles of due and proper auditing of financial statements, the International Standards on Auditing (ISA) published by the International Auditing and Assurance Standards Board (IAASB) and the International Federation of Accountants (IFAC), and the General Terms and Conditions for Audits within ÖBB Group. All subsidiaries then supply comprehensive reporting packages with all relevant accounting data (income statement, statement of financial position, statement of cash flows, notes to the consolidated financial statements) for the preparation of the Consolidated Financial Statements. The audit is confirmed by a "Report on the IFRS Group Reporting Package". The reporting package cannot be processed until they are received. This external control system constitutes a supporting element of the ICS.

The Supervisory Board is informed about the economic development of the Group in regular intervals, in particular within the framework of the mandatory audit committee of ÖBB-Holding AG, by means of consolidated presentations.

G. Non-financial statement

G.1. Statement by the Board of Management on the non-financial statement

The railway is part of the solution

The climate problem also poses major challenges in the field of mobility and transport. For example, the consumption of diesel and petrol in Austria must be reduced by one third by 2030 in order to meet the Paris climate targets and the EU targets. It is therefore obvious that these targets cannot be achieved without the railway. The railway is part of the solution, without railway there is no solution. Added to this is digitisation, which means that many processes – from contacting customers to developing and maintaining the infrastructure – have to be completely rethought. These are the core challenges facing the railways, not only in Austria.

As a leading provider of sustainable mobility, ÖBB considers itself well equipped for this process of change and is making significant contributions to sustainable development in Austria. Rail as transport infrastructure is characterised by a high degree of ecological, social and economic compatibility.

Austria's biggest climate protection company

As a pioneer in the field of environmentally friendly mobility, the ÖBB Group's climate protection strategy 2030 has set the ambitious goal of becoming completely climate neutral in the area of mobility by 2030, thus making a substantial contribution to achieving Austria's climate targets. Significant levers in this climate protection strategy include electrification of further rail lines, the use of alternative drive technologies on rail and road, expansion in renewable energies, increasing energy efficiency (energy conservation), and further shifting traffic from road to rail.

An initial milestone was implemented in 2018: ÖBB-Infrastruktur AG has been offering traction power from 100% renewable energy since 2018. Most of the power required for operations comes from eight ÖBB hydropower plants, two partner hydropower plants, and the world's first rail solar power plant. The remaining quantity of the green traction power required is purchased from the market and is confirmed with certificates of origin. ÖBB saves more than 3.5 million tonnes of CO_2 with traction power from renewable energy sources. This makes ÖBB Austria's largest climate protection company.

In a second step this year, the power supply of all stations, offices, workshops and other facilities was also converted to electricity from 100% renewable energy sources.

Those who travel by rail or transport goods by rail are actively engaged in climate protection. Those who travel by car fuel climate change by producing 26 times more greenhouse gas emissions than train passengers, and an aircraft emits 51 times more greenhouse gases per passenger. Every tonne of goods transported by road produces 44 times more CO_2 than a tonne of goods shipped by rail.[41]

Switching to the railways makes a valuable contribution towards a future worth living for subsequent generations. ÖBB railway lines enable rail transport that makes efficient use of space: for the same transport volume, the railways only requiring between one third and one sixth of the surface required by the roads. Habitats and areas that are extremely important for the biological diversity can frequently be found along the railway lines. These close-to-nature spaces next to railway lines have grown considerably in recent years as many hundreds of hectares of ecological compensation areas have been created throughout Austria as part of rail upgrade programmes. The biological diversity on rail areas is an impressive one and provides for healthy habitats for people, animals, and plants. ÖBB-Infrastruktur AG has long been committed to the protection of rare plants and animals. Railway embankments, biotopes created in the course of new construction projects, etc. are important habitats and areas of retreat for many species. Measures are constantly being put in place aimed at maintaining Austria's natural resources and therefore its biological diversity: embankment greening with regional seeds, planting of old varieties of fruit trees, river restoration, construction of bridges for wild animals, and much more.

In order to meet the requirements of our customers and society in the future, ÖBB is taking further steps towards an efficient, non-discriminatory and environmentally friendly railway infrastructure with the expansion strategy "Target Network 2025+" and the work already begun on the Target Network 2040+ – as basis for more trains, more passengers, more freight, and even better synchronised scheduling on a rail infrastructure with unrivalled sustainability. The leading role that the ÖBB-Infrastruktur Group plays in sustainable mobility has also been confirmed by an external, independent agency. We received the top ranking in a sustainability rating of 49 transport infrastructure companies worldwide by the rating agency ISS-oekom.

Barrier-free access to the railways

Barrier-free and convenient access to trains and buses for people with disabilities, people with strollers, the elderly and passengers with luggage or bicycles is an important goal. The ÖBB-Infrastruktur AG is making great effort in this area: in 2019 more than 82% of all passengers benefited from modern, barrier-free stations. By 2027 at least 90% of passengers will be able to use barrier-free stations.

Seeking the direct dialog with relevant parties and experts is also important in addition to these measures: so-called "stakeholder dialogs" have been conducted in the federal states since 2014 as a form of direct exchange with people with disabilities. This successful format was replaced by a new format in 2019: the so-called Sensing Journeys. At four stations one could take a journey into the world of people with disabilities and thus experience the topic "Accessibility at the station" with all senses. This year, the Sensing Journeys visited Vienna West Railway Station, in St. Pölten, Linz and Graz.

[41] Data source Environment Agency Austria 2019: values for Austria, average consideration per car and tkm.

Upcoming generational change

For the upcoming generational change we need to act and be perceived as an attractive employer on the internal and external labour market. Against this background, ÖBB-Infrastruktur AG actively participates in the Group-wide "Future of ÖBB" programme, which is concerned with realigning the ÖBB employer branding.

With more than 1,700 apprentices (including apprentices of the Allgemeine Privatstiftung für berufliche Bildung / General private trust for vocational training), ÖBB-Infrastruktur AG is one of the largest companies offering apprenticeship training in Austria. The Group-wide process for recruiting apprentices was given a new direction through a separate and modern campaign at the initiative of ÖBB-Infrastruktur AG with the slogan "*#nasicher*" (for sure) in an attempt to inspire even more young people to embark on a career with ÖBB. The proportion of apprentices who will be taken on by the company after completion of their training should also rise sharply. A special focus is on the training and employment of female apprentices, especially in technical professions. In 2019, the first stones were laid for new apprenticeship facilities, for example in Bludenz.

Professional talent management and clear perspectives are intended to promote and motivate employees in order to ensure that existing expertise stays within the company and to enable the internal replacement of key employees. Career models promote sustainable career management in the Group.

The railway of the future

The tasks of ÖBB-Infrastruktur AG include the planning, construction and operation of ÖBB's infrastructure facilities as well as the provision of professional railway-specific services. ÖBB-Infrastruktur AG acts as a central point of contact for all matters relating to the railway infrastructure. We rely on state-of-the-art technology for this, as continuous development and introduction of new services and technologies are key to our success. ÖBB-Infrastruktur AG is working with partners and the European Commission to design the railways of tomorrow.

ÖBB as an engine and leading force for the economy

ÖBB-Infrastruktur AG invested EUR 2.0 billion in 2019 in the expansion and renewal of the railway infrastructure in accordance with the master plans adopted by parliament and government. This makes ÖBB-Infrastruktur AG Austria's biggest constructor and also makes the country a more attractive one: new railway stations such as Vienna's Central Station are a prime example of how these investments can become a calling card for cities. The success stories also include upgrade of the Western line and expansion of the infrastructure through the Brenner and the Unterinntal, as well as the Southern line currently under construction with Semmering Base Tunnel and the Koralm Line.

ÖBB-Infrastruktur AG is a strong partner to and engine for the Austrian economy, and one of the biggest clients to the Austrian construction and rail industry, with major significance for the national economy. The ÖBB-Infrastruktur Group employs more than 18,000 people directly, secures a further 9,000 jobs outside the Group through the orders that it places and value it creates, and also provides a high level of job security. The ÖBB-Infrastruktur Group therefore secures a total of 27,000 jobs through this performance.

ÖBB Group is also the leading force in the Austrian rail system: 5.0 billion of the EUR 8.0 billion of value created in the overall public transportation system and the railway industry comes from ÖBB and the Group is well aware of this major responsibility. This is precisely why attention is being paid to Austria as a location and to the switch to public transportation.

ÖBB Group can therefore be proud that the railway in Austria is able to position itself as part of the solution to the numerous complex ecological, social and economic challenges. Travelling by train is safe and comfortable, preserves livelihoods, and strengthens the domestic economy. With the entry into force of the Sustainability and Diversity Improvement Act (Nachhaltigkeits- und Diversitätsverbesserungsgesetz – NaDiVeG), ÖBB-Infrastruktur AG is one of the 120 companies in Austria that are required to prepare a "Non-financial statement." This means detailed reports on the main aspects of environmental, social and employee issues, respect for human rights, and the fight against corruption and bribery in connection with business activities.

In 2019, the terminals of ÖBB-Infrastruktur AG handled 500 thousand Intermodal Transport Units (ITE). These important filling points are the catalyst for the shift of road transports to rail, which is why ÖBB-Infrastruktur AG is planning and implementing the necessary capacities for future requirements.

As such the ÖBB-Infrastruktur Group is ensuring the prerequisites for forms of mobility that are compatible with the future.

Contribution of the Sustainability Coordinator: corporate rating

Since 2012, oekom research AG has regularly subjected ÖBB-Infrastruktur AG to an ESG rating (Environment, Social, Governance) for the transport infrastructure sector, using over 100 indicators for evaluation.

Oekom research AG merged with US rating agency ISS (Institutional Shareholder Services) in March 2018, thereby becoming the world's leading rating agency in the area of corporate responsibility and ESG ratings (environment, social, governance).

In 2019, ISS carried out further integration of product units and created the new brand ISS ESG.

As an ESG rating agency, ISS is therefore a specialist in the independent analysis and evaluation of environmental and social performance of companies that raise money on the capital market to finance projects.

In 2018 ÖBB-Infrastruktur AG was rated as a top investment for the third time for ethical, ecological and socially responsible investment by the world's leading rating agency. A total of 49 transport infrastructure companies from Europe, the US, Brazil, Asia and Australia were subjected to a rigorous review for the independent valuation. Only nine of them achieved prime status, and ÖBB-Infrastruktur AG was the winner for the third time (after having also won in 2012 and 2014).

Further information on the ISS ESG rating is available at https://www.issgovernance.com/esg/ratings/corporate-rating/.

Sustainability means sustainability by achieving the best possible balance between economic, ecological, social and societal objectives. An action is sustainable in the best sense if it satisfies current needs, can be globalised, i.e. is possible in principle worldwide, and does not endanger the needs of future generations.

ÖBB-Infrastruktur AG's commitment to sustainability can be seen in its corporate purpose to build and operate resource- and environmentally-friendly transport infrastructure for generations. The high social, ecological and, of course, economic compatibility of rail as transport infrastructure makes a major contribution to Austria's sustainable development.

The assessment by ISS-oekom shows that ÖBB-Infrastruktur AG is also among the best in international comparisons.

G.2. General

Legal framework

In accordance with Federal Act No. 20/2017 (Federal Gazette I) – NaDiVeG – a "Non-financial statement" (NFI statement) based on the Sustainability and Diversity Improvement Act is being added to the management report of ÖBB-Infrastruktur Group, as was already the case in previous years. The information and data for the current management report have been provided as far as possible for the years 2018 and 2019. The Non-financial statement is issued annually.

The NFI statement was compiled taking into account: Federal Gazette I No. 20/2017 – Austrian Sustainability and Diversity Improvement Act – in addition to Notes, EC communication – guidelines on non-financial reporting (draft), German Accounting Amendment No. 8 (draft), EMAS III VO_deutsch, GRI linking document G4 and NFI-reporting, and the GRI standards. The statement was prepared in accordance with the GRI standards (Global Reporting Initiative) based on the CORE option; the difference between it and the COMPREHENSIVE option is in the scope of application for the standards. The statement covers ÖBB-Infrastruktur AG and its major subsidiaries.

Structure of the decision-making bodies

In the 2019 financial year, the Board of Management of ÖBB-Infrastruktur AG consisted of three persons who must exercise the diligence of a prudent and conscientious manager. Each member of the Board of Management independently manages a Board of Management department and is also obliged to inform others about significant events in his or her area of responsibility. The business distribution of cooperation, information and reporting duties of the Board of Management and a list of measures requiring the approval of the Supervisory Board are regulated in the Rules of Procedure for the Board of Management.

The Supervisory Board is responsible for monitoring the management of the company and determining the allocation of business. In the 2019 financial year, the Supervisory Board consisted of nine members, six shareholder representatives and three employee representatives. Supervisory Board activities are governed primarily by the Stock Corporation Act (Aktiengesetz – AktG), the Sections of Association, the Rules of Procedure of the Supervisory Board, and the Federal Government's Public Governance Code. The following committees were established in the Supervisory Board of ÖBB-Infrastruktur AG at the time the report was being prepared: Audit Committee, Infrastructure Investment Committee, Nominating-Personnel Committee. The task of the committees is to prepare negotiations and resolutions, and to monitor the implementation of resolutions for the Supervisory Board.

Together, the Supervisory Board and the Board of Management of ÖBB-Infrastruktur AG form the committees for decisions on economic, ecological and social issues.

The limited liability companies in which ÖBB-Infrastruktur AG holds an interest have a management board, with Mungos Sicher & Sauber GmbH and ÖBB-Immobilienmanagement Gesellschaft mbH each having a supervisory board as a controlling body. The management of the partnerships (GmbH & Co. KGs) is incumbent in all cases on the management of the respective GmbHs, who are appointed as general partners.

Materiality analysis

In accordance with the requirements of the Global Reporting Initiative (GRI) a materiality analysis was carried out in 2018 in order to determine the latest essential topics for the Non-financial statement. The objective was to identify and present the most important topics that are of essential significance both for ÖBB Group as well as for the stakeholders. This process was also used as an opportunity to make contact and consult with the most important internal and external stakeholders. The issue at the beginning involved ascertaining the essential topics that arise along the ÖBB Group's value chain. An Impact Workshop was then held which was oftended by internal experts from the areas of Sustainability, Energy Management, Waste Management, Systems, etc. from among the Group companies.

A stakeholder survey was carried out in October 2018 in order to ascertain the views of the internal and external stakeholders. A total of 703 people were contacted, with the proportion of internal and external stakeholders roughly equal in size. The response rate was 38%:
- ÖBB-internal stakeholders: ÖBB employees selected at random (including managerial staff and members of the works council) spread proportionally over the Group companies, with an equal proportion of men and women
- ÖBB-external stakeholders: customers, suppliers, policymakers, ministries/authorities, federal states/municipal authorities, interest groups, science and research, media, NGOs, railway associations, etc.

The common issues identified between the workshop and the stakeholder survey resulted in the ÖBB Group's Materiality Matrix 2018. Respect for human rights and the fight against corruption and bribery were also taken into account as additional key issues in the non-financial statement.

As ÖBB-Infrastruktur AG's corporate strategy and orientation remained unchanged compared to the previous year, no new materiality analysis was prepared in 2019. Therefore, the contents of this management report continue to be based on the materiality analysis from 2018.

Non-financial key indicators

Overview of non-financial key indicators for 2019	2019	2018	Unit
General			
Railway line (operating length)	4,877	4,864	Kilometres
Train stations (railway stations)	1,048	1,061	Number
Train kilometres travelled annually	156.4 million	154.4 million	Kilometres
Transport volume	78.7 billion	78.2 billion	Gross tonne-kilometres/year
Punctuality in passenger transport total, all railway undertakings[1]	95.2	95.8	Percent
Punctuality in goods transport[1]	77.3	77.1	Percent
Customer satisfaction[2]	86	85	Points
Corporate rating (Oekom Research AG)[3]	B-	B-	Prime status
Environment			
Quantity of active substance (glyphosate)[4]	5.0	2.7	Tonnes
Traction power from Austrian renewable energies[5]	100	100	Percent
Total energy use	375,4	387,6	Gigawatt hours
Total emissions (energy requirements incl. fleet)	96,422.0	76,315.5	in tonnes of CO_2
External car sharing stations	28	25	Number
Total area of ÖBB-Infrastruktur AG	190.8	190.8	Square kilometres
Trees in the tree register	11,836	11,769	Number
Waste from construction projects, dumped	*)	2,557,386	Tonnes
Non-hazardous waste, disposed of	*)	1,952,523	Tonnes
Hazardous waste, disposed of	*)	33,392	Tonnes
Social and employee issues			
Employee survey[6]	71	71	Index points out of 100
Active employees and apprentices	18,734	18,315	Persons
Tenured employees	10,097	10,411	Persons
Apprentices	1,562	1,525	Persons
Average age in Austria (excl. apprentices)	43.9	46.4	Years
Percentage of women (incl. apprentices)	8.6	8.4	Percent
People with disabilities	2.7	2.8	Percent
Accessibility			
Train stations that are modern and barrier-free	Approx. 300	230	Number
Research			
Research and Development projects (reporting date Oct 17, 2019) in progress	59	91	Projects
Safety			
Passenger transport			91 times safer than the roads[7]
Transport of dangerous goods			42 times safer than the roads[8]

Information on the non-financial key indicators can be found in the following text passages.
* This data had not yet been evaluated at the time of reporting.
[1] The threshold for punctuality is 5 minutes for passenger transport, 30 minutes for goods transport (the threshold for goods transport was increased from 15 minutes to 30 minutes in 2018). The month of January 2019 was characterised by an extreme onset of winter on the northern side of the Alps with high snow volumes and a large number of long-lasting route closures or slow speed limits due to the danger of avalanches.
[2] Maximum number of points = 100. Survey period Sept 23 to Nov 13, 2019. The customer satisfaction value of ÖBB-Infrastruktur AG consists of recording of customer satisfaction with written questionnaires (self-completion) and observations (mystery rides or observations). The sample size comprises 8,200 self-completed questionnaires (net sample = 5,267) and 620 mystery observations.
[3] The last Corporate Rating of ÖBB-Infrastruktur AG took place in April 2018.
[4] The low value of 2.7 t in 2018 is due to hot and dry weather with below-average plant growth in that year.
[5] Refers to customers that procure traction power from ÖBB-Infrastruktur AG.
[6] Result of the employee survey in June 2018; the next employee survey will not take place again until June 2020.
[7] Travellers killed per billions of passenger kilometres in Austria calculated over the average of the years 2007 to 2016, source: Allianz pro Schiene (Pro-Rail Alliance)
[8] Accidents per billion tonne kilometres involving hazardous goods, calculated over the average of the years 2004 to 2013, source: Allianz pro Schiene (Pro-Rail Alliance)

G.3. Environment

General

ÖBB-Infrastruktur AG plans, builds and operates rail infrastructure facilities in all nine federal provinces and is obliged by various legal requirements to avoid negative impacts on protected areas such as water, soil, air, animals, plants and their habitats, humans, cultural assets, etc., as far as possible and to reduce or offset unavoidable impacts. In addition, ÖBB-Infrastruktur AG operates an environmental management system in accordance with ISO 14001.

Strategic areas of action have been defined in order to ensure that ÖBB Group maintains its advantage in sustainability and that it remains the leader in environmentally friendly mobility solutions in Austria. These support existing corporate goals and ensure long-term win-win situations for society, the environment and ÖBB Group.

Environmental guidelines, environmental assessment, environmental programme

Environmental guidelines, environmental assessment, environmental programme and the objectives and measures are the starting point for a large number of initiatives and projects aimed at turning the railway infrastructure into a green infrastructure. The strategic environmental initiatives "vegetation control", "environmental information system" and "sustainable procurement" were transferred to line work in 2018. Monitoring and information exchange is carried out in the environmental and sustainability platform.

The introduction of a revised environmental audit in 2018 will ensure better compliance with EN ISO 14001:2015. The environmental guidelines on "energy efficiency", "environmental complaints", as well as the topics of waste management and hazardous goods are also fixed agenda items on the environmental and sustainability platform. The aim of the platform is a Group-wide exchange and promotion of environmental issues.

Chemical vegetation control

ÖBB-Infrastruktur AG must keep the railway tracks as free of vegetation as possible due to legal railway obligations for safe railway operation. To do this, small spray devices connected to the tracks and for most of the lines a modern spraying train are used on the ÖBB route network, which enables targeted removal of track vegetation with herbicides by means of optical detection of greenery. A small prototype device also fitted with greenery detection was recently developed in order to improve selectivity among small devices. Continuous optimisation measures over the last few years have made it possible to considerably reduce the amount of glyphosate used – from 9.5 t (2014) to 5 t in 2019. In 2018, the amount even went as low as 2.7 t of glyphosate, but this was strongly related to the hot and dry weather with below average plant growth in that year. In December 2017, the EU Commission extended the option to use glyphosate for five years. However, ÖBB-Infrastruktur AG is already striving to switch to alternative available chemical methods and continues to participate intensively in research projects. The aim of these projects is to find and test alternative herbicides which are currently not yet approved for track systems, or chemical-free processes. From today's point of view, the future strategy to keep the tracks free of vegetation will consist of a combination of different methods that will have to be adapted to local challenges. ÖBB-Infrastruktur AG is also in international discussions with other railway operators on this issue in order to find solutions to the problem, which is the same for the entire railway sector.

Climate change

Climate change is one of the greatest challenges of our times. By shifting transport to rail, ÖBB Group is making a significant contribution to Austria's climate protection, reducing CO_2 output by more than 3.5 million tonnes per year. This corresponds to about 4% of Austria's total emissions, but the potential of the shift to rail is still far from exhausted. The main obstacles to exploiting this potential lie in the transport policy conditions and distortions of competition resulting from a lack of cost transparency and a lack of implementation of the polluter-pays principle. The use of climate-friendly hydropower makes an important contribution to ÖBB Group's positive CO_2 footprint. ÖBB-Infrastruktur AG has provided traction power from 100% Austrian renewable energy to railway operators since 2018. Almost a third of this is produced in the Group's own power plants. With a continuous reduction of the specific CO_2 emissions of 253,717 tonnes of CO_2 since 2006, ÖBB reduced its emissions by 47% in 2018 compared with 2006.

From 2019, the three-phase power supply for the operating facilities will also be 100% renewable.

The railway infrastructure must also adapt to the effects of climate change. Essential foundations for adaptation and reduction measures in the organisational, technical and normative fields were already laid in 2012 as part of the “KLIWA” research project together with the Federal Environment Agency Austria and the Institute for Meteorology at the University of Natural Resources and Applied Life Sciences.

A “KLIWA” follow-up project is planned.

Climatic changes, be they changes in precipitation patterns (more intense precipitation, rain, snow, etc., in a certain, generally shorter time interval), the increase in average temperatures, the increase in wind speeds or the change in frequency and intensity of weather events, can also have an impact on the entire railway structure as well as on the area around the railway (embankments, slopes, torrent and avalanche catchment areas, etc.) and thus ultimately on railway operation.

Depending on regional and local conditions, small-scale, stronger precipitation events in particular can increasingly lead to high waters and floods, mudflows or landslides. However, it is very difficult to make selective statements on climate-change-related changes, as it is particularly difficult to predict these locally limited extreme weather events, which can cause major damage.

There is an increased risk of damages and route interruptions caused by storms in the future. In addition, heat, water stress or pests can impair the protective function of forests. In order to protect the railway infrastructure from landslides, mudflows or avalanches, a functional and stable protection forest is of great importance.

Another possible risk is buckling of tracks, which could increase in the future due to the increase in the number of hot days and rising maximum daily temperatures. Appropriate preventive measures, such as sending heat warnings via ÖBB’s own weather warning system infra:wetter, have already been taken.

With regard to climate change, measures aimed at being prepared for possible consequences are particularly important. Effective preventive measures or monitoring and early warning systems, which recognise emerging dangers early and provide information on them quickly and efficiently, are of great importance in this context. This makes it possible to take measures in due time to avoid or reduce possible damage. This makes a major contribution to safe rail operations management and optimum route availability.

Individual measures are described below:

Infra:wetter

Description

Infra:wetter is an ÖBB-owned and route-related weather warning system that offers users information about general weather conditions and regional meteorological conditions as well as a preview of the coming 72 hours. In addition, warnings such as heavy rain, thunderstorms, amounts of snow, etc., can be sent via e-mail or text message at various levels of intensity; depending on users' requirements, they can be sent at certain warning levels or specific transmission times. This allows the best possible preparation and planning for the predicted weather scenarios.

Since an increase in extreme weather events can be observed, e.g. extreme temperature peaks in winter and summer, as well as the short-term occurrence of alternating weather conditions, especially during heavy rain and storms, the following further development measures have already been implemented for infra:wetter:
- Development of a mobile version of infra:wetter
- Predictions for snow drifts and possible wind breakage in trees
- Introduction of thresholds for heat warnings in the summer months
- Needs-based adjustment of the current thresholds for the different warnings based on analyses and evaluations

Methodology

The weather data is processed by a private weather service and made available on ÖBB's own infra:wetter platform. All authorised persons have access to current meteorological information at any time. In addition to individual weather station data, radar data can also be queried and displayed. A separate process instruction regulates the sending of current weather warnings by text message and e-mail.

Time period

Ongoing.

Natural hazard map

Description

The natural hazard map shows the potential hazard areas from natural hazards, in particular rockfall and torrent events, which are standardised and objectively collected nationwide, along the ÖBB route network. This strategic overview serves as a basis for taking preventive risk-reducing measures, which may be technical or organisational. The five levels of categorisation make needs-based prioritisation possible. In combination with the infra:wetter warnings, specific local short-term operational decisions can be made for the implementation of measures. The natural hazard map is therefore also an important knowledge base with regard to climatic changes in order to maintain the high safety standard with regard to protection against natural hazards.

Methodology

For stretches for which a general exposure to natural hazard processes exists, the catchment areas of the various processes as well as existing protective barriers are collected and documented using standardised assessment sheets. Since 2012, the field surveys have been preceded by numerical semi-quantitative impact calculations. For this purpose, a morphometric analysis is carried out on the basis of high-resolution topographic data as part of "preprocessing" in order to obtain the characteristics of the hazard catchment areas with regard to forms of displacement, transport and deposit. These have the advantage e.g. that movements of earth and run-out lengths of debris flows can be simulated and mapped for different events and rockfall scenarios. In the on-site survey to assess the relevant process areas, the results of the numerical pre-analysis are checked and any additional findings regarding the assessment of the process activity are made. For this purpose, both the relevant process separation areas and the forms of transport and storage are assessed on site. Together with the exposure of the construction stage to the natural hazard process, an information category is defined by a commission of ÖBB's own specialists for each potentially hazardous area. With regard to torrent processes, the shape and size of the rail passages are also recorded, as these decide whether events can be safely diverted or carried out. The results are coordinated with managers in the regions, with organisational or technical measures derived as necessary, and are displayed in ÖBB's WebGIS.

Time period

The complete survey of the potentially hazardous areas on the most sensitive sections of the route for the rockfall and torrent processes should be completed by the end of 2019.

Risk of flooding

Description

In terms of operational safety and route availability, the maps showing flood-affected areas are intended to show those sections of the railway line in Austria where there is a potential risk of flooding. A technical concept of measures (feasibility study) has been defined for the specific sections of the route concerned, which can serve as a basis for medium- and long-term planning projects. The contents of the maps showing flood-affected areas also form a crucial basis for evaluating flood protection projects by third parties that could have an impact on the railways. The maps are used for instance for negotiations on contribution payments with third parties.

Methodology

The current runoff studies along the entire route network have been and are being obtained by the Federal Government and the federal states as well as various civil engineering offices, evaluated with respect to ÖBB's issues, and are also presented internally provided that they have been subject to a corresponding plausibility study. For this purpose, the flood high-water lines and their absolute water level position are compared with respect to the height of the railway embankment or the upper edge of the rails. If necessary, possible protective measures such as dam protection, retention areas, etc. are proposed.

Time period

April 01, 2013 – Dec 31, 2020

Energy efficiency

The rail sector is an energy-intensive sector. This makes the issue of energy efficiency of central importance for the ÖBB Group for both environmental and economic reasons. For example, energy efficiency criteria play an important role in the procurement of new rolling stock. In addition, ÖBB Group makes continuous improvements to existing trains, ensuring that they also run with greater energy efficiency. In the future, improvements in the area of buildings and facilities will be another important lever for improving energy efficiency. The positive results are reflected in the reduction of energy costs and protection of the environment through reduced emissions. With this and with the conversion of the traction power supply (2018) as well as the three-phase power supply (2019) to 100% renewable energy sources, ÖBB-Infrastruktur Group is making an important contribution to Austria's climate protection goals and to securing our living space.

On Nov 22, 2019, the second energy audit pursuant to the Federal Energy Efficiency Act (Bundes-Energieeffizienzgesetz – BeffG) for the ÖBB Group was completed.

Energy efficiency measures in 2019 at ÖBB-Infrastruktur AG, savings compared with 2018:
- Traction power
  - Switch heating control – intelligent control to reduce operating times – saving of 32.0 MWh, calculated from technical specifications
- Three-phase current
  - Platform/track field/signal lighting – fitted with LEDs – saving of 251.8 MWh, calculated from technical specifications
- Heat
  - Building renovations – saving of 240.8 MWh, calculated from energy certificates and technical specifications
- Diesel
  - Use of conveyor belts instead of truck transport of excavated material (Semmering and Brenner Base Tunnels) – saving 4,591.9 MWh

Energy consumption*)	2019	2018	Change	Change in %
Traction power in GWh	32.8	37.7	-4.9	-13%
Three-phase current in GWh	226.9	216.8	10.1	5%
Natural gas in GWh	80.3	94.7	-14.4	-15%
District heating in GWh	35.4	38.4	-3.0	-8%
Renewable energy share of traction power in %	100	100	0	0%
Renewable energy share of three-phase current in %	100	61	39	64%
Power from unknown sources in %	0	0	0	0%

The leaps in the consumption values of the individual years result primarily from different weather patterns and different facility uses.
*) The figures for energy consumption include the entire ÖBB-Infrastruktur Group.

Fleet management

The ÖBB-Infrastruktur Group had a fleet of 3,352 vehicles as of Dec 31, 2019. The efficient use of resources is ensured by bundling the fleet management agendas in the subsidiary Rail Equipment GmbH & Co KG. In recent years for example, CO_2 emissions have been continuously reduced by taking ecological quality criteria into consideration in procurement and by continuously renewing the vehicle fleet. The vehicles in operation at present include seven vehicles with Euro 4 engines, 752 with Euro 5 engines, 2,546 vehicles with Euro 6 engines and 47 electric vehicles.

Special attention is paid to ecological concerns with respect to the fleet when procuring vehicles in order to continue this positive development. Criteria have been specified and evaluated for emissions (both CO_2 as well as NOX) and fuel consumption. This ensures that the fleet of vehicles at ÖBB-Infrastruktur Group is also geared towards ecological concerns in future and is equipped with the latest engine technology.

Eco driving

Through targeted training programmes, including the "Eco-driving" project, 221 employees were trained in fuel-saving driving behaviour in 2019 in order to reduce fuel consumption. Based on the positive results of this project, the initiative will be continued for the next several years. These measures support the decline in fuel consumption in recent years.

Car sharing

The aim of the "CarPool" project is to optimise the capacity utilisation of company cars by means of an internal car sharing programme within the Group. Following the Austria-wide roll-out of the pool locations, 526 vehicles are now available to employees at over 88 stations for business trips.

Since the 2017/18 timetable change, a section of the pool vehicles has also been available to rail customers under the "ÖBB Rail&Drive" brand name. A total of 297 vehicles can be used at 28 stations; 44 of them are electric vehicles. The objective is to simplify access to the rail system, increase customer satisfaction and increase intermodal competitiveness. The car sharing service is constantly being improved, and is also being expanded and enhanced based on the positive response so far.

In 2019 Rail&Drive was the winner of the Greenpeace climate check of the twelve largest car rental companies in Austria. Particular emphasis is placed on linking rail and electric vehicles for travelling the last mile.

Electric vehicles

In order to achieve a further reduction in CO_2 emissions, there are plans to increase the electric vehicle fleet to up to 100 vehicles in the medium term.

Specific CO_2 emissions incl. vehicle fleet for ÖBB-Infrastruktur Group	Unit	2019	2018	Change	Change in %
Traction power in GWh	Tonnes of CO_2 eq	229.6	2,740.8	-2,511.2	-92%
Three-phase current	Tonnes of CO_2 eq	54,002.2	26,839.9	27,162.3	>100%
Natural gas	Tonnes of CO_2 eq	21,761.3	25,663.7	-3,902.4	-15%
District heating	Tonnes of CO_2 eq	7,186.2	7,795.2	-609.0	-8%
Fuel consumption	Litres	5,092,960.0	5,147,739.5	-54,779.5	-1%
Fleet CO_2 emissions	Tonnes of CO_2 eq	13,241.7	13,384.1	-142.4	-1%
Total emissions (energy requirements incl. vehicle fleet fuel)	Tonnes of CO_2 eq	96,421.0	76,315.5	20,105.5	26%
Total number of vehicles	Number	3,352	3,366	-14	0%
Number of rail-bound vehicles	Number	2,497	2,606	-109	-4%
Number of 3.5 tonne trucks	Number	158	149	9	6%
Number of trucks more than 5 tonnes	Number	17	17	0	0%
Number of trucks less than 5 tonnes	Number	27	28	-1	-4%
Number of multi-lane e-vehicles	Number	47	30	17	57%
Number of vehicles with Euro 4 emissions class	Number	7	13	-6	-46%
Number of vehicles with Euro 5 emissions class	Number	752	785	-33	-4%
Number of vehicles with Euro 6 emissions class	Number	2,546	2,538	8	0%

Greenhouse gas balance ("GHG balance"); calculation by the Environment Agency Austria (UBA) according to the current Austrian emission factors (natural gas and district heating as of 2019, traction power and three-phase current as of 2018). The significant changes in CO_2 emissions are due to the conversion of the traction power supply to 100% renewable energy and the different composition of the three-phase current mix in 2017 and 2018.

The variance of CO_2 emissions between years results from the fluctuating amounts required.

For the first time, the reported fleet data for the year 2019 includes all the vehicles of WS Service GmbH. In order to show the change from the previous year, the figures for 2018 have also been adjusted accordingly. WS Service GmbH is a joint venture of ÖBB-Infrastruktur AG and voestalpine Weichensysteme GmbH.

Protection of areas and species

As one of the country's biggest land managers, ÖBB-Infrastruktur AG also assumes responsibility for nature and environmental protection through various species protection projects in all federal states, as well as through different types of partnerships with environmental NGOs. This covers both the construction of railway facilities, where attention must be paid to avoidance, reduction, compensation and replacement when it comes to negative impacts with respect to projects subject to mandatory environmental impact assessments in order to maintain a project that is eligible for approval, and also the operation of the railway facilities, e.g. where environmentally-friendly lighting and many other measures are implemented in order to maintain biological diversity. Scientific surveys on rail areas constantly highlight their enormous value in maintaining biological diversity, irrespective of whether these relate to compensation areas that have recently been created, or rail areas that have been in existence for more than a hundred years.

Nature and species protection in Austria are legally defined at the level of national legislation. The approval procedure of all new construction and expansion projects is therefore also planned and implemented in accordance with nature and species protection law. In addition, specific, environmental and nature conservation-related regulations (guidelines and regulations for the roads sector, RVS and guidelines and regulations for the railway sector, RVE) are also used. The Red Lists of endangered species are thus systematically taken into account.

The operated length of the route network amounted to 4,877 km in 2019 (PY: 4,864 km), the land area was 190.8 km² (PY: 190.8 km²).

Area of ÖBB-Infrastruktur AG*) in km²	2019	2018
Total area	190,8	190,8
Managed net building floor space of all buildings (incl. railway stations)	8.4	8.4
Net floor space of buildings (excluding railway stations)	2.7	2.7
Other open spaces (gardens, meadows, embankments, etc.)	7.4	7.9
P & R facilities	1.3	1.2

*) Areas under administration of ÖBB-Immobilienmanagement GmbH.

Due to their extensive cultivation, the railway access areas act as a refuge and migration corridor for rare animal and plant species as well as a connecting element between different habitats in Austria. ÖBB's route network runs through almost all cultural landscapes in Austria, the lowest point is in the municipality of Purbach on Lake Neusiedl at 116 m above sea level, the highest point is at the Brenner Pass at 1,370 m above sea level. Since there is an increased natural hazard risk, especially in the alpine areas of the route network, this problem is countered by specially qualified employees using state-of-the-art and well-established technology.

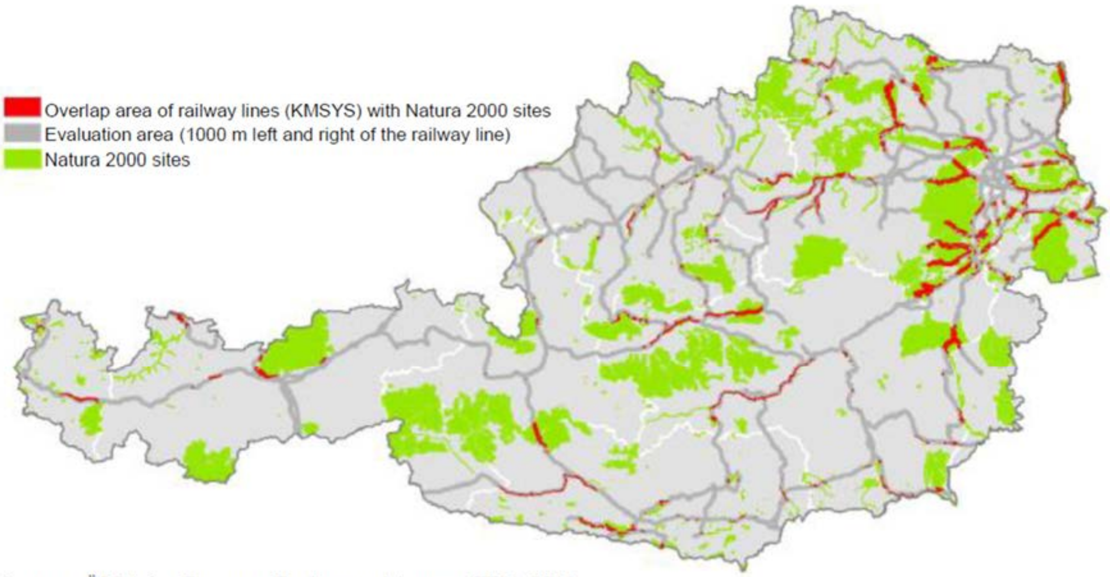
In addition to the aforementioned measures, natural hazard management also includes forestry activities to ensure the protective forest function in alpine areas and to guarantee safe and undisturbed railway operation, as unsuitable vegetation in the railway environment can have a negative impact on railway operation. In publicly accessible areas such as railway stations or Park&Ride facilities, traffic safety around tree growth must also be ensured. ÖBB-Infrastruktur AG has created its own tree register for this purpose.

A total of 11,836 trees and 206 different tree species were recorded in ÖBB-Infrastruktur AG's tree register as of the reporting date of Oct 15, 2019 (2018: 11,769 trees, 204 tree species and varieties). The three most common tree species on publicly accessible railway ground in 2019 were Norway maple, birch and horse chestnut, each with about 1,000 specimens.

In recent years hundreds of hectares of ecologically valuable compensation areas have been created in the vicinity of large new construction and expansion projects (a quantitative recording and location of these areas in the Geographical Information System of ÖBB-Infrastruktur AG is planned). These areas have been shown to have contributed towards significant improvements in biological diversity in the relevant regions and represent important stepping stone biotopes today. However, the railway access areas on the existing network also offer a chance to connect landscapes and facilitate travel for migrating animal species through the increasingly intensively used and built areas. Crossing aids enable animal species with extensive habitat requirements to cross the railway tracks without risk. In addition, a research project was started to test wildlife warning devices for use on railway tracks in order to largely avoid wildlife collisions at critical points in the future. In agreement with the bird protection organisation Bird Life Austria, plastic protective caps are fitted on the mast tops to protect large birds from electric shocks. Birds are prevented from flying into glass surfaces by a bird protection marking in the form of 4 mm thick black lines at 50 mm intervals on the glass surfaces. Unfortunately, nature conservation law is proving to be an obstacle when it comes to making voluntary biotope improvements for protected species. These measures, such as creating amphibian spawning ponds or spreading seeds of strictly protected plants, would be operationally, technically and financially feasible, but are often not feasible due to the prohibitions in species protection law, as there is a risk of subsequent complications and requirements should operational or constructional measures become necessary.

Contact points for ÖBB-Infrastruktur AG railway lines with Natura 2000 sites (as at 2019)

Based on a strip up to 1000 m left and right of the track (KMSYS) as the evaluation area, there is an overlap of 878 km² with Natura 2000 sites (SPA and SCI)



Sources: ÖBB Infra, European Environment Agency (EEA), 2019
Scale: 1:2,250,000

Explanation of the illustration: The above-mentioned evaluation area was chosen in order to be comparable with a scientific study conducted by the University of Vienna on influences on the landscape area in 2012, in which this grid was also used. However, no conclusions can be drawn from the data as to any actual negative or positive impact of railway operations on Natura 2000 sites; the data serves only as a basis for planning.

Water consumption

The water consumption of ÖBB-Infrastruktur AG amounted to 1.2 million m³ (1,238,686 m³) in 2019 and 2.0 million m³ (1,969,038 m³) in 2018. Most of the water (drinking and industrial water) comes from the municipal supply; in addition, there are 137 springs that are located on railway land and are used on the basis of existing water rights from the past. ÖBB-Infrastruktur AG does not operate any water treatment plants for municipal waste water, but discharges them into the central, public sewage system.

In regard to railway infrastructure, sustainable railway drainage is essential for ensuring long-term safe and stable track conditions. To do this, the rainwater from the track body and any water flowing in over embankments is collected in trenches, trench walls or drains and safely guided to the next run-off capability (discharge point). The amount of water gathered depends on the number of tracks and the topographic conditions. There is no water withdrawal or consumption. If, for example, underground water appears in embankments, it is also collected and conducted to the next receiving water. Rainwater is discharged into receiving waters (e.g. streams, rivers, subterranean water) in such a way that no harmful effects occur. In the case of receiving waters with water stress, retention devices such as throttle valves are provided, depending on the amount of water and possible absorption capacity of the receiving water. In the course of water recirculation, water investigations are carried out from a chemical perspective, especially for the individual construction phases, so that appropriate measures can be taken to ensure that the receiving waters are not adversely affected by water recirculation. Examples of this are: sedimentation basins, water protection facilities, filter systems etc. Basically there is no contamination of the receiving water or discharge of harmful substances from regular railway operations. Discharges are only carried out in keeping with the requirements of the Federal Water Act (Wasserrechtsgesetz – WRG) in accordance with the corresponding permits under water law. Before applying for legal water permits, discussions are held with the authorities, fishing rights holders, communities, etc. The aim is to reach a consensus and to ensure the sustainable discharge of railway water into the receiving water without adversely affecting it.

Wastewater in the form of precipitation water from the railway body and water flowing in from embankments is not discharged directly into bodies of water (from small streams to large rivers as well as subterranean water etc.), but always undergoes purification by means of humus filters, settling and infiltration basins. Water from faults (e.g. in tunnels) is collected separately. The discharges are always equipped with sliders, which can be closed immediately in the event of a fault. This prevents the discharge of contaminated water into the receiving water. The water bodies may be designated as protected areas (e.g. groundwater protection or groundwater conservation areas). The discharged water is not reused by other organisations. In the case of projects subject to an EIA, an ecological inventory of the affected area is also done during the planning stage. Measures are drawn up and finally implemented after obtaining all necessary permits, so that the natural habitats are preserved.

Noise

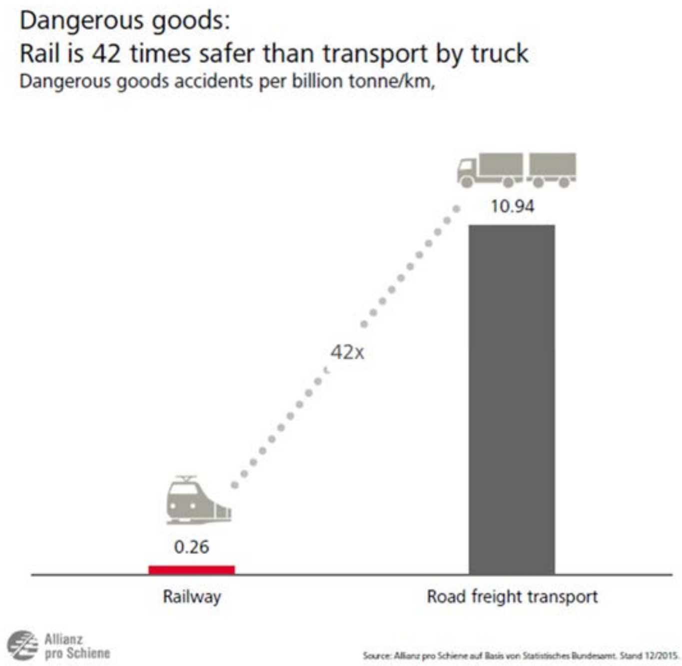
One unwelcome impact of railway operations is the noise. In accordance with its high environmental standards, ÖBB makes great efforts to reduce rail noise both at the source and on the tracks. The use of noise barriers and soundproof windows further enhances stationary noise protection, both during noise remediation of existing wagons and in new and upgraded railway lines. Within the scope of various research projects, ÖBB-Infrastruktur AG is examining new and innovative measures for reducing railway noise. If the results are positive, the measures are implemented. A railway noise research strategy is being developed.

On the basis of the European Interoperability Directive NOI TSI, not only are new quiet freight wagons being purchased, but also existing freight wagons will be converted by Dec 08, 2024. At the beginning of 2019, 50% of the Austrian fleet of the Rail Cargo Group (RCG) already had quiet wagons; according to the plan, this share was to increase to 65% by the end of 2019. The conversion of the existing freight wagons is scheduled to take place by 2021 – three years ahead of the European targets.

ÖBB-Infrastruktur AG will identify the "quieter tracks" in accordance with the European Interoperability Directive NOI TSI, on which only quiet or appropriately converted freight wagons will be allowed to operate from Dec 08, 2024. In addition, beginning with the 2018 network timetable, ÖBB-Infrastruktur AG will grant a discount on track access charges ("noise bonus") for the goods transport services of railway undertakings (RUs) for its railway network if they use quiet freight cars. The noise bonus is a noise-dependent infrastructure charge component pursuant to Section 4 of the Implementing Regulation (EU) 2015/429 and is intended to provide an incentive for retrofitting freight cars with low-noise braking technologies (e.g. composite brake blocks).

Dangerous goods

Rail is a much safer mode of transport for the transport of dangerous goods than roads for example.



According to RID (Regulation concerning the International Carriage of Dangerous Goods by Rail), 2019 Edition, there are reporting guidelines for accidents and incidents involving hazardous goods during carriage or loading. The quantity thresholds vary depending on the danger posed by the substances. Such reports must be submitted to the Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology (BMK) in the event of injury to persons, damage to property or the environment or the closure of a main transport route.

No such notification was required in accordance with RID/ADR 1.8.5 (European Agreement concerning the International Carriage of Dangerous Goods by Road or Rail) as a result of incidents in 2019.

A total of 1,126 checks were also carried out on RID vehicles in operation in 2019 by employees of ÖBB-Infrastruktur AG – Technical Monitoring. No notifications were required either in accordance with RID/ADR following these checks.

Waste management

ÖBB-Infrastruktur AG is also one of the biggest producers of waste in Austria as a result of being a construction client for major construction projects as part of capital expenditure projects (renewal/new construction/upgrades), as well as through its maintenance activities (inspection/servicing/repairs/maintenance). The large quantities of construction and demolition waste feature different components (excavation material, mineral/organic/metallic waste, and to a lesser extent also hazardous waste).

The main material inputs result from the principle tasks of ÖBB-Infrastruktur AG: the planning, construction and operation of railway infrastructure facilities. The biggest share is made up of rail ballast, of which around 700,000 tonnes are purchased each year. In second place come concrete sleepers with approx. 60,000 tonnes per year. The third most important input in terms of quantity are the rails with about 30,000 tonnes per year, which can be reused in their entirety. At the end of their service life, nearly 100% of all these materials can be recycled.

ÖBB-Infrastruktur AG waste table

With regard to the waste data, it should be noted that these were not yet available for the year 2019 at the time of reporting. This is because the waste management year ends on Dec 31 and the waste data from the various business divisions and subsidiaries is then recorded in a central database by March 31 of the following year. Accordingly, the waste data for the year 2018 are reported here; the waste data for the year 2019 will be included in the management report for the following year.

	2018				
	Construction project waste		Operational waste		
Type of waste in tonnes	Non-hazardous waste	Hazardous waste	Non-hazardous waste	Hazardous waste	Note
Reuse in construction projects	76,589				
Handover to recycling	210,575		30,715[5]		
Composting			1,997		Mowing waste, foliage, wood, shrub cuttings
Recovery (RM)[1]	134,000				Screening and reuse as track ballast
Recovery (mechanical cleaning technology)[2]	29,600				Crushing and reuse as base layer
Waste incineration				19,599	Wooden sleepers and pylons
In-house disposal sites	2,557,386				Excavated soil and tunnel excavation
One-site storage[3]	-	-	-	-	not recorded
Others[4]	1,680,508	3,852	30,725	9,941	

1) Some of the materials accumulated from track construction sites can be reinstalled into the track as secondary raw materials using modern railway construction machinery. By means of a special track-bound mechanical cleaning technology (RM), track ballast is screened and can be used again as track ballast.
2) With mechanical subsoil redevelopment using an excavation machine, track ballast is broken from the top 20 cm of the gravel bed and is inserted as a base layer mixed with new base layer material.
3) Corresponds to the temporary storage of material at the site, which is later reinstalled. These intermediately stored masses are currently not recorded.
4) Hazardous waste may only be deposited at underground waste sites. No underground waste sites are in operation in Austria, which is why hazardous waste is deposited at waste treatment facilities. The type of treatment varies depending on the type of waste (code number) and is subject to the economic and technical options available to the waste treatment facility. Non-hazardous waste is delivered to an authorised collection or waste treatment facility. The type of treatment varies depending on the type of waste (code number) and is subject to the economic and technical options available to the waste treatment facility (competition).
5) Typical ferrous and non-ferrous metals (scrap).

G.4. Social and employee issues (incl. stakeholder management)

Stakeholder management

ÖBB-Infrastruktur AG is in contact with a large number of stakeholders.

Customer groups of ÖBB-Infrastruktur AG

The customer groups of ÖBB-Infrastruktur AG are an essential part of the stakeholders:

Ownership structure/ plitical environment	**Ownership structure & political environment (e.g. provinces, municipalties)** ÖBB-Infrastruktur AG builds the Austrian railway infrastructure on behalf of the owner, the Republic of Austria. The Republic of Austria is both owner und customer of ÖBB-Infrastruktur AG: it orders the expansion of the railway infrastructure in Austria on the basis of an agreed set of master plans. In addition, maintenance and operating contributions are made on the basis of Section 42 (1) and (2)
B2B Business to Business	**TOC & other business clients** TOC on the Austrian railway network, as of 2019: 56 Other business customers: from the areas of energy, real estate (tenants, leaseholders, buyers of ÖBB real estate, …), terminals (e.g. operators, shipping companies or forwarding agents), etc.
B2C Business to Consumer	**Passengers & people that are at the train station for purposes other than travelling** Passengers consume services of ÖBB-Infrastruktur AG at the point of arrival to and departure from the train station. People that are at the train station for purposes other than travelling: e.g. people collecting travelers or doing shopping.

Infrastructure usage contracts are in place with 56 RUs and three Authorised Applicants (NRUs) (as of October 2019). The share of railway undertakings in terms of train kilometres is 8.1% in passenger transport. The share of external railway undertakings based on gross tonne kilometres is 28.5% in goods transport.

A total of 44 external customers had a traction power usage agreement in place in 2019, while 43 external customers had an energy supply agreement in place with ÖBB-Infrastruktur AG. This corresponds with a market share of 98% in the liberalised traction power and energy markets. Since Jan 01, 2018, all customers of ÖBB-Infrastruktur AG have been supplied with traction current that is 100% from Austrian renewable energy sources. (As of: Oct 9, 2019)

Customer satisfaction surveys are conducted in the "market/contract customer" (B2B) and "customer" (B2C) areas. There are different methods that are used in these surveys (quantitative, qualitative, structural equation models, etc.). The added value of these customer satisfaction surveys among these customer groups can be described as follows:
- Knowledge about satisfaction with service performance
- Specific suggestions for potential for improvement
- Knowledge of future expectations/long-term customer requirements
- Original feedback from users
- Knowledge of public or semi-public opinion
- Knowledge of basic opinions about ÖBB-Infrastruktur AG to derive strategic strengths and weaknesses or opportunities and risks

Customer surveys are conducted at regular intervals (at least every two years).

Due to the complexity and ongoing cooperation, separate customer satisfaction surveys are not carried out for the customer group “Owners/political environment”.

The results of the customer satisfaction surveys are made available to the company or the divisions concerned by the "Market Management and Communication" division, which provides the basis for further strategic orientation and for the further derivation of operational measures.

Independent of the surveys, customer service (complaint management) is an indicator of customer satisfaction.

ÖBB-Infrastruktur AG has implemented a central customer service department to handle queries and complaints on infrastructure themes, such as station facilities (Park & Ride, lift, and seating options, etc.), customer information at the station, station cleanliness, construction work, etc. Matters that relate to passenger transport are handled directly by ÖBB-Personenverkehr customer service.

Enquiries and complaints received by ÖBB-Infrastruktur AG via letter, e-mail (infra.kundenservice@oebb.at) or contact form (https://infrastruktur.oebb.at/de/kontakt/kontaktformular) are processed by ÖBB-Infrastruktur AG customer service and forwarded to the departments. An (initial) answer to the customer should be provided within 48 hours (on workdays). If other subgroups of the ÖBB Group are affected, these inquiries and complaints are forwarded to them.

During the processing of enquiries and complaints, action points and attachments (incoming mail, correspondence with the customer, internal correspondence, e-mail undeliverability protocols, etc.) are recorded and stored in the IT application "Remedy Complaint Management." This process is managed through periodic evaluations.

Stakeholder management is of great importance for the company as the constructor and builder of numerous major rail infrastructure projects that are implemented under highly complex conditions – for the most part during ongoing operation: planning and construction projects require tailor-made and coherent public relations work to ensure successful implementation. Information, communication and extensive integration of the population affected by the projects form the most important pillars of the measures employed by ÖBB-Infrastruktur AG. These include, among other things, creating information folders, route maps, local information, photos and films, exhibitions and information boxes, but also organising events (groundbreaking ceremonies, tunnel openings and breakthroughs, plan exhibitions, opening ceremonies, etc.) and site visits as well as presenting the projects on the Internet and in social media channels.

The primary goal is to provide stakeholders affected by the projects with timely, continuous and transparent information on current planning and construction activities. For large rail infrastructure projects, such as the Koralm Railway Graz – Klagenfurt or the Semmering base tunnel, where the EIA Act (Umweltverträglichkeitsprüfungsgesetz – UVP-G) is applied, a model of citizen participation has been or is being used.

The "Market Management & Communication" division works closely with the project and regional managers responsible for technical planning and implementation to ensure that the project is served by effective public relations efforts.

The topic of "Safety in railway facilities" is extremely important for ÖBB-Infrastruktur AG; for this reason a great deal of time and money is invested every year in raising awareness of the dangers of railway facilities. This is because every year there are accidents in Austria resulting from rash actions and carelessness on the tracks, some of them unfortunately also fatal. Young people in particular must be informed and educated so that they avoid accidents due to carelessness or ignorance. For this reason, ÖBB-Infrastruktur AG launches a safety campaign every year at the beginning of the school year to promote safe behaviour in the vicinity of railway facilities. This directly involves one of the most important and potentially most vulnerable stakeholder groups. The ÖBB website is the central hub for the campaign www.passaufdichauf.at.

ÖBB-Infrastruktur AG also participates in numerous events on the subject of security throughout the year. The main aim is to increase subjective security.

Special attention is paid each year to ILCAD (International Level Crossing Awareness Day) and the topic of "Raising awareness of the correct behaviour at railway crossings." The Austrian Economic Chambers, driving schools division, was a crucial partner here in 2019 as it had also been in the previous years. Driving instructors and examiners are important multipliers with respect to "safety at railway crossings." They were given the opportunity of accompanying train drivers as part of a special train journey together with the media, thereby seeing the entire journey from the driver's perspective. The ILCAD meetings of the UIC (Union internationale des chemins de fer, International Union of Railways) provide an opportunity for ideas to be exchanged across Europe.

ÖBB-Infrastruktur AG is currently a member of more than 78 national and international organisations and institutions in the areas of transport, energy, technology, environment, standards, etc. These include the International Union of Railways (UIC), the Austrian Association for Transport and Infrastructure (GSV), the Austrian Energy Agency (AEA) and many more.

Last but not least, the 2016 credibility ranking by the SORA Institute shows that ÖBB is regarded as a credible company by 73% of its stakeholders and is thus among the top three most credible Austrian companies.

According to a survey by the European Brand Institute, the brand value of the ÖBB brand as an integrative indicator of economic success has developed positively over the past few years and, with a brand value of EUR 1.9 billion, ranks sixth among Austria's top brands in 2019. Austrian rail passengers are ranked first in the European Union in terms of kilometres travelled and, according to the Eurobarometer of the European Commission, are the most satisfied rail customers in the EU.

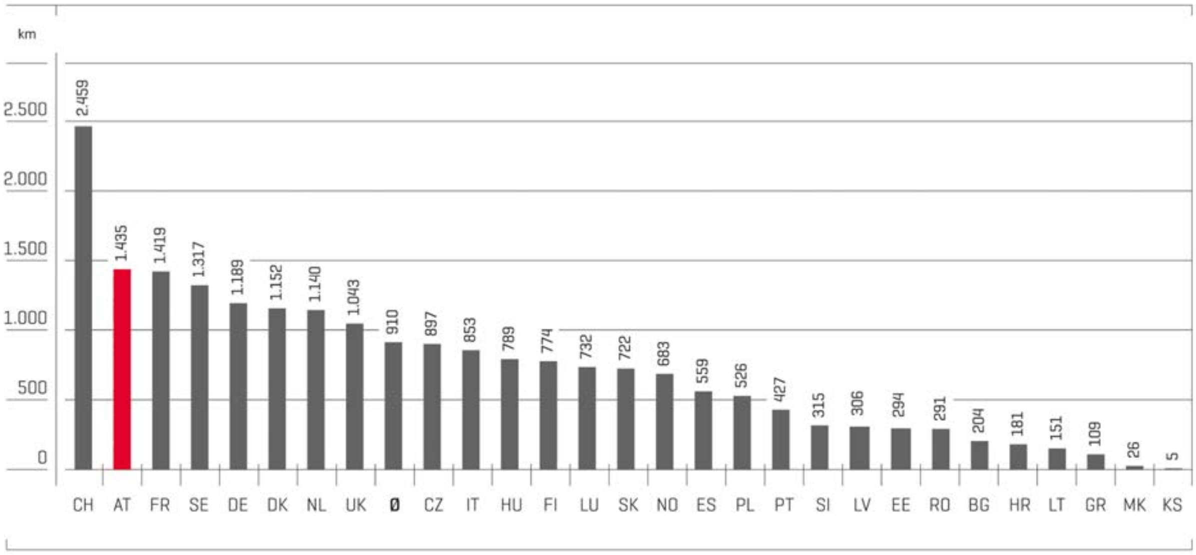


Figure: Distance travelled by rail per inhabitant in 2017. Source: survey and calculation from Rail Control, market report from IRG-Rail.

Personnel

The headcount of the ÖBB-Infrastruktur Group is composed as follows:

			Change		Average	
Number of employees (headcount)	Dec 31, 2019	Dec 31, 2018	Reporting date	in %	2019	2018
Employees	4,328	3,965	363	9%	4,138	3,836
Workers	2,747	2,414	333	14%	2,580	2,209
Tenured employees	10,097	10,411	-314	-3%	10,222	10,676
Total (not including apprentices)	**17,172**	**16,790**	**382**	**2%**	**16,940**	**16,721**
Apprentices	1,562	1,525	37	2%	1,419	1,416
Total (including apprentices)	**18,734**	**18,315**	**419**	**2%**	**18,359**	**18,137**

			Change		Average	
Number of employees (FTE)	Dec 31, 2019	Dec 31, 2018	Reporting date	in %	2019	2018
Employees	4,235.7	3,881.5	354.2	9%	4,047.6	3,752.3
Workers	2,740.7	2,408.5	332.2	14%	2,575.3	2,204.5
Tenured employees	9,859.3	10,145.2	-285.9	-3%	9,968.1	10,453.5
Total (not including apprentices)	**16,835.7**	**16,435.2**	**400.5**	**2%**	**16,591.0**	**16,410.3**
Apprentices	1,562.0	1,525.0	37.0	2%	1,419.4	1,416.1
Total (including apprentices)	**18,397.7**	**17,960.2**	**437.5**	**2%**	**18,010.4**	**17,826.4**

Tenured employees are ÖBB employees who are subject to the "general terms and conditions for employment with Austrian Federal Railways" (AVB), who started employment prior to January 1, 1995, and who cannot be terminated as a result of the provisions in the AVB. This group of employees will become smaller over the next few years as a result of the upcoming retirement waves.

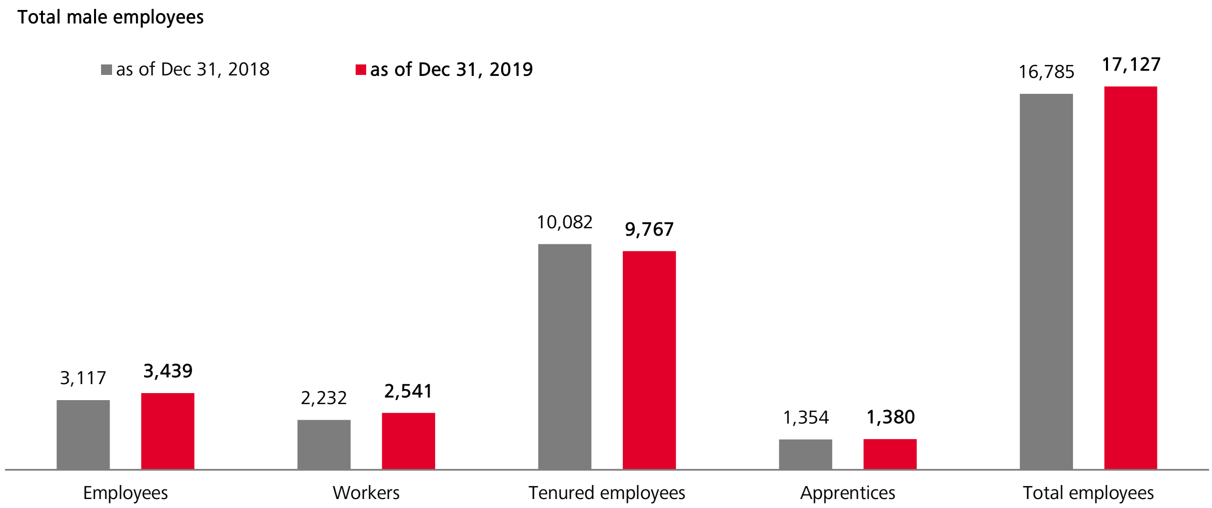
As a result of tenured employees who take semi-retirement, the change in the number of employees by FTE is higher than the change in the number of employees by actual headcount.

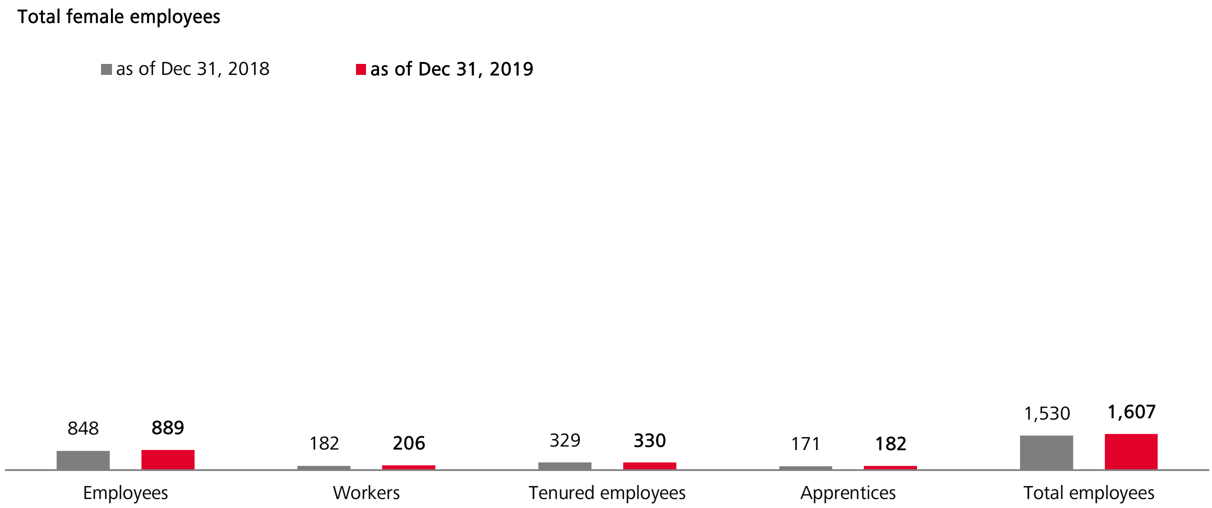
The ÖBB-Infrastruktur Group has employees who are subject to the GCI (the majority of them with a tenured position) and employees who are subject to collective wage agreements. One subsidiary also has employees who are not covered by a collective wage agreement and to whom the Employees Act (Angestelltengesetz – AngG) applies. There are no differences in the remuneration systems for men and women. The minimum salaries established in collective agreements are granted in any case, but the majority of employees receive a salary above these minimum standards.

The headcount of the ÖBB-Infrastruktur Group rose to 18,734 employees in the reporting period. Across Austria, 54% (PY: 57%) of the headcount was accounted for by employees with permanent positions. The average age in Austria (excl. apprentices) was 43.9 (PY: 46.4) years. The percentage of women (including apprentices) was 8.6% (PY: 8.4%).

The percentage of locally recruited managers is 100%. The definition of "local" is based on the birth or unlimited right of residence in Austria. In accordance with the management policy of the ÖBB Group, executive management, management levels 1 and 2 and management levels A and B count as management staff. The management staff are only employed at "main business locations."

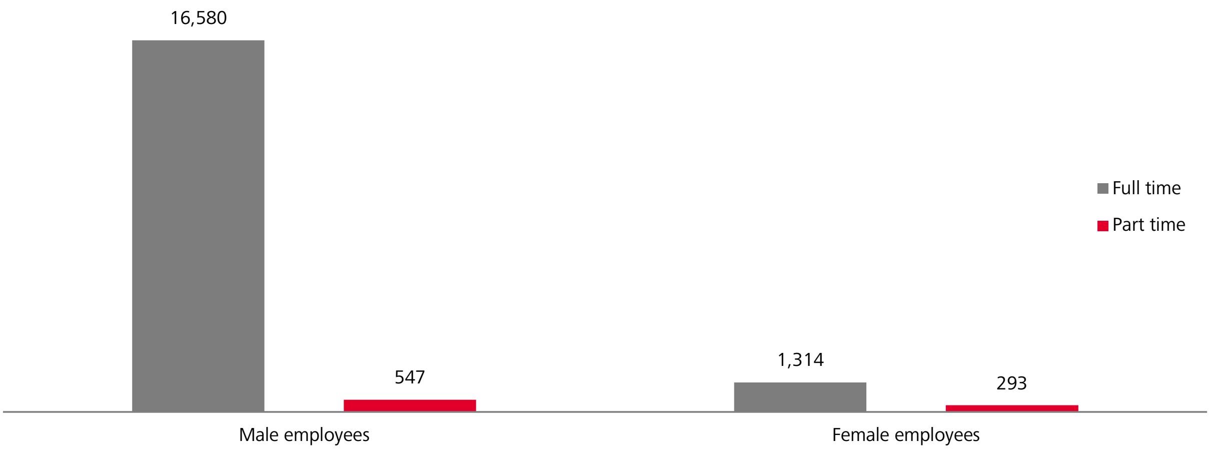
Gender distribution by employment status





In addition, an average of 418 (PY: 491) external leasing staff were employed in the 2019 financial year, particularly in facility services (security, cleaning).

Employee structure based on level of employment



Specialist training and apprenticeship programmes in the ÖBB Group

ÖBB-Infrastruktur AG uses the motto "from apprentice to master" to describe ÖBB's railway-specific training and further education. The "Railway Education Centre and Apprenticeship Training (BZELW)" division has offered top-quality services for ÖBB-Infrastruktur AG and the Austrian economy since 2017. A large proportion of the apprenticeship professions, the entire operational and vehicle technology and in the future also the construction technology training and further education of the employees is carried out by the business division itself; in addition, there are cooperative agreements with external education and training providers.

ÖBB-Infrastruktur AG is Austria's largest training centre for technical apprenticeships, and offers 18 apprenticeship professions. Currently 1,700 young people (including apprentices Allgemeine Privatstiftung für berufliche Bildung (general private trust for vocational training) are being trained as highly qualified skilled workers, primarily in technical professions. The training is state-certified, for example with the Viennese seal of quality as a "TOP training company". The apprenticeship graduates receive numerous prizes and awards at professional competitions every year: state winners were announced in 2019 in mechatronics, electrical engineering and installation and operating technology in Vienna and Tyrol, in addition to many other top places. Numerous second and third places have also been won. And the office clerks also achieved top placements in the professional competitions again this year. 98% of our apprentices successfully complete their apprenticeship.

ÖBB-Infrastruktur AG also sponsors the "Lehre mit Matura" [apprenticeship with qualification for university entrance] scheme, giving its apprentices an opportunity for further advancement. A total of 230 young people are already taking up this opportunity. In addition to professional training, much importance is also attached to developing social skills. Under the motto "Women & Girls in Technology", the apprenticeship programme is committed to making technical training even more attractive for women and girls, and this year for the first time the proportion of women among apprentices reached 14.3%. ÖBB-Infrastruktur AG's apprenticeship programme received the "amaZone Award" in 2018 for this commitment.

The ÖBB-Infrastruktur AG training project "Diversity as an opportunity" is a training project specially designed to meet the needs of young refugees. 70 young people who fled their countries (primarily from Afghanistan and Syria) unaccompanied by an adult caregiver are currently supported by special programmes, intensive training in German and mathematics as well as tutoring and mentoring throughout their apprenticeship. This project is conducted in cooperation with AMS Vienna and the association lobby.16; it was awarded the "State prize for mobility".

Since 2018, ÖBB-Infrastruktur AG's apprentice programme has been investing in many new, modern facilities. Already in October 2018, the new apprentice workshop was opened in Vienna. Located in the 10th district, the Vienna workshop provides optimal conditions for 650 apprentices to learn a technical profession based on the latest standards. Investments are also being made in other locations: in the coming years EUR 37.0 million will be spent on rebuilding and renovating the apprenticeship facilities in Feldkirch, Innsbruck and Knittelfeld, and the apprentices' accommodation in St. Pölten. And new things are also happening in regard to the professions offered: as of autumn 2019, young people are being trained in the profession of "e-commerce clerk" and preparations for another new, future-oriented apprenticeship ("application developer – coding") are in full swing. This will start in autumn 2020.

In the area of railway-specific training and further education, the two training centres in Vienna's Kundratstraße and St. Pölten-Wörth and the regional training centres continue to focus on the topics of "locomotive drivers," "wagon inspectors," "dispatchers" and "shunters." The BZELW offers the entire training and further education for ÖBB employees as well as for employees of external companies.

Human resources development

Personnel development offers strategically relevant development programmes for various target groups such as managers, experts and employees in the ÖBB-Infrastruktur Group. In addition to ensuring the transfer of knowledge, all activities focus on the professional and personal development opportunities of managers, experts and employees.

The "infra:bildungsleitbild" (education mission statement) defines the basic principles of training and further education and is the basis for the conception and implementation of all development measures. The leadership programme "Taking the lead", which was launched in 2017, was completed in 2019 with the module "Building the future – strategic and innovative leadership".

Group-wide programmes (such as "infra:karriere") and division-specific programmes (such as junior staff pools, "Fit4Future") were successfully continued in order to secure knowledge and ensure targeted succession planning. Separate "infra:bildungsleitbild" workshops were held throughout the company for the pedagogical staff (specialist trainers, apprenticeship trainers and specialist experts in training) to support them in their important role as knowledge and value multipliers in the company – e-learning for this target group on this topic will follow next year in order to further strengthen its effectiveness.

The training course "Presenting yourself better – for young leaders" was conducted for the first time in 2019 to support new executives in dealing with particularly challenging presentation situations to colleagues, business partners or superiors.

Work is constantly taking place on improving and expanding the modern "Talent Management Centre" HR IT tool for efficient handling of HR processes, with the focus on providing a practical reporting function.

A total of 128 employees participated in the courses for managers and experts offered by the ÖBB Academy in 2019. The seventh programme "trainees for mobility" for 15 college graduates with an engineering or business education began in September 2018. The ÖBB-Infrastruktur Group has taken on seven employees from this programme.

In 2019 approximately 150 external training sessions, seminars and specialist conferences were held for external training courses, which are organised centrally once a certain number of participants are registered.

The Board of Management of ÖBB-Infrastruktur AG considers individual employee meetings to be an important and constructive management tool in the context of performance management, alongside the team goal dialogue (TZD) and management by objectives (MbO).

The key figure used is a penetration depth of 100% in relation to management circles 1 to 3 and their directly reporting employees with management functions.

Employer branding, personnel marketing and recruitment

The ÖBB Group is facing a special challenge over the next few years: aside from changes to the external framework conditions, such as increased competitive pressure and technical advancement, there is an internal company development that highlights the need for action, as a quarter of the workforce will be leaving the company, most of them for retirement purposes. The aim is to attract 7,000 new employees to ÖBB-Infrastruktur AG by 2024.

The employer branding NEW was introduced throughout the Group in 2019. It represents the umbrella brand for all personnel marketing and recruiting activities at ÖBB-Infrastruktur AG.

Recruiting at ÖBB-Infrastruktur AG serves a wide range of different target groups: technicians from HTL level, dispatchers, commercial positions and many more. The recruiting of mass functions as well as of cross-divisional functions was handed over to ÖBB-Business Competence Center GmbH (BCC) within the scope of ÖBB-central recruiting with the qualified specialists from Infra. By order of the holding company, the central apprentice recruiting for all Group companies is to be bundled in ÖBB-Infrastruktur AG. In autumn 2019, a working group was launched for this purpose.

In order to guarantee a targeted approach to future employees, ÖBB-Infrastruktur AG takes a targeted approach in positioning itself at various school and university fairs throughout Austria. Personnel marketing also initiates various cooperation programmes with a variety of educational institutions and sets coordinated priorities according to the requirements of the company. This creates contact between the future applicants and the company. Internship offerings focused on the skilled technical disciplines will be actively expanded, giving pupils at higher technical colleges the opportunity to gain their first taste of work experience. In addition to the Group-wide marketing measures and information media, infra-specific information material (job videos, folders,...) was prepared in order to best illustrate and promote the numerous functions of Infrastruktur AG.

Students will be given the opportunity of a temporary employment contract to write their thesis as a way of inspiring new employees (particularly those from technical colleges) to join the corporate group at an early stage. In 2019, we already succeeded in inspiring three young higher education graduates.

The infra:building programme at HTL Ortweinschule in Graz was successfully continued. The new infra:exploring programme at HTL Mödling was successfully launched. We have already been able to recruit two female staff members from the infra:WOMENtoring programme, which is specially designed for female civil engineers.

Taking on new apprentices is also important to the management of ÖBB-Infrastruktur AG: every year, the Railway Education Centre and Apprenticeship Training division looks for young people who would like to complete an apprenticeship in the areas of "commercial apprenticeship professions" or "transport and technology-oriented apprenticeship professions."

Diversity and equality

Equal opportunity – whether male or female, old or young, from Austria or another country – is a feature of modern corporate management and a prerequisite for sustainable business success. For this reason, the ÖBB Group has had an equal opportunities policy since 2011 in order to ensure equal treatment and equality for employees.

In 2015, the members of the Board of Management of ÖBB-Infrastruktur AG signed a Diversity Charter with a commitment to respect and appreciate the diversity of employees, customers and business partners.

Targets

Equality management

The first objective of equality and diversity management in the ÖBB Group is to ensure equal treatment regardless of gender, age, ethnicity, sexual orientation or disability. Ten regional Equal Opportunities Officers advise and support colleagues who feel they are being discriminated against or treated unfairly due, for example, to their gender, ethnicity, sexual orientation or age. Four of the ten regional Equal Opportunities Officers of the ÖBB Group come from ÖBB-Infrastruktur AG. An Equal Opportunities Board supports the work of the regional Equal Opportunities Officers and ensures their continuous ongoing training.

Diversity management

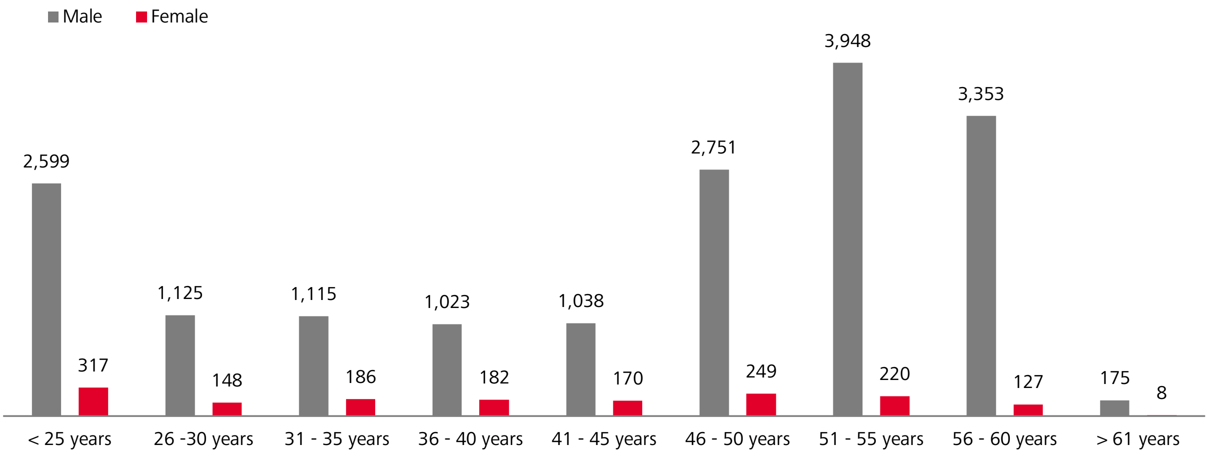
Diversity management goes beyond equal opportunity and makes use of the diversity of employees to the benefit of all parties involved by setting the strategic diversity goals of ÖBB-Holding AG for the Group; diversity management is also subject to regular control. Tailor-made measures are developed and implemented in the Group companies. The focus of this diversity strategy through 2023 is on continuously increasing the proportion of women in the ÖBB Group's workforce to 16.3% and the proportion of female managers to 20%, and on sustainable personnel management for the purposes of generational management. Another focus is the implementation of the programme for employees with disabilities. Diversity management at ÖBB-Infrastruktur AG works with the business divisions to initiate, support and review measures that pursue the strategic goals. The share of women in the ÖBB-Infrastruktur sub-group is to be increased to 10.5% by 2023.

Measures

Some measures have already been implemented aimed at increasing the proportion of women, such as the “Girls!Tech-Camp” (powered by IBM & ÖBB), using female technical apprentices as role models to specifically report on training and working at ÖBB-Infrastruktur AG at trade fairs and schools, and the “infra:WOMENtoring” scheme at Graz University of Technology, women’s places in training programmes of the ÖBB academy, career workshops, specific coaching offers for women, workshops on gender and diversity management and on the Equal Treatment Act (Gleichbehandlungsgesetz – GlBG). ÖBB-Infrastruktur AG supports improvements in the compatibility between job and caregiving obligations, for example through the company kindergarten Timi’s Mini MINTs with a focus on scientific and technical topics, hourly child care with the help of Flying Nannies, RailMap* maternity leave management, more intensive communication of the services of the ÖBB Group’s Orphans and Support Association as well as part-time models, and home office workplaces.

The relationship between male and female employees by age group is shown below:

	< 25 years	26 -30 years	31 - 35 years	36 - 40 years	41 - 45 years	46 - 50 years	51 - 55 years	56 - 60 years	> 61 years	Total	%
Male	2,599	1,125	1,115	1,023	1,038	2,751	3,948	3,353	175	17,127	91.4
Female	317	148	186	182	170	249	220	127	8	1,607	8.6
	2,916	**1,273**	**1,301**	**1,205**	**1,208**	**3,000**	**4,168**	**3,480**	**183**	**18,734**	**100.0**



In order to implement its strategic diversity goals, ÖBB-Infrastruktur AG is taking additional measures: age-appropriate jobs in the operations management centres, the priority programme for “increasing the proportion of women working as dispatchers” to 20% and the promotion of START scholarships for pupils with a migration background. In 2019, the project for “More Women in Rail” won the ÖBB Award in the Diversity category and is being listed as best practice by the European initiative of the Community of European Railway and Infrastructure Companies (CER) and ETF “Women in Rail”. In addition, the project “Increase Diversity” was launched this year. It will lever, measure and develop a sustainable quality assurance process by 2020 to make ÖBB-Infrastruktur’ more attractive as an employer for women.

In addition to the "Diversity as opportunity" training project for young refugees, the cooperation with the AMS also focuses on young women with asylum status. Together with the Public Employment Service (AMS), ÖBB-Infrastruktur AG developed a process for German language courses supported by the AMS, which AMS customers with an interest in shunting but a lack of German language skills can take before the start of training. Diversity in the company is on the rise. Interculturalism plays an increasingly important role. Internal discussion events, training for managers such as "Working in and with multicultural teams" and workshop series are intended to refine and promote understanding and sensitivity in multicultural cooperation.

Diversity report

ÖBB-Infrastruktur AG produces a half-yearly diversity report on the most important facts and figures regarding the diversity characteristics of age, gender, disability and nationality. The proportion of women among the shareholder representatives on the Supervisory Board of ÖBB-Infrastruktur AG is 50% (PY: 43%), on the Board of Management it is one third.

The diversity goals have thus been achieved. At ÖBB-Immobilienmanagement GmbH, 33% of the shareholder representatives on the Supervisory Board are women and at Mungos GmbH this figure is 25%. The proportion of women among managers in the Group was 7.9% (PY: 7.3%), while in the general workforce this figure was 8.6% (PY: 8.4%). In order to achieve a continuous increase in the proportion of women in new management positions to 20%, more measures are being taken in personnel marketing and personnel development. In the reporting period for instance, ÖBB-Infrastruktur AG was able to increase the proportion of women in new recruitments of dispatchers to 25.4%. Excluding apprentices in the retention period, the average age, which will fall continuously due to upcoming retirements and the planned recruitment of new personnel, is 43.9 years. The proportion of disabled employees in the ÖBB-Infrastruktur Group is 2.7%. Within the ÖBB Group, this share is to be increased to 4%. To achieve this, the ÖBB Group launched a programme for employees with disabilities in 2018, in which ÖBB-Infrastruktur AG is also participating.

Health management

Company health management is part of the corporate culture and attitude at the ÖBB Group and promotes, supports and secures health and the ability to work. The aim is to continuously improve working conditions as well as to optimise personal resources and reduce stress.

The corporate health management of the ÖBB Group includes the focal points “health promotion and prevention”, “health as a management task”, “occupational reintegration” as well as “advice concerning work ability”.

Health promotion and prevention

The company health management system designs comprehensive measures to improve working conditions and work organisation, and strengthens personal skills in these areas. In doing so, it focuses both on the ways the company can promote health and on the individual commitment of employees to their own health.

Measures include the group-wide Healthy and Fit project with health paths for mental health offered throughout Austria; the health promotion weeks at Josefhof; the “Healthy Workplace” project (activity evaluation in the business division operations/shunting), the “Nestor Gold” recertification in the business division operations/operational control centre; and support for healthy behaviour, for example by paying the entry fee for selected physical activity events.

An essential component is the further development of an Austria-wide multiplier network of vital coaches (area-specific contact persons for ergonomics, nutrition and mental health), ongoing communication and exchange with health coaches (internal contact person for the business division/unit) and health circle moderators (moderators for regional working groups) with a view to developing infra-specific health measures.

Health as a management task

Appreciative management protects employees from possible dangers and can ease psychological stress. Managers should be role models for health-conscious behaviour and thus play a central role in prevention.

The focus on “Health as a management task” is supplemented by management seminars such as “Healthy leadership and addiction prevention”, which raise awareness of the fact that managers have a significant influence on the health of their employees.

Operational reintegration

The focus of occupational reintegration is on employees who are at risk of losing their ability to work or who have already lost it. This process thus supports both affected employees and their managers in fulfilling their obligation to provide care. In doing so, occupational reintegration follows a clearly structured process involving various experts, which is based on the voluntary participation and personal responsibility of its employees.

Occupational reintegration focuses on the person and their working environment. The aim is to (re-)create a balance between the individual skills of employees and working conditions. The implementation of the respective measures is carried out in close cooperation between ÖBB-Infrastruktur Group and der Versicherungsanstalt öffentlich Bediensteter, Eisenbahnen und Bergbau (BVAEB). If desired, the employees receiving assistance can consult the works council or another trusted person. Data protection is guaranteed at all times, asÖBB-Business Competence Center GmbH (BCC) does not request sensitive data.

At the end of 2019, the roll-out of BWE within the ÖBB-Infrastruktur Group was fully completed. This means the service is now available to all employees.

Work ability counselling

Work ability counselling is an internal offer to help address psychosocial issues. It also serves as an interface for all relevant contact points and cooperation partners (internal and external). In personal or telephone conversations, executives can obtain advice on personal concerns and questions related to their management tasks. Employees and teams in difficult situations can also obtain support by telephone or in person.

In the ÖBB-Infrastruktur Group, employee protection and fire protection are anchored in the staff unit Safety and Quality. In annual cycles, management reviews the objectives, quality and direction. Internal communication is carried out within the framework of the institutionalised employee protection platform as well as via the central occupational safety committee (Zentraler Arbeitsschutzausschuss) and the local occupational safety committees. External communication takes place via the senior safety specialist or the senior fire safety officer.

The focal points in the area of occupational safety in 2019 were the creation of a uniform personal protective equipment (PPE) guideline, which defined the allocation of PPE to the individual functional and working groups, and the standardisation of safety and health protection documents in electronic form. The objectives here are the reduction to the essential contents, the creation of a uniform structure and the implementation in an electronic system. In addition, the evaluation of work-related mental stress at the workplace and the in-depth analysis of the causes of accidents at work were continued.

In the area of fire protection, four fire protection concepts were drawn up in 2019 (BFZ Vienna East 2, ASC Gloggnitz, AG and Nahversorger Lienz, Bahnbistro Salzburg) and numerous fire protection-related statements were drawn up to provide evidence of legal compliance and statements on external fire protection concepts (e.g. Bildungscampus St. Pölten, LW Attnang, ASC Mürzzuschlag). In determining the causes of the fire, the employees carried out a total of 90 investigations (e.g. Enns series of fires, fire in the warehouse on the Northern Line site, arson in Wr. Neustadt).

Working to retirement age

The two work time models, which were developed together with the employee representatives, aimed at helping older employees stay healthy and capable of gainful employment for longer, are used by the employees of Group companies if the requirements and the corresponding agreement with the employer are met.

As of the reporting date of Dec 31, 2019, 640 employees have claimed or submitted requests for the semi-retirement option granted by law in accordance with Section 27 of the Austrian Unemployment Insurance Act (Arbeitslosenversicherungsgesetz – AlVG). In addition, the Group has provided age-appropriate part-time work to 333 tenured employees (based on request submissions) as of the reporting date – from four to six years before meeting the requirements for statutory semi-retirement.

ÖBB employee survey

Overall work satisfaction increased to 71 points in the ÖBB-Infrastruktur Group in the last employee survey in June 2018 compared with the previous year's survey. This was a 2 point increase on comparable questions. Developments were positive both in terms of the participation rate, which was of an all-time high at 56.1 percent (= 10,416 employees) since the employee survey started in 2013, and in terms of the scores provided.

The next employee survey will take place in June 2020 and will be conducted "online only" for the first time.

G.5. Human rights

The business activities of ÖBB-Infrastruktur AG are largely limited geographically to Austria and the EU area as well as Liechtenstein and Switzerland. Compliance with the EU Declaration of Human Rights is therefore a prerequisite.

G.6. Capital expenditure and procurement practices

The Austrian Federal Procurement Act (Bundesvergabegestz – BvergG) applies to the procurement process and requires equal treatment for all bidders and fair competition. The aim is to award a contract for a service to an authorised, reliable and efficient company at a reasonable price.

For this purpose, each award procedure is subject to a suitable test of the companies eligible for the contract. In addition to an audit of the authorisation and technical and economic performance, this audit also includes a review of reliability with regard to wage and social dumping. Inquiries are carried out in accordance with the Employment Contract Law Adjustment Act (Arbeitsvertragsrechtsanpassungsgesetz – AVRAG) and the Employment of Foreign Nationals Act (Ausländerbeschäftigungsgesetz – AuslBG).

Companies are excluded from participation in the award procedure if, in the course of this audit, it appears that the company has committed serious misconduct in its professional activity, in particular against provisions of labour, social or environmental law.

Businesses are also excluded from participation in the tender procedure if ÖBB-Infrastruktur AG has knowledge of a final legal conviction against them. In the event that this involves a business partner that is not an individual, it also applies to people who are members of management, executive or supervisory bodies, or who have powers of representation, decision-making or control within these:
- Membership of a criminal association or organisation (Sections 278 and 278a of the Austrian Criminal Code (Strafgesetzbuch – StGB)),
- Terrorist associations, terrorist acts or funding terrorism (Sections 278b to 278d of the Austrian Criminal Code),
- Corruption, acceptance of benefit by a public official, bribing, provision of an undue advantage or forbidden intervention (Sections 304 to 309 Of the Austrian Criminal Code and Section 10 of the Unfair Competition Act (Gesetz gegen den unlauteren Wettbewerb – UWG), fraud (Sections 146 to 148 Of the Austrian Criminal Code), embezzlement (Section 153 Of the Austrian Criminal Code), acceptance of gifts (Section 153a Of the Austrian Criminal Code),
- Misuse of aid (Section 153b Of the Austrian Criminal Code)
- Money laundering (Section 165 Of the Austrian Criminal Code),
- Slavery, human trafficking or cross-border trafficking in prostitution (Sections 104, 104a and 217 Of the Austrian Criminal Code) or
- A corresponding criminal offense in accordance with the regulations of the country in which the company has its registered office

In procurement, ecological criteria apply to the award criteria and in the specifications, in particular to the technical specifications and the definition of conditions for their implementation. If the contract is awarded on the basis of award criteria, the contract is awarded to the most technically and economically advantageous tender (best bidder principle). The tender documents specify all the award criteria (e.g., quality, price, technical value, aesthetics, suitability, environmental characteristics, operating costs, profitability, after-sales service and technical assistance, delivery date and delivery or execution deadline) which may apply, in proportion to their importance (weighting of the award criteria). The aim of procurement according to the best bidder principle is for the customer to derive the greatest possible economic benefit from procurement and to keep the costs for the customer as low as possible. Examples of ecological award criteria include transport distances, resource consumption, environmentally harmful ingredients, emissions in the production process, degree of recyclability or reusability of the product or parts of the product, maintenance and disposal costs, etc.

In the service description, the ecological requirements for products and services are already included in the definition of the subject matter of the order in the planning phase of a project. The earlier environmental aspects are taken into account in the award process, the sooner they can be implemented. Particular attention is paid to an ecological selection of building materials. This is done in cooperation with experts to assess pollutant analyses, market supply and lifecycle assessment results. Furthermore, care must be taken to ensure that regulations do not cause certain companies to enjoy competitive advantages from the outset. The regulations must be generally accessible.

Sustainable procurement is also considered in this context. Essentially, this is done when defining the subject matter of the contract in such a way that subsequent maintenance costs and service life are also taken into account when selecting the system and building materials. For this purpose, a criterion for the evaluation of the lifecycle costs of bridge slide-ins was developed within the framework of the award criteria and, in the case of alternative offers, effects on the lifecycle costs are also taken into account within the framework of the award criterion.

Since the procurement process is an important element in the risk analysis, controls and associated tests were also installed as part of the internal control system (ICS). The most important element here is the execution of the award procedure in compliance with the principle of dual control in the essential decisions and procedural steps as a general instrument for optimisation and control. In concrete terms, this means that each tender is tracked by at least two employees who serve as a monitoring and control element. As a group-wide requirement, this must be done within the framework of the lead buyer principle (lead buyer is the responsible purchaser of the corresponding product group). This means that all procurements with an estimated order value higher than EUR 50 thousand must be made via the respective responsible lead buyer company. This does not apply to call-offs from master agreements concluded by a lead buyer company. As a test of the effectiveness of this control, monthly evaluations are carried out as part of the ICS and documented in the ICS system on a quarterly basis.

A further control within the framework of the internal control system is the use of the ProVia tendering platform. This ensures that the procurement process is handled uniformly and documented accordingly. In addition, process steps are available via the tendering platform, which offers the highest possible level of security with regard to compliance. Examples are the data room and the secret selection of bidders. Monthly evaluations are also carried out for this control as part of the ICS and documented in the ICS system on a quarterly basis.

Currently, the controls and tests are applied for
- the execution of an award procedure when an exception applies,
- the mandatory execution of an in-depth tender review in the event of very excessive contract value in comparison to a cost estimate under public procurement law and
- the review of tender documents for works contracts

three further risk areas as part of the internal control system.

G.7. Accessibility

Barrier-free and convenient access to trains and buses for people with disabilities, people with strollers, the elderly and passengers with luggage or bicycles is an important goal.

In practice, barrier-free transport means infinitely variable transport facilities and means of transport, as well as accessible communication. This also includes the design of information offers, guidance and orientation systems according to the two-sense principle. This means that at least two of the three senses (seeing, hearing and touching) must always be addressed.

In 2006, together with sub-group managers and experts, ÖBB-Holding AG developed an overall staged plan pursuant to Section 19 of the Federal Law on Equal Opportunities for the Disabled (Bundes-Behindertengleichstellungsgesetz – BGStG) for the ÖBB Group. The measures contained in the phased plan (2006 to 2015) have been agreed with the organisations for the disabled.

In early 2016, the Group companies updated their plans and prepared new implementation plans for additional railway stations (train stations and passenger stops) and for the vehicle fleet. These corporate plans correspond with the National Implementation Plan (NIP), which the Federal Ministry of Climate Action, Environment, Energy, Mobility, Innovation and Technology (BMK) has published for Austria in accordance with the TSI-PRM (technical specifications for interoperability regarding the accessibility of the European Union's railway system for persons with disabilities and persons with reduced mobility). In the fall of 2018 the measures already implemented and further objectives to be implemented by 2027 were discussed with the stakeholders of associations and representatives from Parliament. Currently, at the end of 2019, already 83% of all passengers in 300 stations benefit from modern, barrier-free stations. By 2027 at least 90% of passengers will be able to use barrier-free stations.

ÖBB's implementation is based on the legal and technical regulations of the EU, in particular the TSI-PRM (Regulation [EU] No 1300/2014) as well as on national requirements and standards, e.g., ÖNORM B 1600 (barrier-free building – planning principles).

Since 2014, in addition to the existing contacts, annual discussions with associations for the disabled, persons affected, and accessibility experts have been sought in the form of stakeholder dialogs. These face-to-face meetings serve to sharpen understanding for the target group as well as to provide information about current developments and determine improvement potential.

The successful "Stakeholder Dialogs," a direct exchange with people with disabilities, were successfully continued in 2018, and in 2019 "Sensing Journeys" made stops at the Vienna West Station, in Linz, St. Pölten and Graz.

Since 2017, a successful cooperation with the "Austrian Disability Council", the umbrella organisation of associations for the disabled, has been ongoing. The interests and concerns of people with disabilities, people with reduced mobility and the requirements of senior citizens will be addressed situationally and specifically through this communication and coordination platform. Dealing with current and future trends is a further focal point, e.g. with respect to digitalisation aimed at supporting barrier-free mobility.

G.8. Combating corruption and bribery

Compliance organisation within the ÖBB Group and the ÖBB-Infrastruktur Group

In order to fulfil the organisational responsibility of the members of the Board of Management and managing directors, a compliance organisation was established within the ÖBB Group, which works towards compliance with internal and external regulations.

Within the ÖBB Group, the function of Chief Compliance Officer is established as a separate unit within the management of ÖBB-Holding AG. In addition, the sub-group parent companies (ÖBB-Infrastruktur AG sub-group, Rail Cargo Group sub-group, ÖBB-Personenverkehr AG sub-group) have Compliance Officers, who are also assigned to their own unit within management.

The Chief Compliance Officer and the Compliance Officers of the sub-group parent companies are not subject to any management instructions in the performance of their duties. To safeguard their independence, in particular to avoid conflicts of interest, they do not take on other operational tasks at the same time.

The core competence of the Compliance Organisation is the fight against white-collar crime and corruption as well as the minimisation of white-collar crime and corruption risks in the ÖBB Group.

Compliance management system within the ÖBB Group and the ÖBB-Infrastruktur Group

The compliance management system is based on international standards and is set up as follows:

The ÖBB Group Code of Conduct

The Code of Conduct of the ÖBB Group describes the ethical principles and general principles on which the ÖBB Group bases its business activities and which are essential elements of its corporate culture. It applies to the members of the Board of Management, managing directors, managers and employees of the ÖBB Group.

The Code of Conduct of the ÖBB Group regulates the principles for relations with customers and business partners, public appearances and cooperation amongst themselves. Key objectives of the Code of Conduct include strengthening ethical standards throughout the Group, creating a working environment that promotes integrity, respect and fair conduct, and initiating and conducting business in compliance with the law. ÖBB-Holding AG and the sub-group companies have voluntarily committed themselves to comply with the Code of Conduct by a corresponding board resolution.

Prevention through compliance training and advice

One of the core tasks of the Compliance Organisation of the ÖBB Group is to raise awareness among employees on a long-term and sustainable basis regarding compliance-relevant topics and guidelines.

Training courses and awareness-raising measures on compliance topics are therefore held in the ÖBB Group periodically or, if necessary, specifically directed at a target group or risk.

Since 2018, the existing tasks are being complemented by a comprehensive e-learning programme. This helps to raise awareness of the topic. Another important component of prevention work is the ongoing consultation of management and employees on compliance-relevant issues.

Early detection

Identifying potential compliance risks at an early stage is crucial in order to be able to counteract them adequately. In addition to the Group-wide “Fraud Management” project this also includes carrying out risk analyses and compliance audits. These measures serve the primary objectives of damage prevention and risk control.

Response

As the central point of contact for dealing with information received, the Compliance organisation is obliged to follow up on all information provided. The whistleblowers enjoy special protection with regard to their personal data. The results of such investigations lead to recommendations regarding potential for improvement and appropriate sanctions.

Anti-corruption office

The anti-corruption office, headed by the Chief Compliance Officer, is the central point of contact for questions, information and tips in connection with corruption in the ÖBB Group. All information that reaches the ÖBB Group's anti-corruption office is treated strictly confidentially and with the necessary care.

Information and communication

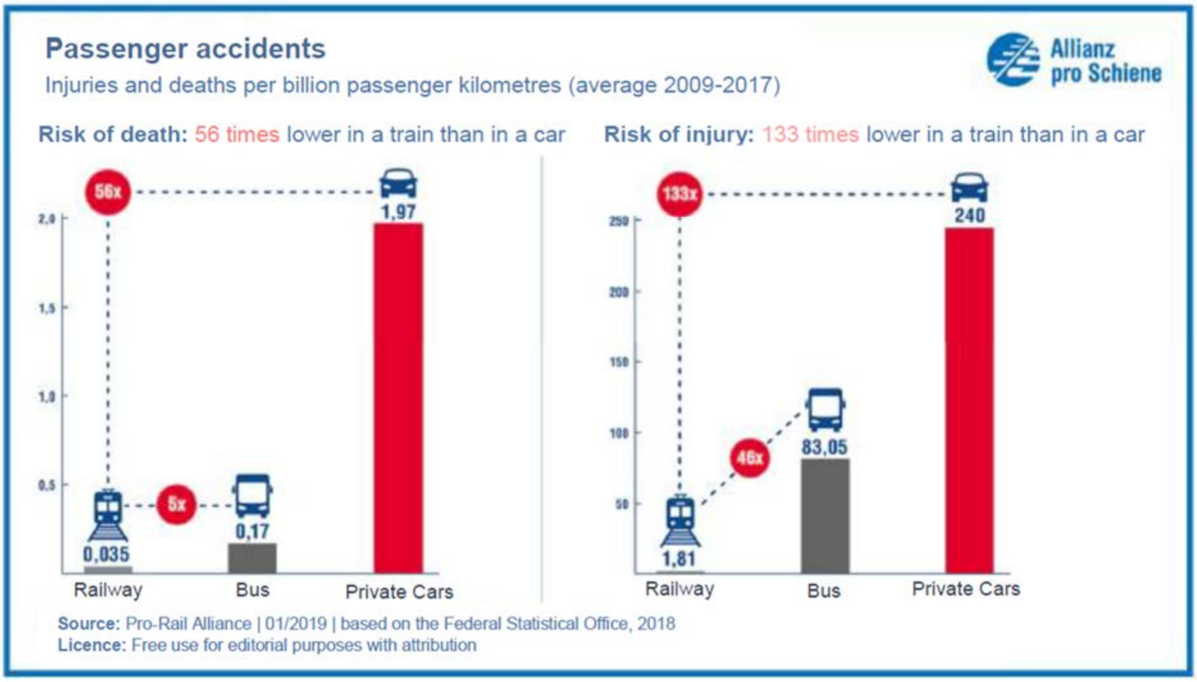
Regardless of the increased focus on harmonisation in the future, in accordance with the Group's decentralised structure, each sub-group has an appropriate, effective ICS; establishing and maintaining it also takes place in the sub-group.

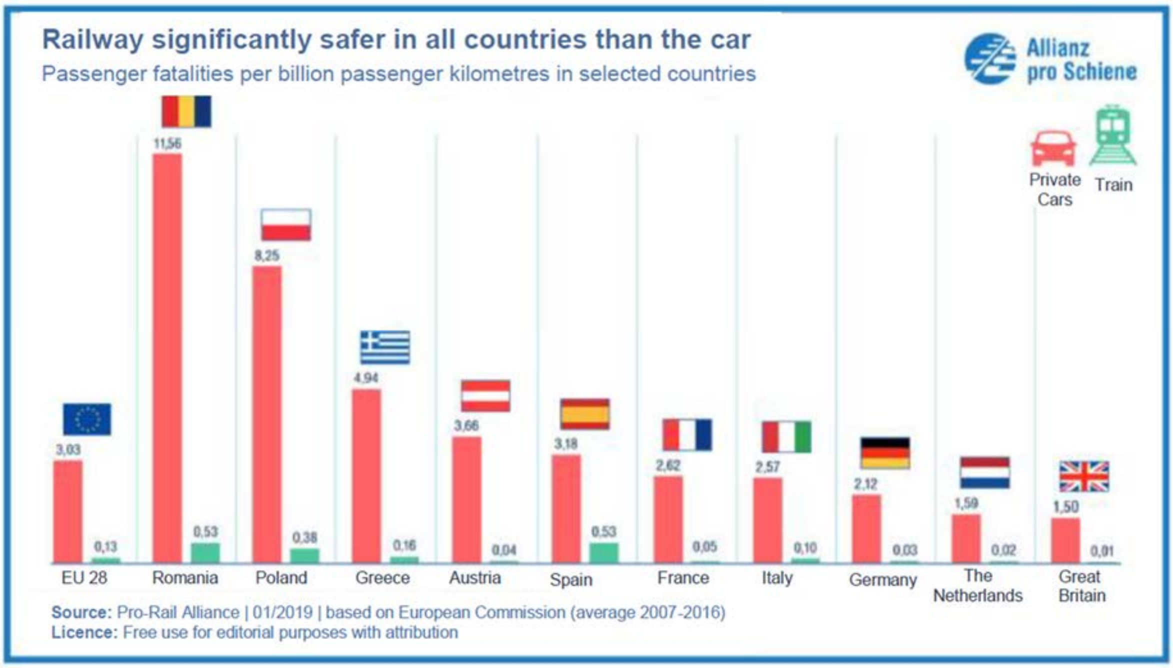
ICS documentation has been standardised with respect to minimum requirements, and was published in 2012 in the form of a compulsory minimum standard for implementation throughout the entire Group. Moreover, the organisational units of the Group are responsible for standardised and computerised documentation of the key checks defined within the processes, including the risk areas and corresponding test steps. Reports to management are also based on this non-editable, annotated and verifiable data.

As part of the development project mentioned above, regulations have been adapted to the newly defined requirements and, where necessary, content has been made clearer.

G.9. Safety

Security is an essential feature for both customers and employees. Responsibly addressing safety risks strengthens the trust not only of customers and employees but that of the owner of ÖBB as well, thus contributing significantly to the success of the corporate group.





This makes security a top priority for all activities of the ÖBB Group. The certified safety management systems introduced in the sub-groups help manage the security services provided. Findings from incidents, accident investigations, internal tests (safety checks, audits, etc.) and trend monitoring flow into safety programmes. The safety management systems, trend monitoring, and the safety programme contribute significantly to detecting safety risks in due time to create proactive measures to control residual risks. In order to achieve this, the focus will be on a further technology upgrade and further development of the organisation and increasing awareness as regards to human behaviour and the safety culture. Strengthening systematic learning from deviations, errors, and near-accidents contributes towards timely risk identification and the introduction of counter-measures.

All developments related to safety are presented transparently and comprehensibly in the form of key figures. These are transmitted annually to the national safety authority.

Annual investments of over EUR 2.3 billion in new construction, expansion, and maintenance of infrastructure facilities, and in new vehicles with state-of-the-art train control systems, all help ensure safe operational management. Both the accompanying measures to the security strategy, such as the focus on measures with the greatest impact, and the development of the safety and error culture, make another significant contribution to security.

Since 2017, the development of the ÖBB Group’s safety performance has been uniformly recorded across all companies on the basis of a group-wide operational safety index. The index is composed of relevant operational incidents (e.g., train collisions, train derailments) as well as events that make an actual incident probable ("defects or accident precursors") and presents the Group's operational safety in Austria at a glance as a reporting indicator.

Furthermore, an essential focus is placed on the subjective sense of safety of customers. This involves regular monitoring of the parameters affecting the feelings of safety. The development of individual parameters makes it possible to introduce countermeasures at an early stage. These include, for example, structural measures to improve lighting and more security personnel in railway stations and on trains.

A comprehensive package of measures was developed and implemented in 2019 in connection with assaults on employees. This concerns, for example, the reinforcement of service and control teams and the support of train attendants by security personnel on certain train connections on local transport. Furthermore, “body cams” are used by security personnel.

The level of security on the railways of ÖBB-Infrastruktur AG has been continuously improved in recent years. The reasons for this include regular monitoring by ÖBB security service, using safety-related indicators for the early detection of any problem areas that might arise, as well as rapid countermeasures when deviations are detected.

In the safety programme, safety measures (e.g., retrofitting of clear track signalling systems or the intermittent train protection PZB - Indusi magnets) are defined and consistently implemented. These measures are the tool for maintaining safety levels, for countermeasures in the event of deviations, and for regular improvements in safety performance.

Main emphasis of the safety programme (examples):

Security at railway stations – security programmes

- Ten emergency drills were carried out within Mungos.
- Exhaustive bodycam rollout was completed.
- Four courses “Safety oriented scenario training” and ten courses “De-escalation and self-protection” were completed.
- A programme to minimise crowd formations and assaults was started. Location-specific packages of measures were drawn up for the stations Wr. Neustadt, Vienna Praterstern, Klagenfurt, Vienna FJB, Dornbirn, Graz Main Station, Salzburg Main Station, St. Pölten, Vienna West and Linz Main Station.

Safety culture

The safety culture includes measures to strengthen the safety awareness of employees and thus to further increase safety performance. A safety culture does not grow on its own, but requires consistent embedding and reinforcement with everyone involved.

With “Safety always”, an additional value was created. This should help ensure that safety is always the focus of all our activities. By taking the steps towards a “safety culture”, we have achieved the status of a learning organisation with trust, fairness and transparency. The aim is to reduce incidents caused by inappropriate human behaviour in the long term.

To achieve this goal, several coordinated steps and measures (e.g. measures management or handling of modern media) were necessary.

Reduction of collision risk

The programme for the further upgrade of train detection systems was continued. This significantly reduces the risk of collision during train travel, which contributes to a considerable improvement in the level of safety.

Unauthorised access of railway facilities

The measures taken in recent years (e.g., video messages) have been continued through standardised school visits in all 7th and 8th grade classes. In this teaching unit, ÖBB-Infrastruktur AG experts inform young people about the dangers of railway operations. The aim is to make future road users aware of the dangers of railway facilities and crossings at an early stage. A new campaign was launched to raise awareness of the dangers of railway operations in the form of posters.

Safe shunting

Based on a recognised trend in incidents and accidents related to shunting operations, measures to reduce shunting incidents were initiated. The aim is to reverse the trend in shunting incidents.

Occupational safety

The occupational safety of our employees could be maintained at a high level. This shows that supervision and advice from experts in prevention and the measures implemented in the area of employee safety are having the desired effect. We need to continue working together on increasing safety and on raising awareness among our colleagues in order to continue this positive trend.

As part of the implementation of the survey and organisation of working conditions, in which all employees have the opportunity to participate in an extensive survey on work-related psychological stress, eight shunting facilities, regional managers of SAE and project managers of PNA were evaluated. Implementation efforts are also continuing with respect to the evaluation of psychological stress.

Fire prevention

The required fire protection officers were made available nationwide and thus all tasks and activities of the fire protection officers were fulfilled in accordance with official requirements. The fire safety officers (staff unit Safety and Quality) were upgraded to fire safety concept developers. The fire safety concept has already been re-designed for the BFZ East 2, ASC Gloggnitz, and Nahversorger Lienz and Bahnbistro Salzburg, and a further twelve concepts of external experts were revised.

Operational rules

Since 2017, all company employees have had access to the provisions relevant to their activities – automatically via the rules and regulations database. The enormous advantage lies in the fact that employees receive all relevant regulations for their activities in one set of rules and do not have to go through various instructions, etc. This significantly increases the clarity for the employee and reduces the complexity of the rules and regulations.

Retrofit programme PZB - Indusi magnets

The measure is aimed at reducing the number of collisions after a signal is passed without authorisation, and thus makes an essential contribution towards reducing the risk of a collision.

Project scenario 1a was completed (implementation of the stations Vienna Praterstern, Gramatneusiedl, Eggenburg, Scheifling, Wolfsberg and Götzendorf) and scenario 1b was started. Two scenarios were defined for the installation of the magnets:
- Scenario 1a: Includes the retrofitting of the 500 Hz track magnets in the starting zone of passenger trains under intermittent train protection (PZB)
- Scenario 1b: Retrofitting of 500 Hz track magnets in operating locations where the distance between the advance signal and the corresponding main signal is greater than 1,250m (implementation by the end of 2023)

Safety Walk

The aims of the Safety Walk are as follows:
- Improve safety performance and the safety culture
- Management message: safety is important
- Identify options for improvement

More than 300 Safety Walks were carried out by management at Infrastruktur AG in 2019. The feedback from these was positive, both from the employees on the ground as well as from managerial staff.

G.10. GRI index

The following GRI Index contains the standard disclosures reported by ÖBB-Infrastruktur AG, key topics and at least one associated indicator in accordance with the option chosen by ÖBB-Infrastruktur AG: "In accordance: Core". The reference to the corresponding section of the Group Management Report helps readers to find the information.

GRI code	Title of disclosure	Reference	Notes, Reason Omissions
GRI 102: General Disclosures			
Organisational profile			
102-1	Name of the organisation	MR Chapter A	
102-2	Activities, brands, products and services	MR Chapter A	
102-3	Location of headquarters	MR Chapter A	
102-4	Branches	MR Chapter A	
102-5	Ownership and legal form	MR Chapter A	
102-6	Markets served	MR Chapter B.3	
102-7	Scale of the organisation	MR Chapters A, C.1, C.2 and C.3	
102-8	Information on employees and other workers	MR Chapter G.4	
102-9	Supply chain	MR Chapter G.6	
102-10	Significant changes in the organisation and its supply chain		There have been no changes in this area.
102-11	Precautionary Principle or approach	MR Chapters B.2, F and G.3	
102-12	External initiatives	MR chapters B.2, C.2 and C.6	
102-13	Membership of associations	MR Chapter G.4	
Strategy			
102-14	Statement from senior decision-maker	MR Chapter G.1	
Ethics and integrity			
102-16	Values, principles, standards and norms of behavior	MR Chapter G.8	
Management			
102-18	Governance structure	MR Chapter G.2	

Stakeholder engagement			
102-40	List of stakeholder groups	MR Chapter G.4	
102-41	Collective bargaining agreements	MR Chapter G.4	
102-42	Identifying and selecting stakeholders	MR Chapters G.2 and G.4	
102-43	Approach to stakeholders engagement	MR Chapters G.2 and G.4	
102-44	Key topics and concerns raised	MR Chapters G.2 and G.4	
Reporting practice			
102-45	Entities included in the Consolidated financial statements	MR Chapter A and Consolidated Financial Statements Note 35	
102-46	Defining report content and topic Boundaries	MR Chapter G.2	
102-47	List of the material topics	MR Chapter G.2	
102-48	Restatements of information	MR Chapter A	This report includes the following change to the reporting: inclusion of the process map for the ÖBB-Infrastruktur Group in Chapter A.
102-49	Changes in reporting	MR Chapter G.2	
102-50	Reporting period	MR Chapter G.2	
102-51	Date of most recent report		Publication date: April 26, 2019
102-52	Reporting cycle	MR Chapter G.2	Annually
102-53	Contact point for any questions regarding the report		infra.kundenservice@oebb.at
102-54	Claims of reporting in accordance with the GRI standards	MR Chapter G.2	Core Option
102-55	GRI content index	MR Chapter G.10	
102-56	External assurance		Not planned.
GRI 103: Management Approach			
103-1	Explanation and definition the important topics	MR Chapters G.2 – G.9	
103-2	The management approach and its components	MR Chapters A, C, D, F and G.1 – G.9	
103-3	Evaluation of the management approach	MR Chapters A, C, F and G.1 – G.9	

GRI 201: Economic Performance			
201-1	Direct economic value generated and distributed	MR Chapter C	
201-2	Financial implications and other risks and opportunities due to climate change		The costs caused by climate change are currently not collected.
201-4	Financial assistance received from public sector	Consolidated Financial Statements Note 32	
GRI 202: Market Presence			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage		Due to complex internal salary schemes, several applicable collective agreements and no data collection for this ratio, this figure is not published.
GRI 203: Indirect Economic impacts			
203-1	Infrastructure investments and services supported	MR Chapters B.3, C.4 and C.5	
203-2	Significant indirect economic impacts	MR Chapter C.4	
GRI 204: Procurement practices			
204-1	Proportion of spending on local suppliers		This information is not available to date, as it has no relevance for procurement. Only compliance with the law is checked (MR Chapter G.6).
GRI 205: Anti-corruption			
205-1	Operations assessed for risks related to corruption		The group-wide compliance audits are recorded in the annual compliance activity report and are not published for reasons of confidentiality. (MR Chapter G.8).
GRI 206: Anti-competitive Behaviour			
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices		In 2019 there were no significant lawsuits, sanctions or fines against ÖBB-Infrastruktur AG resulting from violations of economic laws or regulations.

GRI 301: Materials			
301-1	Materials used by weight or volume	MR Chapter G.3	
301-2	Recycled input materials used	MR Chapter G.3	
GRI 302: Energy			
302-1	Energy consumption within the organisation	MR Chapter G.3	
302-4	Reduction of energy consumption	MR Chapter G.3	
GRI 303: Water and Effluents			
303-1	Interactions with water as a shared resource	MR Chapter G.3	
303-2	Management of water discharge-related impacts	MR Chapter G.3	
303-3	Water withdrawal	MR Chapter G.3	
GRI 304: Biodiversity			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	MR Chapter G.3	
304-2	Significant impacts of activities, products and services on biodiversity	MR Chapter G.3	
304-3	Habitats protected or restored	MR Chapter G.3	
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	MR Chapter G.3	
GRI 305: Emissions			
305-1	Direct (Scope 1) GHG emissions	MR Chapter G.3	
305-2	Indirect (Scope 2) energy-related GHG emissions	MR Chapter G.3	
305-5	Reduction of GHG emissions	MR Chapter G.3	
GRI 306: Effluents and waste			
306-2	Waste by type and disposal method	MR Chapter G.3	In the course of the business activities of ÖBB-Infrastruktur AG, no saline water discharge is carried out. Moreover, the temporary storage of materials at the site is not recorded at the moment.
306-3	Significant spills	MR Chapter G.3	
306-5	Water bodies affected by water discharges and/or surface runoff	MR Chapter G.3	

GRI 307: Environmental Compliance			
307-1	Non-compliance with environmental laws and regulations		In 2019 there were no significant lawsuits, sanctions or fines against ÖBB-Infrastruktur AG resulting from violations of environmental laws or regulations.
GRI 308: Supplier Environmental Assessment			
308-1	New suppliers that were screened using environmental criteria		Only compliance with the law is checked (MR Chapter G.6).
GRI 401: Employment			
401-1	New employee hires and employee turnover	MR Chapter G.4	
GRI 402: Labour/Management relationship			
402-1	Minimum notice periods regarding operational changes	MR Chapter G.4	
GRI 403: Occupational Health and Safety			
403-3	Occupational health services		This information is currently not collected.
GRI 404: Training and Education			
404-1	Average hours of training per year per employee	MR Chapter G.4	Gender-specific information and a total number of hours are not yet available.
404-2	Programs for upgrading employee skills and transition assistance programs	MR Chapter G.4	
404-3	Percentage of employees receiving regular performance and career development reviews	MR Chapter G.4	
GRI 405: Diversity and Equal Opportunities			
405-1	Diversity of governance bodies and employees	MR Chapter G.4	Ad i and ii) see text part Ad iii). Ad iii) This information is not collected for data protection reasons.
405-2	Ratio of basic salary and remuneration of women to men		On the basis of the Equal Treatment Act, an income report is prepared every two years in the first quarter of the following year. Detailed information will not be published for reasons of confidentiality.

GRI 406: Non-discrimination			
406-1	Discrimination incidents and remedial action taken		There were no significant incidents of discrimination at ÖBB-Infrastruktur AG in 2019.
GRI 407: Freedom of Association and Collective Bargaining			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk		Not applicable, as these rights are not endangered in ÖBB-Infrastruktur AG's area of activity.
GRI 408: Child Labour			
408-1	Operations and suppliers at significant risk for incidents of child labour		Not applicable, as these risks are not present in ÖBB-Infrastruktur AG's area of activity.
GRI 409: Forced or Compulsory Labour			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour		Not applicable, as these risks are not present in ÖBB-Infrastruktur AG's area of activity.
GRI 410: Security Practices			
410-1	Security personnel trained in human rights policies and procedures	MR Chapter G.9	
GRI 411: Rights of Indigenous Peoples			
411-1	Incidents of violations involving rights of indigenous peoples		Not applicable, as no indigenous rights are affected in ÖBB-Infrastruktur AG's area of activity.
GRI 412: Human Rights Assessment			
412-1	Operations that have been subject to human rights reviews or impact assessments	MR Chapter G.5	
GRI 413: Local Communities			
413-1	Operations with local community engagement, impact assessments, and development programs		This point is guaranteed on the basis of the legal requirements associated with the approval of the construction and operation of the facilities.
413-2	Operations with significant actual and potential negative impacts on local communities	MR Chapter G.3	

GRI 414: Supplier Social Assessment			
414-1	New suppliers that were screened using social criteria		This information is not available to date, as it has no relevance for procurement. Only compliance with the law is checked (MR Chapter G.6).
GRI 415: Public Policy			
415-1	Political contributions		ÖBB-Infrastruktur AG did not make any direct or indirect political contributions in the form of financial contributions or non-cash benefits.
GRI 416: Customer Health and Safety			
416-1	Assessment of the health and safety impacts of product and service categories	MR Chapters G.4, G.7 and G.9	
GRI 417: Marketing and Labelling			
417-1	Requirements for product and service information and labelling		At the time of preparing this non-financial declaration, ÖBB-Infrastruktur AG is not aware of any indications of non-conformities in this area.
417-2	Incidents of non-compliance concerning product and service information and labelling		At the time of preparing this non-financial declaration, ÖBB-Infrastruktur AG is not aware of any indications of non-conformities in this area.
417-3	Incidents of non-compliance concerning marketing communication		At the time of preparing this non-financial declaration, ÖBB-Infrastruktur AG is not aware of any indications of non-conformities in this area.
GRI 418: Customer Privacy			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		At the time of preparing this non-financial declaration, ÖBB-Infrastruktur AG is not aware of any complaints from customers in connection with the violation of customer data protection.

GRI 419: Socio-economic Compliance			
419-1	Non-compliance with laws and regulations in the social and economic area		In 2019, there were no significant lawsuits, sanctions or fines against ÖBB-Infrastruktur AG resulting from violations of social or economic laws or regulations.

H. Notes to the Group Management Report

This Management Report contains statements and forecasts referring to the future development of the ÖBB-Infrastruktur Group and the economic environment in which it operates. Any and all forecasts were made based on the information available at the time of compilation. Actual developments may therefore differ from the expectations described in the Management Report.

Vienna, March 19, 2020

The Board of Management

Mag. Silvia Angelo	Dipl.-Ing. Franz Bauer	Dipl.-Ing. Dr. Johann Pluy
(Finance, Market, Service Division)	(Infrastructure Facilities Provision Division)	(Operations and Systems Division)

Glossary

ADR	European Agreement concerning the International Carriage of Dangerous Goods by Road
AVB	General terms and conditions for employment with Austrian Federal Railways
BFS	Operational Management Strategy
BFZ	Operational management centre
billion	Billion(s)
BMK	Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology
BVAEB	Insurance institution for public service employees, railways and mining
BZELW	Railway Education Centre and Apprenticeship Training
CER	Community of European Railway and Infrastructure Companies
CO_2	Carbon dioxide
CORE	Core option
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
EBT	Earnings before tax
EIA	Environmental impact assessment
EMAS	European Environmental Management and Audit Scheme
EP	European Parliament
ETCS	European Train Control System
EUR	Euros
FTE	Full-time equivalent (FTE)
GDP	Gross domestic product
GRI	Global Reporting Initiative
GWh	Gigawatt hour
HR	Human Resources
ICS	Internal control system
IFRS	International Financial Reporting Standards
ISO	International Organisation for Standardisation
kEUR	EUR thousand
km	Kilometre(s)
km^2	Square kilometre(s)
m	Meter(s)
million	Million(s)
MP	Master plan
NFI	Non-financial information
OHSAS	Management system for occupational health and safety (Occupational Health and Safety Assessment Series)
PY	Previous year
REG	Regulation
RID	Regulations for the international carriage of dangerous goods by rail
R&D	Research and Development
RU	Railway Operators
SCC	Safety Certificate Contractors
SMS	Safety management system
t	Tonnes
TGTkm	Total gross tonnage kilometres
tkm	Train kilometres
Traction	Propulsion of trains by traction vehicles
USD	United States Dollar

Statement pursuant to Section 124 (1) of the Stock Exchange Act (Börsegesetz – BörseG)

Statement of all legal representatives

We certify that to the best of our knowledge the consolidated financial statements prepared in accordance with the applicable accounting standards give a true and fair view of the Group's net assets, financial position and results of operations and that the Group management report presents the business performance, the results of operations and the position of the Group and thus provides a true and fair view of the net assets, financial position and results of operations of the Group and that the Group management report describes the material risks and uncertainties to which the Group is exposed.

We certify that to the best of our knowledge, that the annual financial statements of the parent company prepared in accordance with the applicable accounting standards give a true and fair view of the net assets, financial position and results of operations of the company and that the management report presents the business performance, the results of operations and the position of the company and thus provide a true and fair view of the net assets, financial position and results of operations of the company and that the management report describes the main risks and uncertainties to which the company is exposed.

Vienna, March 19, 2020

The Board of Management

Mag. Silvia Angelo	Dipl.-Ing. Franz Bauer	Dipl.-Ing. Dr. Johann Pluy
(Finance, Market, Service Division)	(Infrastructure Facilities Provision Division)	(Operations and Systems Division)

Consolidated Financial Statements

Consolidated Income Statement 2019

	Note	2019 in kEUR	2018 in kEUR	
Revenue	4	1,023,502.8	1,049,248.8	*)
Change in finished goods, work in progress and services not yet chargeable		858.9	-500.4	
Other own work capitalized	5	312,323.4	306,287.4	
Other operating income	6	2,043,479.2	1,948,833.0	*)
Total income		**3,380,164.3**	**3,303,868.8**	
Cost of materials and purchased services	7	-429,725.7	-414,390.0	
Personnel expenses	8	-1,217,389.9	-1,182,752.8	
Depreciation and amortization	9	-810,791.2	-776,709.6	
Other operating expenses	10	-346,076.0	-324,791.9	
Impairment charges from trade receivables	20	-955.5	-2,122.2	
Earnings before interest and taxes (EBIT excluding investments recorded at equity)		**575,226.0**	**603,102.3**	
Earnings of investments recorded at equity	17	1,708.4	352.2	
Interest income	11	13,175.3	9,814.6	
Interest expenses	11	-540,462.4	-565,656.1	
Other financial income	12	5,195.5	10,839.9	
Other financial expenses	12	-16,516.2	-13,130.2	
Financial result (incl. earnings of investments recorded at equity)		**-536,899.4**	**-557,779.6**	
Earnings before income taxes (EBT)		**38,326.6**	**45,322.6**	
Income taxes	13	-5,329.3	19,075.0	
Net income		**32,997.3**	**64,397.6**	
Proportion of net income attributable to:				
shareholder of the parent company		32,719.3	64,149.1	
non-controlling interests		278.0	248.5	

*) Adjusted comparative amounts, see Note 3.

Consolidated Statement of Comprehensive Income 2019

	Note	2019 in kEUR	2018 in kEUR
Net income		**32,997.3**	**64,397.6**
Remeasurement gains (losses) on defined benefit plans		-4,332.1	619.5
Income taxes		42.0	-20.6
Items that will never be reclassified ("recycled") subsequently to the income statement		**-4,290.1**	**598.9**
Unrealized income from cash flow hedges	24	-34,699.7	36,562.1
Reclassification of realized income from cash flow hedges	24	-4,667.0	2,995.1
Income taxes		9,517.1	-8,725.0
Items that are or may be reclassified ("recycled") subsequently to the income statement		**-29,849.6**	**30,832.2**
Other comprehensive income		-34,139.7	31,431.1
Comprehensive income		**-1,142.5**	**95,828.7**
Proportion of comprehensive income attributable to:			
shareholder of the parent company		-1,420.5	95,580.2
non-controlling interests		278.0	248.5

Consolidated Statement of Financial Position as of Dec 31, 2019

Assets	Note	Dec 31, 2019 in kEUR	Dec 31, 2018 in kEUR
Non-current assets			
Property, plant and equipment	14	23,575,517.7	22,537,388.8
Intangible assets	15	633,609.1	517,157.6
Investment property	16	168,971.9	154,920.3
Investments recorded at equity	17	49,981.5	49,694.6
Other financial assets	18	114,243.5	179,847.3
Other receivables and assets	20	128,209.4	144,354.4
Deferred tax assets	13	59,478.5	54,539.6
		24,730,011.6	**23,637,902.6**
Current assets			
Inventories	21	73,663.1	73,319.9
Trade receivables	20	202,364.6	128,535.6
Other receivables and assets	20	239,867.8	256,149.3
Other financial assets	18	21,720.6	52,691.4
Assets held for sale	19	139.1	125.1
Cash and cash equivalents	22	28,932.7	17,513.8
		566,687.9	**528,335.1**
		25,296,699.5	**24,166,237.7**

Shareholders' equity and liabilities	Note	Dec 31, 2019 in kEUR	Dec 31, 2018 in kEUR
Shareholders' equity			
Share capital	23	500,000.0	500,000.0
Additional paid-in capital	24	538,884.2	538,884.2
Cash flow hedge reserve	24	2,378.6	32,228.2
Remeasurement of defined benefit plans	24	-7,897.7	-3,607.6
Retained earnings	24	386,589.8	359,088.0
Equity attributable to the shareholder of the parent company		**1,419,954.9**	**1,426,592.8**
Equity attributable to non-controlling interests	23	474.0	444.5
		1,420,428.9	**1,427,037.3**
Non-current liabilities			
Financial liabilities	25	19,273,116.1	18,540,868.6
Provisions	26	263,624.5	237,150.7
Other liabilities	27	28,006.3	31,696.2
		19,564,746.9	**18,809,715.5**
Current liabilities			
Financial liabilities	25	2,283,714.5	2,132,463.0
Provisions	26	158,246.3	95,627.4
Trade payables	27	557,379.6	628,074.0
Other liabilities	27	1,312,183.3	1,073,320.5
		4,311,523.7	**3,929,484.9**
		25,296,699.5	**24,166,237.7**

Consolidated Statement of Cash Flows 2019

	Note	2019 in kEUR	2018 in kEUR
Earnings before income taxes (EBT)		38,327	45,323
Non-cash expenses and income			
+ Depreciation and amortization on property, plant and equipment, intangible assets and investment property	9	966,693	937,209
- Amortization of investment grants	9	-155,902	-160,499
+ Losses / - gains on disposal of property, plant and equipment, intangible assets and investment property		-14,734	-39,060
- Other non-cash income / + other non-cash expenses		4,360	402
+ Interest expenses	11	540,462	565,656
- Interest income	11	-13,175	-9,815
Changes in assets and liabilities			
- Increase / + decrease in inventories	21	-4,268	-1,273
- Increase / + decrease in trade receivables and other assets		-8,712	-9,591
+ Increase / - decrease in trade payables, other liabilities and deferrals		249,652	506,376
+ Increase / - decrease in provisions	26	72,724	-4,533
- Interest paid		-651,085	-630,825
+ Interest received		15,252	1,889
- Income tax paid	13	-2	-1,410
Cash flow from operating activities a)		**1,039,593**	**1,199,848**
+ Proceeds from disposal of property, plant and equipment and intangible assets		47,833	16,576
- Expenditures for property, plant and equipment and intangible assets	14, 15	-2,082,479	-1,812,794
+ Proceeds from disposal of financial assets		0	643
+ Proceeds from investment grants	14, 15	141,422	120,143
- Repayment of investment grants		0	-1,358
+ Dividends received		1,451	1,649
Cash flow from investing activities b)		**-1,891,773**	**-1,675,141**
- Dividends distributed to non-controlling shareholders		-249	-450
+ Proceeds from issue of loans	25	2,331,226	315,807
- Redemption of loans		-1,553,930	-43,886
- Repayment of lease liabilities		-8,919	0
Cash flow from financing activities c)		**768,129**	**271,471**
Funds at the beginning of the period		-304,108	-100,255
Change resulting from the basis of consolidation		0	-33
Change in funds resulting from cash flows (a+b+c)		-84,052	-203,821
Funds at the end of the period		**-388,159**	**-304,108**

For details on the composition of the fund, please refer to Note 34.

Consolidated Statement of Changes in Shareholders' Equity 2019

in kEUR	Share capital	Additional paid-in capital	Cash flow hedge reserve	Available for sale reserve	Re-measurement of defined benefit plans	Retained earnings	Total equity	Non-controlling interests	Total shareholders' equity
As of Jan 01, 2018	*500,000.0*	*538,884.2*	*1,396.0*	*4,860.6*	*-4,206.5*	*296,197.4*	*1,337,131.7*	*645.6*	*1,337,777.3*
Adjustments following the initial application of IFRS 9, net of income tax				-4,860.6		-1,258.5	-6,119.1		-6,119.1
Adjusted status as of Jan 01, 2018	**500,000.0**	**538,884.2**	**1,396.0**	**0.0**	**-4,206.5**	**294,938.9**	**1,331,012.6**	**645.6**	**1,331,658.2**
Net income						64,149.1	64,149.1	248.5	64,397.6
Other comprehensive income			30,832.2		598.9		31,431.1		31,431.1
Comprehensive income			**30,832.2**	**0.0**	**598.9**	**64,149.1**	**95,580.2**	**248.5**	**95,828.7**
Dividends distributed to non-controlling shareholders								-449.6	-449.6
As of Dec 31, 2018	**500,000.0**	**538,884.2**	**32,228.2**	**0.0**	**-3,607.6**	**359,088.0**	**1,426,592.8**	**444.5**	**1,427,037.3**

in kEUR	Share capital	Additional paid-in capital	Cash flow hedge reserve	Available for sale reserve	Re-measurement of defined benefit plans	Retained earnings	Total equity	Non-controlling interests	Total shareholders' equity
As of Jan 01, 2019	*500,000.0*	*538,884.2*	*32,228.2*	*0.0*	*-3,607.6*	*359,088.0*	*1,426,592.8*	*444.5*	*1,427,037.3*
Adjustments following first time application of IFRS 16, net of income tax						-5,217.4	-5,217.4		-5,217.4
Adjusted status as of Jan 01, 2019	**500,000.0**	**538,884.2**	**32,228.2**	**0.0**	**-3,607.6**	**353,870.6**	**1,421,375.4**	**444.5**	**1,421,819.9**
Net income						32,719.3	32,719.3	278.0	32,997.3
Other comprehensive income			-29,849.6		-4,290.1		-34,139.7		-34,139.7
Comprehensive income			**-29,849.6**	**0.0**	**-4,290.1**	**32,719.3**	**-1,420.5**	**278.0**	**-1,142.5**
Dividends distributed to non-controlling shareholders								-248.5	-248.5
As of Dec 31, 2019	**500,000.0**	**538,884.2**	**2,378.6**	**0.0**	**-7,897.7**	**386,589.9**	**1,419,954.9**	**474.0**	**1,420,428.9**

Further details on the Statement of Changes in Shareholders' Equity are reported in Notes 2, 23 and 24.

Notes to the Consolidated Financial Statements as of Dec 31, 2019

A. BASIS AND METHODS

ÖBB-Infrastruktur Aktiengesellschaft (hereinafter ÖBB-Infrastruktur AG), with its registered office in 1020 Vienna, Praterstern 3, FN 71396 w, is a registered joint stock corporation as defined in the Austrian Stock Corporation Act, whose shares are held by the Österreichische Bundesbahnen Holding Aktiengesellschaft (hereinafter ÖBB-Holding AG).

ÖBB-Infrastruktur AG and its subsidiaries form the ÖBB-Infrastruktur AG corporate group (hereafter the ÖBB-Infrastruktur Group). The share capital is unchanged from the previous year and is made up of 100,000 no par-value shares. The shares are registered in the name of ÖBB-Holding AG. The shares are not publicly traded. The sub-group is in a Group relationship with ÖBB-Holding AG, and is fully consolidated. The Consolidated Financial Statements of ÖBB-Holding AG are submitted to the Commercial Court Vienna under Company Register number FN 247642 f.

The function of ÖBB-Infrastruktur AG is, in particular, that of a railway infrastructure company, in which a demand-oriented and secure railway infrastructure (including high-performance tracks) is planned, built, provided, operated, and maintained (regular maintenance, inspection, fault clearance, repair, and reinvestment). Shunting services can also be provided.

The core business of ÖBB-Infrastruktur Group also includes power procurement, power supply and power portfolio management as well as real estate leasing and development.

In accordance with Section 51 of the Austrian Federal Railways Act (Bundesbahngesetz – BBG), as amended, ÖBB-Infrastruktur AG does not require a concession pursuant to the Railways Act (Eisenbahngesetz – EisbG) of 1957 for either the construction or the operation of main and branch lines.

The financing of the capital expenditure for the expansion of the rail infrastructure as well as operation and maintenance is secured through internally generated cash flows, through borrowings as well as guarantees and financing of the federal government on the basis of multi-year master plans and grant agreements. Management, development and utilisation of real estate belonging to the ÖBB Group are the responsibility of ÖBB-Immobilienmanagement GmbH, a subsidiary of ÖBB-Infrastruktur AG. The construction of the Brenner Base Tunnel and all structures necessary for construction work and subsequent operation, as well as the provision of equipment and facilities after completion for the parties authorised to access the network during the operational phase, are the responsibility of Galleria di Base del Brennero - Brenner Basistunnel BBT SE, a joint venture of the ÖBB-Infrastruktur Group.

1. Accounting principles

In accordance with Section 244 of the Austrian Commercial Code (Unternehmensgesetzbuch – UGB), ÖBB-Infrastruktur AG is required to prepare Consolidated Financial Statements. The Consolidated Financial Statements as of Dec 31,2019 were prepared pursuant to Section 245a (1) of the Austrian Commercial Code (UGB) in conjunction with the "IFRS Regulation" in accordance with the International Financial Reporting Standards ("IFRS", "IAS") issued by the International Accounting Standards Board ("IASB"), and the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC", "SIC"), which became effective and were endorsed by the European Union as of Dec 31,2019 along with the additional requirements under Section 245a of the Austrian Commercial Code (UGB). With these Consolidated Financial Statements according to IFRS, ÖBB-Infrastruktur AG issues exempting Consolidated Financial Statements pursuant to Section 245a of the Austrian Commercial code (UGB) in accordance with internationally accepted accounting principles.

The Consolidated Financial Statements are presented in euros (EUR). All amounts indicated in these Notes are presented in millions or thousands of EUR (kEUR), unless another currency unit is indicated. Rounding differences may occur as the rounded presentation includes figures not shown that are subject to precise internal calculation.

Disclosures on amended and new IFRS regulations

The following standards and interpretations were amended compared to the Consolidated Financial Statements as of Dec 31, 2018 or were to be applied initially on a mandatory basis due to the endorsement by the EU or due to the regulation coming into effect.

Revised and amended standards/interpretations		Effective as of [1]	Impact on the Consolidated Financial Statements
IFRS 16	Leases	Jan 01, 2019	yes
IFRIC 23	Uncertainty over Income Tax Treatments	Jan 01, 2019	no
IFRS 9	Prepayment Features with Negative Compensation	Jan 01, 2019	no
IAS 28	Long-term interests in Associates and Joint Ventures	Jan 01, 2019	no
IAS 19	Plan Amendments, Curtailments and Settlements	Jan 01, 2019	no
AIP 2015 - 2017	Annual improvements to IFRS	Jan 01, 2019	no

[1] Applicable for financial years starting on or after the indicated date.

The Group initially applied IFRS 16 "Leases" in this financial year, as its application is mandatory for financial years beginning on or after Jan 01, 2019. IFRS 16 introduces new and amended requirements with regard to accounting for leases. Significant accounting changes are introduced for the lessee because it is no longer distinguished between operating and finance leases, and a right-of-use assets and a lease liability must be recognised at the inception of all leases (with the exception of short-term leases and leases for which the underlying assets is of low-value (value when the asset was new), where the applicable exemptions are applied). In contrast to the accounting to be done by the lessee, the requirements applicable for the lessor have remained largely unchanged.

The Group has applied IFRS 16 using the modified retrospective approach, according to which the cumulative effect of initial application as of Jan 01, 2019 is recognised in retained earnings. Therefore, the comparative information for 2018 has not been restated, i.e. it is presented in accordance with IAS 17 and its related interpretations. Details of the changes in accounting policies are described below. Furthermore, the disclosure obligations according to IFRS 16 were not applied for the comparative data.

The Group applied the practical expedient at initial application of IFRS 16 not to reassess whether an agreement is or contains a lease. This means that the definition of a lease in accordance with IAS 17 and IFRIC 4 continues to be applied to those contracts that were concluded or amended before Jan 01, 2019. Thus, the definition of a lease in accordance with IFRS 16 was only applied to contracts concluded or amended on or after Jan 01, 2019.

Lessee

Leases that were previously classified as operating leases under IAS 17

With the application of IFRS 16, the Group's accounting for leases that were previously not recognised in the statement of financial position as operating leases has changed.

In accordance with the new standard, the Group records the following for leases (with the exception of those covered by the exemption explained below):

- in the Consolidated Statement of Financial Position, a right-of-use asset at the carrying amount as if IFRS 16 had been applied since the commencement date, discounted at the Group's incremental borrowing rate at the date of initial application or a right-of-use asset at an amount equal to the lease liability adjusted by the amount of the lease payments made or deferred in advance.
- a lease liability in the Consolidated Statement of Financial Position measured at the present value of the future lease payments.

The Group tested its right-of-use asset for impairment at the date of transition and concluded that there were no signs of impairment of the right-of-use asset.

The Group used a number of exemptions when applying IFRS 16 to leases that were previously classified as operating leases under IAS 17. The Group's treatment in detail:

- for leases whose term ends within twelve months after the date of the initial application, neither right-of-use assets nor lease liabilities are recognised;
- for leases for which the underlying asset is of low value, neither right-of-use assets nor lease liabilities are recognised (e.g. IT equipment)
- the initial direct costs are not taken into account when assessing the right-of-use assets at initial application; and
- the Group used hindsight to determine the lease term, if the contract contains options to extend or terminate the lease.

Leases that were previously classified as finance leases under IAS 17

As of Dec 31, 2018, there were no leases classified as finance leases. Right-of-use assets and lease liabilities are accounted for in accordance with IFRS 16, starting on Jan 01, 2019.

Lessor

IFRS 16 does not substantially change the accounting for leases for the lessor who must still classify the leases as operating or finance leases and account for them accordingly.

In accordance with IFRS 16, subleases with the intermediary are accounted separately from the head lease as separate contracts. The intermediary is required to classify the sublease as either a finance or an operating lease. This should be done by reference to the right-of-use asset arising from the head lease (rather than by reference to the asset underlying the right-of-use asset, as was the case under IAS 17).

Effect of the initial application of IFRS 16 at initial application as of Jan 01, 2019

As the date of initial application of IFRS 16, the Group recognised right-of-use assets and lease liabilities and the cumulative effect of initially applying this standard as an adjustment to the opening balance of retained earnings. Furthermore, prepaid rent included in other receivables was reversed. The effects at the date of transition are summarised as follows:

in EUR million	Adjustment from the initial application of IFRS 16 to the opening balances as of Jan 01, 2019
Right-of-use assets - Property, plant and equipment	87.9
Deferred tax assets	0.2
Other receivables	-0.7
Lease liabilities	92.6
Retained earnings	-5.2

In measuring the lease liabilities from operating leases, the Group discounted the lease payments at its incremental borrowing rate as of Jan 01, 2019. The incremental borrowing rate is between 0.0% and 1.6%.

in EUR million	Reconciliation – Lease liabilities according to IFRS 16 as of Jan 01, 2019
Non-cancellable operating lease and rental obligations as of Dec 31, 2018	118.8
Lease liabilities from non-cancellable operating leases for low-value assets (value of the asset when it was new is less than EUR 5,000) or short-term leasing contracts	28.3
Other	1.1
Subtotal of non-cancellable operating lease and rental obligations undiscounted as of Jan 01, 2019	**89.5**
Effect of discounting at the incremental borrowing rate as of Jan 01, 2019	6.2
Operating lease and rental obligations discounted as of Jan 01, 2019	83.3
additional lease liabilities recognised due to IFRS 16 for lease obligations that extend beyond non-cancellable periods	9.3
Lease liabilities according to IFRS 16 as of Jan 01, 2019	**92.6**

Outlook on future IFRS amendments

The following standards and interpretations were issued by the IASB and were endorsed by the EU with the exception of those labelled with Note 2. The option of applying individual standards early was not exercised.

Standards/interpretations		Effective as of [1]	Expected impact on the Consolidated Financial Statements
New standards and interpretations			
IFRS 17	Insurance Contracts	Jan 01, 2021 [2]	no
Amended standards and interpretations			
IAS 1 and IAS 8	Materiality Disclosure Initiative	Jan 01, 2020	no
IFRS 9, IAS 39 and IFRS 7	IBOR Reform	Jan 01, 2020	no
IFRS 3	Business combinations - Definition of a Business	Jan 01, 2020 [2]	no

[1] Applicable for financial years starting on or after the indicated date.
[2] Not yet adopted by the EU.

No other standards that are not yet effective are expected to have a material impact on the Group in the current or future reporting periods or on expected future transactions.

2. Consolidation principles and basis of consolidation

Consolidation principles

Reporting date

The reporting date for all fully consolidated companies included in the Consolidated Financial Statements is Dec 31.

Foreign currency translation

Foreign currencies are translated in accordance with the functional currency concept. The functional currency of all subsidiaries included in the Consolidated Financial Statements is the respective national currency. The Consolidated Financial Statements are presented in euros, the functional currency of the parent company.

As all subsidiaries use the euro as their functional currency, no currency translation from the consolidation of foreign operations was necessary for preparation of the consolidated financial statements.

Foreign currency transactions are first translated into the functional currency by the ÖBB-Infrastruktur Group companies at the spot rate applicable on the date of the transaction. Monetary assets and liabilities denominated in a foreign currency are translated into the functional currency at each reporting date at the respective spot rate. Translation differences from financial assets and financial liabilities are recognised in the financial expenses or financial income as relevant. Non-monetary items measured at cost denominated in a foreign currency are translated at the rate applicable on the date of the transaction. Non-monetary items measured at fair value denominated in a foreign currency are translated at the rate applicable at the time the fair value is determined.

Consolidation

Subsidiaries (capital consolidation)

Subsidiaries are entities controlled by the Group. The Group controls an entity if it is exposed or has rights to variable returns from its involvement with the entity and has the ability to exercise control over the entity to affect the amount of these returns. The financial statements of subsidiaries are included in the Consolidated Financial Statements from the date the Group obtains control until the expiration of control.

Accordingly, the results of operations of the businesses acquired or sold during the reporting year are included in the Consolidated Statement of Comprehensive Income from the date of acquisition or until the date of disposal respectively. If the ÖBB-Infrastruktur Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary and other equity components.

Accounting and measurement methods are applied consistently by all subsidiaries in the ÖBB-Infrastruktur Group.

Business combinations

Business combinations are accounted for according to the purchase method. The acquisition costs are measured at the total of the consideration transferred, measured at fair value at the acquisition date, plus the share of non-controlling interest in the acquired company. For each business combination, the acquirer measures the share of non-controlling interest in the acquired company at the corresponding share of the identifiable net assets of the acquired company. Any costs incurred in the course of the business combination are recognised as an expense in other operating expenses.

When an entity is acquired, the Group assesses the suitable classification and designation of the financial assets acquired and liabilities assumed in accordance with the contractual terms, economic circumstances, and general conditions given at the time of the acquisition. This also includes a separation of the embedded derivatives embedded in a host contract. In case of business combinations carried out in stages, the equity share in the acquired company previously held by the acquirer is re-measured at fair value at the time of the acquisition, and the resulting profit or loss is recognised in profit or loss in the current period. Any agreed contingent consideration is recognised at the fair value at the time of the acquisition. Subsequent changes in the fair value of a contingent return service, which constitutes an asset or a liability, are recognised either in the income statement or in other comprehensive income according to IFRS 9 “Financial Instruments”. Contingent consideration classified as an equity instrument is not re-measured, and its payment is accounted for in equity.

At initial recognition, goodwill is measured at cost, determined as the excess amount of the total consideration transferred plus the amount of the share of the non-controlling interest over the identifiable assets acquired and liabilities assumed. If this consideration is less than the fair value of the net assets acquired, the difference is recognised in profit or loss. After the initial recognition, goodwill is measured at cost less cumulative impairment charges. For the purposes of the impairment test, the goodwill acquired as part of a business combination is allocated from the acquisition date to the Group's cash-generating units, which are expected to generate synergies from the business combination. This applies irrespective of whether other assets or liabilities of the acquired company are allocated to these cash-generating units.

When goodwill has been allocated to a cash-generating unit and a business unit of it is sold, the goodwill attributable to this business unit is taken into account in determining the carrying amount of the business unit and the proceeds from the sale of this business unit. The amount of the goodwill sold is determined on the basis of the relative values of the business unit sold and the remaining part of the cash-generating unit.

Associated companies

An associated company is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over the decision-making processes.

Except for investments classified as held for sale, interests in associated companies are included in the Consolidated Financial Statements using the equity method of accounting. Investments are initially recognised at acquisition cost and subsequently adjusted to reflect changes in the share of the ÖBB-Infrastruktur Group in the net assets after the acquisition date, and to reflect losses resulting from impairment. Losses exceeding the recognised investment in an associated company are not recognised, unless a commitment for additional contributions exists.

If the acquisition cost of the interest acquired by the ÖBB-Infrastruktur Group exceeds the fair values of the identifiable assets and liabilities of the associated company at the date of acquisition, such excess amount is accounted for as goodwill included in the value of the investment. If the cost of the interest acquired by the ÖBB-Infrastruktur Group is less than the fair values of the identifiable assets and liabilities at the date of acquisition, the difference is recognised in profit or loss in the period in which the acquisition occurred.

Joint ventures

A joint arrangement is an arrangement in which two or more parties under joint control hold the rights to the net assets under the agreement.

A joint venture is a contractual arrangement regarding an economic activity in which two or more parties have joint control. If these rights are included in the net assets of the agreement, and are not rights to its assets and liabilities for its debts, these joint ventures are included in the Consolidated Financial Statements using the equity method.

Elimination of intercompany accounts

Receivables are offset with the corresponding liabilities and provisions between the subsidiaries included in the Consolidated Financial Statements in the course of the elimination of intercompany accounts.

Revenue and expense elimination

All intra-group expenses and revenues are eliminated in the course of the revenue and expense elimination. In the case that assets are constructed by the ÖBB-Infrastruktur Group itself, any revenue arising therefrom is stated as own work capitalised after taking into account elimination of the unrealised profits.

Unrealised profit elimination

Unrealised profits resulting from intra-group sales of assets or asset construction and from contribution of assets to subsidiaries were eliminated in the Consolidated Financial Statements.

Composition of and change in the basis of consolidation

In addition to ÖBB-Infrastruktur AG 14 (PY: 14) subsidiaries are consolidated and three (PY: three) associated companies or joint ventures (of which one is foreign; PY: one) are accounted for using the equity method resulting in a total of 18 (PY: 18) companies included in the basis of consolidation. The companies included in the Consolidated Financial Statements are disclosed in Note 35.

The basis of consolidation is defined to enable the Consolidated Financial Statements to give a true and fair view of the net assets, financial position, and results of operations of the ÖBB-Infrastruktur Group. The subsidiaries not consolidated are those with a small business volume whose revenues, assets and liabilities jointly account for less than 1% of the consolidated amounts.

Basis of consolidation	Consolidated	At equity method of accounting	Total
As of Jan 01, 2018	*17*	*2*	*19*
thereof foreign companies	*0*	*1*	*1*
Initial consolidation	0	1	1
Change in basis of consolidation	-1	0	-1
Disposal	-1	0	-1
As of Dec 31, 2018 = As of Dec 31, 2019	**15**	**3**	**18**
thereof foreign companies	*0*	*1*	*1*

In 2018, ÖBB-Güterzentrum Wien Süd Betriebsgesellschaft m.b.H. was deconsolidated and ÖBB-Güterzentrum Wien Süd Betriebsgesellschaft m.b.H. & Co KG was wound up after all assets and liabilities as well as rights and obligations had been transferred to ÖBB-Infrastruktur AG. In addition the company Breitspur Planungsgesellschaft mbH was initially included in the consolidated financial statements as of Jan 01, 2018 using the equity method. There were no changes in the basis of consolidation in 2019.

3. Summary of significant accounting policies

Basis of preparation of financial statements

The Consolidated Financial Statements are prepared on the basis of the principle of amortised cost. This excludes derivative financial instruments and equity instruments which are measured at fair value, as well as personnel-related provisions which are accounted for using the PUC method.

Property, plant and equipment and investment property

Property, plant and equipment and investment property are recognised at cost less depreciation and any possible impairments. Cost includes certain expenses incurred in the course of the construction or development of the rail infrastructure network, such as acquisition cost, material and personnel expenses, directly attributable fixed and variable overheads, the present value of obligations resulting from demolition, dismantling and removing the asset, restoration of sites, and borrowing costs directly attributable to qualifying assets. VAT charged by suppliers with a subsequent entitlement to input tax deduction is not included in cost.

Significant parts of an asset are capitalised separately if they have different useful lives than the rest of the asset. This is not the case if their acquisition cost is insignificant in relation to the entire acquisition costs for the item.

Property, plant and equipment and investment property are depreciated on a straight-line basis over the estimated useful life, and depreciation is recognised in the line item depreciation and amortisation in the Consolidated Income Statement. Additional fixtures in third-party buildings are also depreciated over their estimated useful life or their contractual term if shorter.

The useful lives are unchanged on the previous year and are as follows:

	Years
Buildings	
Substructure	20–150
Power plants	80
Tunnels	80 and 150 respectively
Railway tracks	100
Other substructures	20 and 80 respectively
Superstructure	10–50
Roadbed and track	35–40
Security and telecommunications equipment	5–30
Automobiles and trucks	5–25
Technical equipment and machinery	
High-voltage and lightning equipment	5–50
Tools and equipment	4–20
Machinery	9–15

See the Section “Leases” below for information on the useful lives of right-of-use assets recognised in accordance with IFRS 16. Costs for maintenance measures and repairs are expensed as incurred, whereas replacements, expansion and value-improving capital expenditures are capitalised. The distinction between maintenance measures and repairs that are expensed immediately and investments that are capitalised as mandatory is based on the rules of IAS 16 and accounting principles derived from these for Group-specific circumstances. The cost and accumulated depreciation and amortisation of assets sold or retired are removed from the accounts, and resulting gains or losses are recognised in other operating income or expenses. The useful lives and the methods of depreciation presented above are also applied to assets presented in the line item “Investment property”.

Asset-related subsidies (Investment grants)

Grants (investment grants) provided to the ÖBB-Infrastruktur Group are recognised in the Statement of Financial Position when it is certain that the grant will be received and all attached conditions will be complied with. Asset-related grants, in particular investment grants, are deducted directly from the cost of the related assets. The depreciation expenses less income from the amortisation of these investment grants are recognised in the Consolidated Income Statement. In principle, investment grants are amortised over the useful life of the asset for which the grant was received.

Goodwill and other intangible assets

The ÖBB-Infrastruktur Group does not currently account for any goodwill or other intangible assets with indefinite useful lives.

Intangible assets with a definite useful life are recognised at acquisition cost, less amortisation on a straight-line basis.

Intangible assets are amortised on a straight-line basis over the estimated useful life, and amortisation is recognised in the line item depreciation and amortisation in the Consolidated Income Statement.

As in the previous year, the straight-line amortisation in the 2019 financial year is based on the following useful lives:

	Years
Investment grants	5–80
Concessions, property rights, licenses	4–20
Development costs	4
Software	2-15
Other intangible assets	5–20

Impairment of property, plant and equipment, intangible assets, and investment property

Property, plant and equipment, intangible assets and property with finite useful lives held as financial investments are tested for impairment if events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. The impairment test is performed for all items of property, plant and equipment, and intangible assets. In accordance with the provisions of IAS 36 "Impairment of Assets", an impairment loss is recognised if the carrying amount exceeds the higher value that results from the fair value less cost to sell or value in use. The fair value less cost to sell corresponds to the amount that can be obtained in an arm's length sales transaction. The value in use corresponds to the discounted estimated future net cash flows that are expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Impairment losses are recognised in the item "Depreciation and amortisation" in the Consolidated Income Statement. The ÖBB-Infrastruktur Group determines the value in use as it can be assumed that the value in use is above the fair value less cost to sell.

If changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount, the value in use is calculated in the context of the impairment test. The value in use is determined by estimating the future cash flows of the cash-generating units based on the business plans that were derived from past results and the best estimates of the Board of Management of future developments. The growth rates assumed in the business plans (budget 2020 and medium-term plan 2021 – 2025) reflect the weighted average growth rates based on market estimates. Cash flow forecasts going beyond the period covered by the business plan are based on steady growth rates for subsequent years and do not exceed the non-current weighted average growth rate for the industry and the country in which the cash-generating unit operates.

If the recoverable amount of the cash-generating unit exceeds its carrying value, no impairment exists for the relevant cash-generating unit. If the recoverable amount of the cash-generating unit is less than its carrying value, an impairment loss is recorded for this unit. The impairment is allocated to the assets of the cash-generating unit, although the assets of the cash-generating unit may not be written down to an amount which is below their recoverable amount. The reductions in the carrying amount represent expenses from the impairment of the individual assets.

If there is any indication that an impairment of assets no longer exists, then the impairment must be reversed wholly or partially in net income up to a maximum of the amortised cost.

No indicators of impairment were identified for any cash-generating unit either for 2018 or for 2019 and therefore no impairment tests were performed. For the rail infrastructure cash-generating unit, no indicators currently exist due to the following preamble to the grant agreement in accordance with Section 42 of the Austrian Federal Railways Act: "ÖBB-Infrastruktur AG is a railway infrastructure company whose activities are of public interest and are further defined in Section 31 of the Federal Railways Act. The basis for the financing of the Company is given in Section 47 of the Federal Railways Act, according to which the federal government is responsible for ensuring that ÖBB-Infrastruktur AG has the funds required to fulfil its tasks and maintain its liquidity and equity, insofar as the tasks are included in the business plan pursuant to Section 42 (6) of the Austrian Federal Railways Act. The commitment regulated by the federal government in this provision is implemented by the grant agreements pursuant to Section 42 (1) and (2) of the Austrian Federal Railways Act. It is the understanding of the contracting parties that the objective of the grant agreements, irrespective of their respective contract period, is to permanently ensure protection of the assets of the ÖBB-Infrastruktur AG sub-group used for the tasks pursuant to Section 31 of the Austrian Federal Railways Act, which also conforms to the statutory mandate of the Austrian Federal Railways Act."

Further information is provided in the chapter "Service relations with the government, master plan for infrastructure investments and the liability of the government" in note 32.

Impairment of investments in associated companies and joint ventures

Subsequent to the adjustment to the carrying amount of the investment accounted for using the equity method of accounting, according to IAS 28.40 and IFRS 11 a review is required at each reporting date regarding whether there is any objective indication of an impairment of the carrying amount. If indicators are identified, the recoverable amount of the investment must be determined in accordance with IAS 36. If there is an impairment loss, the investment must be written down accordingly. Reference is made to the previous paragraph regarding Section 42 of the Federal Railways Act in relation to any impairment of the Galleria di Base del Brennero – Brenner Basistunnel BBT SE.

Non-current assets held for sale

Assets held for sale are measured at the lower of their carrying amount or their fair value less cost to sell. Assets classified as "held for sale" are not depreciated and reported in a separate line item in the Statement of Financial Position. Gains or losses from the sale of these assets are recorded together with the gains or losses from the disposal of property, plant and equipment and intangible assets as other operating income or expenses or, in case of an investment, in the other financial result. The non-current assets are only classified as held for sale if a corresponding resolution of the Supervisory Board has been passed and the sale is expected within twelve months.

Inventories

Inventories include material and spare parts used primarily for the expansion, maintenance and repair of defects of the Group's own railway networks and real estate recovery projects.

Materials and spare parts are measured at the lower of cost or net realisable value, with cost being determined on the basis of the moving average cost method. The net realisable value is determined based on the estimated selling price in the ordinary course of business, less estimated costs to complete and selling costs still to be incurred. Self-manufactured inventories and reconditioned reusable materials are capitalised at production cost. Allowances are recorded for obsolete inventory and excessive production cost from self-manufactured inventories. For spare parts and materials, replacement costs are deemed to be the best available measure of their net realisable value.

Also presented in inventories is real estate that is no longer used in operations and is now under development for later sale ("real estate recovery projects"). These are former railway station and system facilities or business premises which were used for continuous operations. They consist of significant projects being developed on a large scale. Real estate recovery projects are either held for sale in the ordinary course of business, or are in the process of being manufactured or in preparation for sale.

They are recognised at cost and measured at the reporting date at the lower of carrying amount or net realisable value. The net realisable value is the estimated selling price less expected development and selling costs yet to be incurred.

Financial instruments

General information

Assessment and derecognition

Financial assets and liabilities are recognised when the ÖBB-Infrastruktur Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when:

- all the contractual rights to the cash flows from the financial asset have expired or been settled or
- all risks and rewards arising from the asset have been transferred to another party or
- the power to control the financial asset has been transferred to another party in its entirety.

A financial liability may only be derecognised when it has been extinguished, i.e., when the contractual obligation has been settled or cancelled or has expired. Purchases and sales of financial assets are recognised at the settlement date (date of fulfilment). Derivative financial instruments are recognised at the date of conclusion (trading day).

Financial assets and liabilities are initially recognised at the fair value of the consideration given or received. Transaction costs are included in the initial recognition, except in the case of financial instruments measured at fair value through profit or loss.

Classification and measurement of financial assets

The ÖBB-Infrastruktur Group classifies financial assets into the following measurement categories:

- measured at amortised cost
- measured at fair value through equity (FVOCI)
- measured at fair value through profit or loss (FVTPL)

The classification and measurement of financial assets that are debt instruments depends on the company's business model for managing financial assets and contractual cash flows. The ÖBB-Infrastruktur Group only reclassifies debt instruments if the business model for managing these types of assets changes. Currently ÖBB-Infrastruktur Group does not hold debt instruments at fair value through other comprehensive income and therefore does not provide any related disclosure.

Debt instruments measured at amortised cost

A debt instrument is measured at amortised cost if both of the following conditions are met:

- The asset is held within the framework of a business model whose objective is to collect contractual cash flows from the assets.
- The contractual terms of the financial asset result in cash flows at specified points in time that represent solely to payments for principal and interest.

Interest income from these financial assets is stated in the financial result using the effective interest rate method.

Trade and other receivables as well as financial assets (e.g. securities) are measured at amortised cost less impairment.

Cash and cash equivalents

The ÖBB-Infrastruktur Group shows cash on hand, cash in banks with remaining terms since the time of acquisition of up to three months and balances due from the affiliated company ÖBB-Finanzierungsservice GmbH, which manages liquidity between the companies of the ÖBB Holding Group, as liquid funds. Money market deposits with original terms of more than three months are classified as other current financial assets together with securities. Cash and cash equivalents less the current liabilities towards ÖBB-Finanzierungsservice GmbH represent the funds for the Statement of Cash Flow.

Trade receivables

Trade receivables are recognised from the date on which they arise. Any unconditional right to receive the transaction price is recognised as a receivable. Trade receivables with no material financing components are measured at the transaction price upon initial recognition.

Equity instruments measured at fair value through profit or loss

The Group measures all equity instruments at fair value through profit or loss.

Debt instruments measured at fair value through profit or loss

A debt instrument that is neither measured at amortised cost nor at fair value through comprehensive income is measured at fair value through profit or loss. The ÖBB-Infrastruktur Group does not hold any debt instruments that are carried at fair value through profit or loss except for derivatives.

Derivatives

Derivative financial instruments are measured at fair value. Changes in the fair value of derivative financial instruments are recognised in profit or loss or in other comprehensive income, depending on whether the derivative instrument is used to hedge the fair value of an item recognised in the Statement of Financial Position ("fair value hedge") or fluctuations in future cash flows ("cash flow hedge"). For derivative financial instruments designated as fair value hedges, changes of the fair value of the hedged risks and of the derivative financial instrument are recognised in profit or loss. For derivative financial instruments designated as cash flow hedges, changes in the fair value of the effective portion of the hedging instrument are recognised through other comprehensive income in equity (cash flow hedge reserve). The effects stated in the cash flow hedge reserve are recognised in profit and loss when the hedged item is recognised in profit and loss. Changes in the fair value of the ineffective portion of the hedge and changes in the fair value of derivative financial instruments not classified as a hedge are recognised in profit or loss immediately. Hedge accounting is applied in the ÖBB-Infrastruktur Group. See Note 29.2. on hedge accounting.

Classification and measurement of financial liabilities

Financial liabilities are measured at amortised cost (FLAC) or at fair value through profit or loss (FVTPL). A financial liability is measured at FVTPL if it is classified as being held for trading or is a derivative.

Financial liabilities (FLAC) are initially measured at their fair value and subsequently at amortised cost using the effective interest rate method.

Financial liabilities (FVTPL) are measured at fair value, and any gain or loss from the subsequent measurement is recognised through profit or loss.

Impairment of financial assets (IFRS 9)

The Group assesses the credit risk associated with debt instruments measured at amortised cost or at fair value through other comprehensive income also considering forward-looking information. Credit risk is the risk of financial losses if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The carrying amounts of the financial assets correspond to the maximum credit risk.

IFRS 9 provides for a general impairment model (three-step model) and a simplified method for determining the expected loss.

General impairment model

According to the general impairment model, a distinction is made between three levels of impairment. The amount of the impairment loss is measured according to the allocation of the financial instrument to one of these three levels. The general impairment model is applied to all financial instruments with the exception of trade receivables.

Level 1: expected credit losses within the next twelve months
All financial instruments upon receipt as well as financial instruments that have not undergone any significant deterioration in credit quality since receipt must generally be classified in Stage 1. The expected credit loss corresponds to the present value of the expected payment defaults arising from possible default events within the next twelve months (12-month expected credit loss) after the reporting date.

Stage 2: expected credit losses over the entire term – no deterioration in credit rating
If there is a significant increase in the credit risk but no objective evidence of an impairment, the loss allowance on loans and advances must be increased to the estimated life time expected losses. There is a rebuttable presumption of a transfer from Stage 1 to Stage 2 if contractual payments have been overdue for more than 30 days.

Stage 3: expected credit losses over the entire term – impaired creditworthiness
If there is objective evidence that a financial asset is impaired, the financial asset is transferred to Stage 3. If the contractual cash flows are overdue by more than 90 days, there is a rebuttable presumption that there is objective evidence of a credit loss. Thus, the financial instrument must be transferred to Level 3. The determination of whether a financial asset has experienced a material increase in credit risk is based on an assessment of probabilities of default carried out at least annually, which takes into account both external rating information and internal information about the credit quality of the financial asset.

The probability of default is taken into account at initial recognition of financial assets and a significant increase in the credit risk during all reporting periods. In order to assess whether the credit risk has increased significantly, the credit risk of the financial asset on the reporting date is compared with the credit risk at initial recognition. The available, appropriate and reliable forward-looking information is taken into account.

Irrespective of the above analysis, there is a significant increase in credit risk if settlement of the contractual cash flows is more than 30 days past due. A default on a financial asset occurs when the counterparty fails to make contractual payments within 90 days of the due date. Financial assets are written off if one can no longer expect them to be realized following a reasonable assessment. If receivables have been written off, enforcement measures are continued in order to realise the due receivable. Any amounts recovered are recognised in profit or loss.

Financial instruments with a low credit risk

The ÖBB Group applies for of debt instruments with a low credit risk that have an investment grade rating, the relief provision from the allocation to the relevant stages and allocates these to Stage 1. The ÖBB-Infrastruktur Group considers this to be applicable if the debt instruments has a rating of BBB- or higher at Standard & Poor’s.

Trade receivables

Simplified impairment model

The ÖBB-Infrastruktur Group applies the simplified approach to trade receivables which is mandatory in accordance with IFRS 9. Accordingly. Life time expected credit losses are estimated upon initial recognition of the receivables. Under the simplified impairment model, a loss allowance must be recognised in the amount of the expected losses over the remaining term for all instruments regardless of their credit quality. This means that the trade receivables are allocated to Stage 2 on initial recognition and transferred to Stage 3 if there is objective loss evidence. The simplified procedure shall be applied to trade receivables or assets within the scope of IFRS 15 that do not contain a significant financing component.

The credit risk for trade receivables is determined on a collective basis. The Group's credit risk is mainly influenced by the individual characteristics of its customers. For the trade receivables the lifetime expected loss was determined based on experience with actual payment defaults from the last three years using the simplified impairment model. The historical default rates are adjusted for expected future changes in macroeconomic factors such as gross domestic product (GDP), the unemployment rate and insolvency rates.

Fair value of financial instruments

The carrying amounts of cash and cash equivalents, trade receivables and payables, receivables due from and liabilities due to related companies approximate their fair values. With the exception of cash and cash equivalents, this is fair value hierarchy Stage 3.

The fair value of non-current financial receivables, other financial assets without quoted market prices, financial liabilities and swap agreements is based on the present value of future cash flows, discounted at the ÖBB-Infrastruktur Group’s estimated current interest rate at which comparable financial instruments may be concluded. Existing credit risk is considered when determining the fair values. This fair value is allocated to hierarchy Level 2.

The fair value of listed securities and bonds is allocated to either fair value hierarchy Level 1 or 2 (Note 29.3).

The fair value of equity instruments is determined using multiples and allocated to fair value hierarchy Level 3.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) arising from a past event and it is probable that the settlement of the obligation will result in an outflow of resources and the amount of the obligation can be measured with sufficient reliability.

The amount of the provision recognised is the best estimate at the reporting date of the expenditure required to settle the present obligation. In doing so, the inherent risks and uncertainties must be taken into consideration in the obligation. If a provision is measured based on estimated cash flows for the fulfilment of the obligation, such cash flows are discounted if the interest effect is material.

If it can be assumed that some or all of the provision necessary for the fulfilment of the economic benefits will be reimbursed by an outside third party, this claim is recognised as an asset when the reimbursement is virtually certain and its amount can be reliably estimated. For further information see Note 26.2.

Leases

The Group has applied IFRS 16 using the modified retrospective approach and has therefore not restated the comparative information, but continues to present it in accordance with IAS 17 and IFRIC 4. The details of the accounting policies under both IFRS 16 and IAS 17 are presented separately below.

Accounting method applied as of Jan 01, 2019 (IFRS 16)

Lessee

At the inception of the contract, the Group assesses whether the contract is or contains a lease. This is the case when the contract conveys the right to control the use of an identified asset for a specified period of time, in exchange for consideration. In order to assess whether a contract contains the right to control an identified asset, the Group uses the definition of a lease in accordance with IFRS 16.

This method is applied to contracts concluded on or after Jan 01, 2019.

On the commencement date, the Group records an asset for the right-of-use granted and a lease liability. The right-of-use assets is initially measured at cost, which is equal to the initial measurement of the lease liability, adjusted for payments made on or before the commencement date, plus any initial direct costs and the estimated costs of dismantling or removing the underlying asset or the site on which it is located, less any incentives received under the lease.

Subsequently, the right-of-use asset is amortised on a straight-line basis from the commencement date to the end of the lease term unless ownership of the underlying asset is transferred to the Group at the end of the lease term or the cost of the right-of-use asset reflects the fact that the Group will exercise a purchase option. In that case, the right-of-use asset is amortised over the useful life of the underlying asset, which is determined in accordance with the regulations for property, plant and equipment. In addition, the right-of-use asset is continuously adjusted for impairment where necessary and adjusted for certain remeasurements of the lease liability.

The straight-line depreciation and amortisation in the 2019 financial year is based on the following useful lives:

	Years
Right-of-use asset for land and buildings	2–35
Right-of-use-asset for automobiles and trucks	2–4
Right-of-use asset for technical equipment and machinery	5–10
Right-of-use asset for other plant, furniture and fixtures	5

The lease liability is initially recognised at the present value of the lease payments outstanding at the inception of the lease, discounted using the interest rate implicit in the lease or, if this interest rate cannot be readily determined, at the Group's incremental borrowing rate.

The lease payments included in the measurement of the lease liability comprise:

- fixed payments, including faction-substance fixed payments;
- variable lease payments that depend on an index or (interest) rate, initially measured using the index or (interest) rate applicable as of the commencement date;
- amounts expected to be payable under a residual value; and
- the exercise price of a purchase option if it is reasonably certain that the Group will exercise it, lease payments for an option to extend the lease if it is reasonably certain that the Group will exercise it, and penalties for early termination of the lease, unless the Group is reasonably certain it will not terminate the lease prematurely.

The lease liability is measured at the amortised cost using the effective interest method. It is remeasured if future lease payments change due to a change in an index or (interest) rate, if the Group adjusts its estimate of the expected payments from a residual value guarantee, if the Group changes its assessment regarding the exercise of a purchase, extension or termination option, or if an in-substance fixed lease liability changes.

If the lease liability is remeasured in this way, the carrying amount of the right-of-use asset is adjusted accordingly or, if the carrying amount of the right-of-use asset has been reduced to zero, the adjustment is recognised in profit or loss.

In the Statement of Financial Position, the Group reports right-of-use assets that do not meet the definition of an investment property under property, plant and equipment, and lease liabilities under financial liabilities.

Short-term leases and leases based on low-value assets

The Group decided not to recognise right-of-use assets or lease liabilities for leases for which the underlying asset is of low value, or for short-term leases or intangible assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the term of the lease.

Lessor

Where the Group acts as lessor, it classifies each lease as either a finance lease or an operating lease at inception of the lease.

In order to classify each lease, the Group has made an overall assessment of whether the lease substantially transfers all the risks and rewards incidental to ownership of the underlying asset. If this is the case, the lease is classified as a finance lease; if not, it is an operating lease. In making this assessment, the Group considers certain indicators, such as whether the lease will last for most of the useful life of the asset.

If the Group acts as an intermediary lessor, it accounts separately for the head lease and the sublease. It classifies the sublease on the basis of its right-of-use asset under the main lease, rather than on the basis of the underlying asset. If the head lease is a short-term lease to which the Group applies the exceptions described above, it classifies the sublease as an operating lease.

Lease payments under operating leases are recognised by the Group as income in revenue on a straight-line basis over the term of the lease.

In general, the accounting policies to be applied to the Group as lessor in accordance with IFRS 16 did not differ from those applied in the comparative period. This does not apply to subleases that are classified as finance leases.

Accounting method applied before Jan 01, 2019 (IAS 17)

Lessee

Lease agreements in which the ÖBB-Infrastruktur Group as lessee assumes substantially all the risks and rewards of ownership of an asset are classified as finance leases. Otherwise, they are classified as operating leases. Property, plant and equipment acquired by way of a finance lease is recognised at the lower of the leased item's fair value or the present value of the minimum lease payments at inception of the lease, less depreciation, and impairment losses.

If substantially all risks and rewards of ownership are attributable to the ÖBB-Infrastruktur Group as lessor, the leased item is recognised by the ÖBB-Infrastruktur Group. The leased item is recognised according to the provisions of IAS 16. The accounting and measurement methods for cross-border leasing agreements are presented in Note 30.3.

Lessor

Lease agreements in which the ÖBB-Infrastruktur Group as lessor essentially transfers all of the risks and rewards incidental to ownership of an asset must be classified as finance leases. Otherwise they are operating leases. Lease receivables are recognised at the amount of the net investment from the lease.

Employee benefit commitments

The ÖBB-Infrastruktur Group has entered into only one individual contractual pension obligation for a former member of the Board of Management. Apart from this obligation, there are only defined contribution plans with respect to pensions. The ÖBB-Infrastruktur Group pays contributions to publicly or privately administered pension and severance insurance plans on a mandatory or contractual basis for these defined contribution plans. Apart from the contribution payments, there are no further payment obligations. The regular contributions are recognised as personnel expenses in the respective period.

All other obligations (severance payments for employees whose employment began before Jan 01, 2003 and anniversary bonuses) result from unfunded defined benefit plans for which adequate provisions are recognised. The ÖBB-Infrastruktur Group calculates the provision using the projected unit credit method (PUC method) in accordance with IAS 19 "Employee Benefits". The remeasurement of net defined benefit obligations contains only actuarial gains or losses. The defined benefit obligations are measured in accordance with actuarial principles and are based on an objective estimate of the discounting factor and compensation increases along with turnover. According to this method, the Group recognises actuarial gains and losses from provisions for severance payments in other comprehensive income and those from provisions for anniversary bonuses in personnel expenses.

Following legal amendment, employees hired in Austria after Jan 01, 2003 are covered by a defined contribution plan with regard to obligations from severance payments. Contributions are paid into a defined contribution plan.

For further information see Note 26.1.

Changes in existing provisions for disposal, restoration, and similar liabilities

In accordance with IAS 16 ("Property, Plant and Equipment"), the acquisition cost of property, plant and equipment also includes the initial estimate of the cost of dismantling and removing the item and restoring the site on which it is located. Provisions for disposal, restoration and similar liabilities are measured in accordance with the regulations of IAS 37 ("Provisions, Contingent Liabilities and Contingent Assets"). The effects of changes in the measurement of existing provisions for disposal, restoration and similar liabilities are accounted for in accordance with IFRIC 1 ("Changes in Existing Decommissioning, Restoration and Similar Liabilities"). The provisions require that any increase of such a liability that reflects the passage of time shall be recognised in profit or loss. Changes in the measurement resulting from changes in the estimated maturity or the amount of the outflow of resources required to fulfil the obligation or from changes in the discount rate must be added to or deducted from the acquisition cost of the relevant asset in the current period. The amount deducted from the acquisition cost of the asset may not exceed its carrying amount.

Contract assets and contract liabilities

Contract assets relate to the ÖBB-Infrastruktur Group's contingent claims for consideration in return for the complete fulfilment of contractual services. Claims from contract assets, less amounts already charged to customers, are also reported under trade receivables. The amount is charged to the customer when the Group has fulfilled its performance obligations.

Contract liabilities relate to payments received prematurely, i.e. before the contractual performance obligation has been fulfilled. These are recognised as revenue as soon as the ÖBB-Infrastruktur Group has fulfilled its contractual performance obligations. Contract liabilities include prepayments and other payments received for subsequent periods, which are reported as a separate item in the Statement of Financial Position. No contract liabilities were identified in the reporting year.

Revenue recognition

ÖBB-Infrastruktur Group recognises revenue when it fulfils its performance obligation by transferring a promised good or service to a customer. A good or service is considered to be transferred when the customer obtains control.

If significant financing components exist, they are recognised in the statement of comprehensive income separately from revenues from contracts with customers if, at the inception of the contract, it is expected that the period between transfer and payment for the goods or services will be more than one year. In the two years under review, the ÖBB-Infrastruktur Group did not identify any contracts in which the period between the transfer of the promised good or service to the customer and the payment by the customer exceeds one year, with the exception of one immaterial transaction in the 2018 financial year. Accordingly, the promised consideration is not adjusted for the time value of money.

If costs to obtain or fulfil a contract with a costumer are incurred, and the contract term is more than one year, these costs are capitalised. The ÖBB-Infrastruktur Group has not identified any such contracts for which the contract term exceeds one year and for which such contract costs occured, which have not already been capitalised in accordance with IAS 16. Accordingly, no contract initiation or fulfilment costs were capitalised.

Description of the most important revenue items from contracts with customers

Infrastructure usage charge

The railway undertakings (RUs) are billed track access charges for the use of the ÖBB-Infrastruktur Group's rail infrastructure. The contracts between the ÖBB-Infrastruktur Group and the individual RUs are concluded through the respective orders of the individual RUs. The basis for these orders is the respective product catalogues of the individual services. The ÖBB-Infrastruktur Group offers product catalogues for the respective timetable period for the following services: facilities, stations, shunting and train paths, train travel and other services. These include the respective prices per service as well as any surcharges or discounts. The product prices consist of an ordered basic fee and any surcharges or discounts and are all included in the respective product catalogues. These are fixed prices without granting discounts for any bonus payments.

The basic provisions for determining infrastructure usage charge (track access charges) and other charges (service/performance) are contained in Sections 67 to 69b of the Railways Act. The definition of the services to be performed for the RUs is fundamental for the remuneration charge. These services are structured into a minimum access package, services, additional services and ancillary services. The minimum access package contains the main set of services without which orderly access to the railway infrastructure would not be possible.

The track access charges are published annually in the product catalogue "Train paths, train travel and other services of ÖBB-Infrastruktur AG", in compliance with the law. The RUs have been ordering their train paths for the working timetable period on the basis of the infrastructure charges published in this product catalogue, since Dec 2017. The services are invoiced monthly and are based on the ACTUAL calculation. The ordered services related to infrastructure usage charges are billed to the customer in the following month. The customer simultaneously receives and consumes the benefits provided by the company and uses the service while it is being provided.

Any refund claims that are uncertain both, in terms of their merits and their amounts, that depend on future events and that could lead to an imminent outflow of resources in the future, are recognised in accordance with IAS 37. The amount of the possible repayment claim is estimated, and a corresponding provision made.

Energy

The ÖBB-Infrastruktur Group's service obligation consists in the supply of traction power for locomotives, auxiliary operations, wagon delivery and of customer-specific stationary facilities. A distinction is made between annual order quantities, repeat order quantities and short-term order quantities. In addition, the traction current network of the ÖBB-Infrastruktur Group will be made available for the supply of traction current. The grid usage charge shall be invoiced in accordance with the applicable rail network usage conditions. The fees are published annually by ÖBB-Infrastruktur AG in accordance with the law.

The transaction price is determined in the contracts. The fixed contracted quantity is determined for peak time and off-peak time tariffs as well as for recovery on the basis of notification by the client. The energy price per MWh is determined for these peak and off-peak time tariffs. For example, surcharges will be charged for follow-up and short-term orders. A price cap was agreed for the quantity already ordered for the second and third delivery years.

The agreed tariffs are the stand-alone selling prices. This is the respective price at which this service of the ÖBB-Infrastruktur Group is also sold to all other customers. In particular, network charges are regulated prices which cannot be deviated from. All performance obligations are fulfilled at the same time as the supply of energy, which is why the transaction price does not have to be apportioned.

The supply of traction power and the service of network access and conversion are continuous, i.e. the customers benefit from the company's services and use the services while they are being provided. The transfer of control takes place with the utilisation by the customers.

Power supplies are charged monthly at the rate of one twelfth of the ordered quantity for the year. After the end of the year, billing is based on the quantity of current actually purchased compared with the order quantity, including any surcharges and discounts. Settlement of accounts is still recorded in the delivery year.

<u>Rental revenues</u>

Rental revenue relate to the rent and leasing of real estate and cars. These are fixed-price contracts and revenue is recognised in the period in which the services are provided. The customer receives and consumes the benefit at the same time. Rents are recognised on an accrual basis in accordance with the provisions of the relevant agreement. Turnover rental fees are rental payments which are settled depending on the revenue realised by the lessee, and are recognised when the amount of rent can reliably be determined.

<u>Revenue from real estate development projects</u>

Real estate development projects relate to real estate which is no longer used in operations and is now under development for later sale. These are former railway station and system facilities which were used for continuous operations. They consist of major projects, such as the land of the former Vienna Südbahnhof Railway Station and the rail freight centre Wien Nord, which are being developed on a large scale. Revenue is recognised when control of the land has been transferred to the customer.

Revenues correspond to the contractually agreed transaction price. In the majority of cases the transaction price is due when the legal title has been transferred. In rare cases, deferred payments may be agreed, but generally not exceeding a period of twelve months. Therefore, no significant financing component is included in the transaction price.

<u>Other revenue</u>

Other revenues include revenues from telecommunications services, repair services, cleaning and security services and services in connection with the operation of container terminals, most of which are recognised over time.

Expense-related grants

The ÖBB-Infrastruktur Group recognizes grants that compensate expenses in profit or loss in the period when the compensated expenses are recognised upon fulfilment of the conditions attaching to the grant. Regarding the particular features of the grants for financing of the infrastructure see Note 32. The federal grants in accordance with Sections 42 (1) and (2) of the Federal Railways Act for operational management, inspection, maintenance, fault elimination and repair as well as for expansions and reinvestments (annuity grant) is a government grant, since the federal government wishes to use this grant to promote the upgrade of the railway infrastructure. As a result, the ÖBB-Infrastruktur Group reports this government grant in other operating income. Such grants are not netted against subsidised expenses in the income statement.

Interest and dividends

Interest is recognised using the effective interest method in accordance with IFRS 9. Dividends are recognised when the shareholder's right to receive payment is established.

In accordance with IAS 23 "Borrowing Costs", borrowing costs for significant qualifying assets are capitalised. For further information see Note 14.

Research and development costs

In accordance with IAS 38 "Intangible Assets", research costs refer to original and planned research performed to gain new scientific or technical knowledge and understanding, and they are recognised as expenses in the period in which they were incurred. Development costs are defined as costs incurred for using research findings to achieve technical and commercial feasibility. If development costs cannot be separated from research costs, the development costs are recognised as expenses in the period incurred in accordance with IAS 38. If the capitalisation requirements of IAS 38 are met, development costs are recognised as intangible assets.

Current income taxes

In accordance with Section 50 (2) of the Austrian Federal Railways Act as amended by Federal Gazette No. 95/2009, ÖBB-Infrastruktur AG has been exempt from federal taxes as of 2005, except for sales tax, from federal administration fees and from court charges and juridical administration fees to the extent that such taxes and duties result from the execution of the respective tasks of ÖBB-Infrastruktur AG under the Federal Railways Act (partial tax exemption).

The following business areas were essentially categorised as subject to income tax:

- Income from energy power transactions
- The provision of services not related to railway infrastructure
- Management (incl. development and sale) of real estate not representing railway assets as defined in Section 10a of the Federal Railways Act
- Investment administration

In December 2005, a tax group contract was concluded with ÖBB-Holding AG as head of the tax group and the majority of the subsidiaries of the entire ÖBB Group, including ÖBB-Infrastruktur AG and its subsidiaries, as group members. Accordingly, rules on tax equalisation were agreed between the head of the tax group and the group members. The positive tax allocations determined in accordance with these provisions are calculated using the stand-alone method (based on the tax independence of the individual group members for the calculation of the allocation) and are due at the time the annual financial statements of the respective group member are adopted, whereas negative tax allocations are only due when the losses are effectively used by the group parent.

Deferred taxes

Deferred taxes are recognised – taking existing exception clauses into account – for all temporary differences between the tax base of the assets and liabilities and their carrying amounts in the IFRS financial statements (liability method), insofar as these assets and liabilities are related to the business operation that is not exempt from income taxes.

If deferred taxes arise from the initial recognition of an asset or a liability resulting from a transaction other than a business combination that neither affects the accounting profit or loss nor the taxable profit at the time of the transaction, no deferred taxes are recognised at the time of initial recognition and thereafter.

Deferred tax liabilities arising from temporary differences in connection with investments in subsidiaries and associated companies are recognised, unless the ÖBB-Infrastruktur Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future due to this influence.

Deferred taxes are measured at the tax rates (and under the tax regulations) that have been enacted or substantially enacted on the reporting date and that are expected to apply in the period when the deferred tax assets are realised or the deferred tax liabilities are expected to be settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit against which the temporary differences or loss carry-forwards can be utilised will be available.

Deferred taxes are offset directly with equity or credited to them when the tax relates to items that are offset or credited to equity in the same or another period.

Use of estimates and judgment

The preparation of the Consolidated Financial Statements requires the Board of Management to make estimates and assumptions that may affect the amounts of assets, liabilities, and contingent liabilities reported at the reporting date and the amounts of income and expenses of the period under review. Actual results may differ from these estimates. All estimates and assumptions are updated on a regular basis and are based on experience and other factors including expectations with respect to future events deemed to be reasonable under the given circumstances.

The Board of Management has made estimates in applying the accounting policies of the ÖBB-Infrastruktur Group. Additionally, as of the reporting date, the Board of Management made key assumptions concerning the future and identified key sources of estimation uncertainty at the reporting date which bear a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year:

a. Employee benefit plans

Obligations for severance payments and anniversary bonuses are measured by applying parameters such as the expected discount rate, long-term compensation increases, and staff turnover. If the development of the relevant parameters differs significantly from the expectations, this can have a significant effect on the provisions and, as a result, on the net personnel expenses for severance payments and anniversary bonuses of the ÖBB-Infrastruktur Group. With regard to non-current personnel provisions (severance payments and anniversaries), the discount rate, compensation increases and fluctuations were adjusted to the changed conditions in both financial years. In addition, the new biometric calculation principles of the Austrian Actuarial Association were applied in the 2018 financial year. The impact of possible changes of parameters is disclosed in Note 26.1.

b. Estimated useful lives of property, plant and equipment and intangible assets

The estimated useful lives are determined according to the facts and circumstances assuming ordinary maintenance costs. Actual use may differ from these estimates. According to a sensitivity analysis, a change in the useful life (remaining useful life) of +/- 1 year would increase the depreciation by EUR 98.0 million (PY: EUR 87.0 million) or decrease it by EUR 75.9 million (PY: EUR 73.6 million), respectively. The adequacy of the useful lives is subject to an annual or case-by-case review.

The useful lives that were defined in 2018 still apply in 2019. In 2018, the useful life of reinforced concrete pipe passages was extended from 20 years to 80 years, which led to a reduction in depreciation of EUR 0.6 million. This results in an annual impact of a similar magnitude for the following years.

c. Provisions

Provisions are measured according to the best estimate, i.e., the amount that the entity would have to pay, under reasonable consideration, to settle or transfer the obligation to a third party as of the reporting date. In 2019, provisions were recognised for infrastructure usage charges billed in the past, reflecting the current status of the regulatory proceedings. This resulted in additions to provisions, which are disclosed in the schedule of provisions. There are no material changes in the accounting estimates for any other provisions.

As of Dec 31, 2019, several regulatory proceedings existed. These procedures, which are at various stages in the procedural process, relate to the period from Dec 2011 until Dec 31, 2019 and deal primarily with issues relating to the calculation and determination of infrastructure usage charge for passenger transport (from Dec 2011 until Dec 2017), charges under the new track access charge model for the period from Dec 2017 until Dec 31, 2019, (related to the service “train routes” with regard to directly attributable costs and legally compliant market mark-ups) and the permissibility of charging a “platform edge factor” as a separate fee component for the use of service facilities from Dec 2011 until Dec 31, 2019.

The outcome of the pending proceedings may lead to a change in the fees charged to date, resulting in a reimbursement obligation for ÖBB-Infrastruktur AG (an additional claim for fees is also conceivable, but disputable under the law). These risks were measured individually for each case or proceeding with the involvement of experts and applicable provisions were recorded. The necessity and amount of the provisions are largely dependent on management’s assumptions and estimates of the outcome of the proceedings.

Measurement uncertainties exist in particular due to the difficulty in assessing results of the interpretation of legal issues by the supervisory authority, administrative courts or courts of law that have not yet been fully judged, possible restrictions on the temporal effect of decisions, and with regard to the type, scope and amount of recognised costs and market mark-ups as a basis for charging tariffs for the use of rail infrastructure.

It is not possible to make reliable statements regarding a sensitivity analysis, in particular about the probability of occurrence of environmental risks, the costs of retiring assets and regulatory procedures.

The measurement of the provision for asset retirement obligations was based on the assumption that the ÖBB-Infrastruktur Group will continue to exist and therefore the tracks will continue to operate. Asset retirement obligations are only estimated and a respective provision is recognised when the retirement of individual tracks is expected in the foreseeable future or when such retirement has already been initiated. The amount of the expected asset retirement costs depends largely on the assumptions of the scenarios for retiring those assets.

For the amount of provisions, see Note 26.2.

d. Income taxes

Deferred tax assets were recognised for temporary differences between the tax base and the carrying amounts of assets and liabilities and for losses carried forward. Regarding the tax situation of ÖBB-Infrastruktur AG reference is made to the partial income tax exception (disclosed under the heading "Income taxes"). When assessing deferred tax assets, the Board of Management evaluates the prospective usage within the five-year tax planning period (see Note 13).

The recognised deferred tax assets on existing tax loss carryforwards and temporary differences are based on an estimate of the taxable results for the next five years. If the tax assessment regarding the qualification of the segments of ÖBB-Infrastruktur AG changes from "exempt from taxes" and "taxable" or if future taxable profits should be insufficient, this may have a significant impact on the amount of deferred tax assets.

Tax matters are subject to uncertainties regarding their assessment by the tax authorities, and therefor it cannot be precluded that, in individual cases, tax authorities may conclude on these matters differently than ÖBB-Infrastruktur AG. If changes in the assessment are probably, a corresponding provision is recorded.

e. Financial obligations

Various proceedings, lawsuits and other claims against or by ÖBB-Infrastruktur AG and its subsidiaries are pending in the ordinary course of business. These issues are subject to a large number of uncertainties, and the outcome of the negotiations or processes cannot be predicted with certainty. Consequently, as of Dec 31, 2019, the Board of Management is unable to determine the total amount of financial liabilities or claims, or their impact on the ÖBB-Infrastruktur Group's financial position with final certainty. These procedures could materially affect the results when they are finalised. However, the Board of Management believes that after final settlement of such cases, the impacts will not significantly exceed the provisions recognised, and therefore will not have any material consequences on the Consolidated Financial Statements.

Distinction of maturities

Deferred taxes are to be reported as non-current in accordance with IAS 12. The short-term portion is therefore correspondingly disclosed in the Notes (Note 13). Real estate development projects are recognised in inventories, although their realisation is not expected within the next twelve months. The long-term portion is disclosed in the Notes (Note 21). Where trade receivables and trade payables are non-current, they are included in current items in accordance with IAS 1 "Presentation of Financial Statements" and are disclosed in Note 20 and Note 27.

Offsetting

The carrying amount of disposals and proceeds from the disposal of property, plant and equipment, and intangible assets as well as swap interest are offset with the original interest expenses (Note 29.3). In addition, income from the structuring and profiling of electricity purchases and from balancing energy amounting to EUR 85.7 million (PY: EUR 92.9 million) was netted with expenses from electricity purchases.

Concentration of risks

As of the reporting dates, no significant dependence on particular non-group customers, suppliers, or creditors whose sudden default might significantly affect business operations existed. Furthermore, there is no concentration of labour services, providers of other services, franchising or licensing rights or other rights that the ÖBB-Infrastruktur Group is dependent on and that could, if suddenly eliminated, severely affect business operations. The ÖBB-Infrastruktur Group invests cash and cash equivalents with various banks with good credit ratings and with ÖBB-Finanzierungsservice GmbH. For information to the financing and subsidies granted by the Republic of Austria as well as subsidy agreements and dependence on the other ÖBB Group companies, see Note 32.

Changes in accordance with IAS 8

Changes in accounting estimates and errors

Errors from prior periods are changed retrospectively. The consolidated financial statements are presented with all previous-year figures as if the error from prior periods had never occurred. Changes in accounting estimates must be accounted for on a prospective basis.

The 2018 consolidated financial statements of ÖBB-Infrastruktur AG were audited based on a random review conducted by the Austrian Financial Reporting Enforcement Panel (AFREP/OePR). In a letter dated Dec 5, 2019, ÖBB-Infrastruktur AG was informed that the government grants in the amount of EUR 1,055.5 million reported as revenue in accordance with Section 42 of the Austrian Federal Railways Act do not constitute revenue within the meaning of IFRS 15, but rather grants within the meaning of IAS 20, and must therefore be reported under other operating income. This is due, among other things, to the fact that the grant agreements do not specify performance obligations, but rather only specify the details of the federal government's awarding of grants. The correction of this error has no effect on the consolidated statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes in shareholders' equity or the consolidated net income for the year.

The changes in the Consolidated Income Statement are presented below:

	2018 in kEUR	Reclassification in kEUR	2018 adjusted in kEUR
Revenue	2,104,782.0	-1,055,533.2	1,049,248.8
of which government grant pursuant to Section 42 of the Austrian Federal Railways Act for the operation of the infrastructure	*1,055,533.2*	*-1,055,533.2*	*0.0*
Change in finished goods, work in progress and services not yet chargeable	-500.4	0.0	-500.4
Other own work capitalized	306,287.4	0.0	306,287.4
Other operating income	893,299.8	1,055,533.2	1,948,833.0
of which government grant pursuant to Section 42 of the Austrian Federal Railways Act for the operation of the infrastructure	*0.0*	*1,055,533.2*	*1,055,533.2*
Total income	**3,303,868.8**	**0.0**	**3,303,868.8**

B. NOTES ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND THE CONSOLIDATED INCOME STATEMENT

4. Revenue

	2019 in EUR million	2018 in EUR million	
Infrastructure usage charge	474.4	535.0	
Energy supply and grid usage charge	190.0	181.7	
Revenue from rent	151.8	148.5	
Revenue from real estate development projects	51.9	50.7	
Other revenue	155.4	133.3	
Total	**1,023.5**	**1,049.2**	*)
thereof from affiliated companies	*714.0*	*742.9*	

*) Adjusted comparative amounts, see Note 3.

The infrastructure usage charge is paid primarily by other companies of the ÖBB Group for the provision of railway infrastructure. Revenues from “energy deliveries and grid usage fees” include grid usage fees of EUR 94.6 million (PY: EUR 93.6 million).

Revenue from rent accrues for the rental and leasing of real estate.

Other revenues also include revenues from telecommunications services, repair services, cleaning and security services, and services in connection with the operation of container terminals, as well as construction contracts for third parties.

Revenues from contracts with customers can be broken down into the following categories:

	2019	Term of the contract		Date of transfer of services		Sales channels	
in EUR million	Revenue according to IFRS 15	Current	Non-current	Time-related	Period-related	Direct sales	Intermediary
Revenue							
Infrastructure usage charge	474.4	474.4	0.0	0.0	474.4	474.4	0.0
Energy supply and grid usage charge	188.9	188.9	0.0	0.0	188.9	188.9	0.0
Revenue from rent	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Revenue from real estate development projects	51.9	51.9	0.0	51.9	0.0	51.9	0.0
Other revenue	155.4	155.4	0.0	40.1	115.3	155.4	0.0
Total	**870.6**	**870.6**	**0.0**	**92.0**	**778.6**	**870.6**	**0.0**

	2018	Term of the contract		Date of transfer of services		Sales channels		
in EUR million	Revenue according to IFRS 15	Current	Non-current	Time-related	Period-related	Direct sales	Intermediary	
Revenue								
Infrastructure usage charge	535.0	535.0	0.0	0.0	535.0	535.0	0.0	
Energy supply and grid usage charge	181.3	181.3	0.0	0.0	181.3	181.3	0.0	
Revenue from rent	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Revenue from real estate development projects	50.7	50.7	0.0	50.7	0.0	50.7	0.0	
Other revenue	133.4	133.4	0.0	32.7	100.7	133.4	0.0	
Total	**900.4**	**900.4**	**0.0**	**83.4**	**817.0**	**900.4**	**0.0**	*)

*) Adjusted comparative amounts, see Note 3.

Revenue from energy supplies and grid usage fees of EUR 1.1 million (PY: EUR 0.4 million) and rental income are not disclosed, as these are excluded from IFRS 15. For the composition of revenue according to geographic aspects, see Note 33 (segment reporting).

All outstanding revenues relate to periods of no more than one year or are billed at a fixed rate. As permitted by IFRS 15, the transaction price allocated to these unfulfilled performance obligations is not disclosed.

5. Other own work capitalised

Directly attributable personnel expenses and expenses for materials as well as appropriate parts of material and production overhead were taken into account in determining the own work capitalised in connection with the construction of assets. This capitalised own work relates mainly to the construction or expansion of the railway infrastructure. Of the total amount, 57% (PY: 56%) relate to personnel expenses, 26% (PY: 27%) to cost of materials and 17% (PY: 17%) to office expenses.

6. Other operating income

	2019 in EUR million	2018 in EUR million	
Government grant pursuant to Section 42 of the Austrian Federal Railways Act	1,991.9	1,877.2	*)
Gain from the disposal of property, plant and equipment, intangible assets, investment property and non-current assets held for sale	30.4	51.5	
Miscellaneous other operating income	21.2	20.1	
Total	**2,043.5**	**1,948.8**	*)
thereof from affiliated companies	*0.1*	*0.1*	

*) Adjusted comparative amounts, see Note 3.

The government grant pursuant to Section 42 of the Austrian Federal Railways Act is made for the provision, operation and maintenance of the rail infrastructure, for expansion and reinvestments as well as for the fulfilment of the statutory tasks insofar as the revenues that can be achieved from the users of the railway infrastructure do not cover the expenses incurred even with economical and efficient management. Further information on the grant contract is provided in Note 32.

7. Cost of materials and purchased services

	2019 in EUR million	2018 in EUR million
Cost of materials	100.1	85.2
Purchased services	329.6	329.2
thereof maintenance expenses	*266.8*	*265.2*
Total	**429.7**	**414.4**
thereof from affiliated companies	*95.6*	*92.7*

Cost of materials include EUR 66.9 million (PY: EUR 59.1 million) for the external procurement of traction power and the purchase of power for resale to third parties. The production cost of sold real estate recovery projects, which is recognised as an expense, amounted to EUR 12.4 million (PY: EUR 9.1 million).

Expenses for purchased services mainly comprise goods and services which cannot be capitalised in connection with repairs, maintenance (in particular railway infrastructure), disposal costs, cleaning and other services, as well as rent for rail-bound vehicles and transport services (deadhead transport).

8. Personnel expenses and employees

	2019 in EUR million	2018 in EUR million
Wages and salaries	956.6	930.1
Statutory social security contributions	242.7	236.7
Pension costs	9.8	9.4
Expenses for severance payments	8.3	6.6
Total	**1,217.4**	**1,182.8**

The interest cost resulting from interest on the personnel provisions is stated in personnel expenses.

The employee structure is composed as follows:

Number of employees	Dec 31, 2019	Dec 31, 2018	Change Reporting date	in %	Average 2019	2018
Employees	4,328	3,965	363	9%	4,138	3,836
Workers	2,747	2,414	333	14%	2,580	2,209
Tenured employees	10,097	10,411	-314	-3%	10,222	10,676
Total (excl. apprentices)	**17,172**	**16,790**	**382**	**2%**	**16,940**	**16,721**
Apprentices	1,562	1,525	37	2%	1,419	1,416
Total (incl. apprentices)	**18,734**	**18,315**	**419**	**2%**	**18,359**	**18,137**

Number of employees (FTE)	Dec 31, 2019	Dec 31, 2018	Change Reporting date	in %	Average 2019	2018
Employees	4,235.7	3,881.5	354.2	9%	4,047.6	3,752.3
Workers	2,740.7	2,408.5	332.2	14%	2,575.3	2,204.5
Tenured employees	9,859.3	10,145.2	-285.9	-3%	9,968.1	10,453.5
Total (excl. apprentices)	**16,835.7**	**16,435.2**	**400.5**	**2%**	**16,591.0**	**16,410.3**
Apprentices	1,562.0	1,525.0	37.0	2%	1,419.4	1,416.1
Total (incl. apprentices)	**18,397.7**	**17,960.2**	**437.5**	**2%**	**18,010.4**	**17,826.4**

9. Depreciation and amortisation

	2019 in EUR million	2018 in EUR million
Depreciation on property, plant and equipment	923.8	893.2
Amortization of intangible assets	38.8	40.2
Depreciation on investment property	4.0	3.8
Less amortization of investment grants	-155.9	-160.5
Total depreciation and amortization	**810.8**	**776.7**

10. Other operating expenses and impairment losses from trade receivables

The other operating expenses and impairment losses from trade receivables of the ÖBB-Infrastruktur Group are as follows:

	2019 in EUR million	2018 in EUR million
Operating costs (incl. IT)	88.4	85.9
Office requirements	49.0	47.6
Non-income taxes	42.9	40.8
Holding levy	19.2	19.1
Travel costs	18.5	18.3
Loss on disposal of property, plant and equipment and intangible assets	15.7	12.4
Training and continuing education	6.7	7.1
Miscellaneous	105.7	93.6
Total other operating expenses	**346.1**	**324.8**
Impairment losses on trade receivables	1.0	2.1
Total	**347.1**	**326.9**
thereof from affiliated companies	*137.7*	*133.4*

Operating taxes includes all non-income-related taxes (electricity tax, motor vehicle tax, property tax, road use charges, other taxes and fees, etc.).

Miscellaneous other operating expenses relate in particular to the costs of rent, lease and license expenses, expense allowances, insurance, claims, marketing and advertising costs, the leasing of personnel, payments to affiliated companies for transport services to employees and company kitchens.

The expenses for services of the auditors of the Consolidated Financial Statements and the separate financial statements are also included in the miscellaneous operating expenses and are as follows:

	2019 in kEUR	2018 in kEUR
Annual financial statements and consolidated annual financial statements audit	304	307
Other services	43	19
Total	**347**	**326**

The annual and Consolidated Financial Statements were audited by BDO Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft in both financial years. In addition to the audit of the financial statements, services were provided in the 2019 financial year in connection with the support of the OePR (Austrian Financial Reporting Enforcement Panel) audit, as well as the following services for the Group in both financial years: preparation of an expert opinion in accordance with Section 26 of the Austrian Company Reorganisation Act (Unternehmensreorganisationsgesetz – URG) for ÖBB-Infrastruktur Aktiengesellschaft and the Güterterminal Werndorf Projekt GmbH, traction current labelling (review of processes).

11. Interest income and interest expenses

The interest income and expenses of the ÖBB-Infrastruktur Group are as follows:

Interest income/expenses	2019 in EUR million	2018 in EUR million
Interest income	13.2	9.8
Interest expenses	-540.5	-565.7
thereof from affiliated companies	*-0.4*	*-0.3*
Total	**-527.3**	**-555.8**
thereof from affiliated companies	*-0.4*	*-0.3*

In order to provide more relevant information on the financial position, the interest received from swap agreements in the amount of EUR 0.1 million (PY: EUR 0.1 million) is netted against the interest expenses from the respective original financial instruments, if a hedging relationship exists.

Interest income mainly relates to interest income from securities and other investments in connection with still existing or former cross-border leasing transactions. The interest income is recognised in accordance with the effective interest method.

Interest expenses amount to EUR 644.1 million (PY: EUR 658.2 million) before capitalising borrowing costs. Interest expense of EUR 457.8 million (PY: EUR 489.6 million) is attributable to bonds, EUR 113.5 million (PY: EUR 113.6 million) to liabilities to banks and EUR 29.5 million (PY: EUR 18.7 million) to the Austrian Federal Financing Agency (OeBFA). Interest expenses are also incurred for EUROFIMA loans and other borrowings and interest-related expenses. Of the total interest expenses, borrowing cost of EUR 103.6 million (PY: EUR 92.5 million) were capitalised on the construction or production cost of qualifying assets in accordance with IAS 23 (see Note 14).

Expenses for guarantees amounted to EUR 17.8 million (PY: EUR 18.7 million). Other interest expenses include interest payments and deferrals from cross-border leasing transactions of EUR 1.8 million (PY: EUR 4.3 million).

12. Other financial result

The other financial result of the ÖBB-Infrastruktur Group is as follows:

Other financial result	2019 in EUR million	2018 in EUR million
Other financial income	5.2	10.8
thereof from measurement/foreign currency translation differences	*3.0*	*6.6*
thereof from affiliated companies	*0.2*	*0.1*
Other financial expenses	-16.5	-13.1
thereof from measurement/foreign currency translation differences	*-3.0*	*-6.7*
thereof from affiliated companies	*-1.9*	*-0.8*
Total	**-11.3**	**-2.3**
thereof from affiliated companies	*-1.7*	*-0.7*

Other financial income includes, in addition to foreign exchange rate differences, in particular measurement gains from derivatives and recharges of expenses incurred with cross-border leasing transactions to affiliated companies as well as income from the measurement of power derivatives held for trading purposes.

In addition to exchange rate differences, the other financial expenses relate in particular to fair value changes of derivative financial instruments. Other financial expenses include expenses from the expiry of cross-border leasing transactions and measurement expenses that were charged to affiliated companies.

13. Income taxes

Tax expense/tax income

The Income taxes item comprises the following:

	2019 in EUR million	2018 in EUR million
Expense/benefit from tax allocation (group taxation)	-0.5	-0.4
Deferred tax expense/benefit	-4.8	19.5
Income taxes	**-5.3**	**19.1**

Income taxes are calculated at 25% of the estimated taxable profit in the financial year.

The deferred taxes developed as follows:

	2019 in EUR million	2018 in EUR million
Deferred tax assets	54.5	43.8
Recognised amounts as of Jan 01	**54.5**	**43.8**
Change in deferred taxes		
recognised in other comprehensive income	*9.5*	*-8.8*
recognised in the earnings generated (IFRS 16)	*0.3*	*0.0*
recognised in profit or loss	*-4.8*	*19.5*
Recognised amounts as of Dec 31	**59.5**	**54.5**
thereof deferred tax assets	*59.5*	*54.5*
thereof deferred tax liabilities	*0.0*	*0.0*

Deferred taxes recognised in other comprehensive income result primarily from differences between the IFRS carrying amounts and the tax bases resulting from power derivatives, and actuarial gains and losses in accordance with IAS 19.

Due to the underlying differences between the carrying amounts in the IFRS consolidated financial statements and the relevant tax bases in the amount of EUR 45.3million (PY: EUR 39.0 million), the deferred tax are categorised as non-current. The current deferred taxes mainly relate to inventories in the amount of EUR 6.2 million (PY: EUR 14.3 million), power derivatives amounting to EUR -2.7 million (PY: EUR -10.7 million), and the deferred taxes on loss carryforwards of EUR 10.7 million (PY: EUR 11.9 million), which can likely be used in the financial year 2020.

The following table shows the main reasons for the difference between the income taxes indicated in profit or loss and the income taxes calculated by applying the statutory tax rate of 25% on the annual taxable income.

	2019 in EUR million	2018 in EUR million
Income before income tax according to IFRS	38.3	45.3
Adjustment of tax-exempt portion pursuant to Section 50 (2) of the Austrian Federal Railways Act	73.7	71.3
IFRS result for the year - taxable portion	**112.0**	**116.6**
Group tax rate	*25%*	*25%*
Expected expense (-) or benefit (+) from taxes in the financial year	-28.0	-29.2
Investment income	3.4	2.1
Effects of changes of recognition	19.3	46.1
Non-deductible operating expenses and other additions	0.0 *)	0,0 *)
Accounted income taxes	**-5.3**	**19.1**
Effective corporate tax rate	**4.7%**	**-16.4%**

*) Smallest amounts.

The effective corporate income tax rate of 4.7% (PY: -16.4%), which differs substantially from the statutory corporate income tax rate of 25%, results mainly from recognition adjustments to deferred taxes from loss carryforwards and other deferred tax assets.

Deferred tax assets and deferred tax liabilities as of Dec 31, 2019 are the result of temporary valuation differences between the carrying amounts in the consolidated financial statements and the relevant tax bases and tax loss carryforwards. Changes in recognition of deferred taxes were necessary as the future tax results, which justify the recognition of deferred tax assets, were reassessed.

The deferred taxes are allocated to the following items in the statement of financial position, losses carried forward, and tax credits:

	Deferred tax		Deferred tax	
in EUR million	assets Dec 31, 2019	liabilities Dec 31, 2019	assets Dec 31, 2018	liabilities Dec 31, 2018
Assets				
Property, plant and equipment	4.7	-6.7	4.1	-1.3
Investment property	5.3	-0.2	5.8	-0.7
Financial assets	0.1	-5.1	0.2	-17.1
Inventories	6.2	0.0	14.3	0.0
	16.3	**-12.1**	**24.4**	**-19.1**
Liabilities				
Financial liabilities	5.7	0.0	0.0	0.0
Provisions	0.4	-2.5	0.3	-2.5
Other financial liabilities	5.7	-0.8	4.2	0.0
	11.8	**-3.3**	**4.5**	**-2.5**
Tax losses carried forward	46.8	0.0	47.2	0.0
Deferred tax assets or deferred tax liabilities	**74.9**	**-15.4**	**76.1**	**-21.6**
Offsetting	-15.4	15.4	-21.6	21.6
Net deferred tax assets or deferred tax liabilities	**59.5**	**0.0**	**54.5**	**0.0**

When assessing deferred tax assets, the Board of Management evaluates the prospective usage within the five-year tax planning period. The use of deferred tax assets requires sufficient taxable income during the periods in which the temporary differences or tax losses can be utilised. The Board of Management considers the scheduled release of deferred tax liabilities and the estimated future taxable income for this assessment.

Based on prior periods taxable income and the taxable income forecasts of future years in which tax claims can be utilised, the Board of Management believes that it is probable that tax benefits from the deferred tax claims will be realised in the amount of EUR 59.5 million (PY: EUR 54.5 million). The temporary differences in the items property, plant and equipment and investment property are mainly the result of different depreciation start dates (pro rata temporis under IFRS compared to the half-year rule under tax law) as well as differing tax acquisition costs and the accounting treatment of items in accordance with IFRS 16. The temporary differences in inventories result from differing tax acquisition costs. The temporary differences from the financial assets and liabilities arise due to the different measurement of power derivatives under IFRS (fair value measurement) and tax law (provision for onerous contracts). The financial liabilities mainly include the temporary differences arising from lease liabilities in accordance with IFRS 16.

Tax loss carryforwards stem from Austrian companies and may be carried forward without restriction. Annual offsetting of losses carried forward is limited to 75% of the respective taxable income in Austria, however, EUR 2,217.0 million (PY: EUR 2,306.5 million) result from pre-group tax losses of ÖBB-Infrastruktur AG and can therefore be utilized in their entirety against taxable income generated in future periods. The change results from the assessments of income taxes in the financial year and the tax results originally taken into account.

No deferred taxes are recognised for tax loss carryforwards of EUR 2,036.0 million (PY: EUR 2,123.7 million), as their realisation is not certain for the foreseeable future.

No deferred taxes were recognised for temporary differences of EUR 12.3 million (PY: EUR 12.2 million) from shares in associated companies and subsidiaries.

14. Property, plant and equipment

The schedule of property, plant and equipment below shows the structure of these assets, the changes in the financial year, and the development of investment grants for property, plant and equipment.

in EUR million	Land and buildings	Right-of-use asset for land and buildings	Automobiles and trucks	Technical equipment and machinery	Other plant, furniture and fixtures	Right-of-use asset for other property, plant and equipment	Assets under construction and prepayments	Total
Cost 2019								
Cost as of Jan 01, 2019	*27,989.2*	*0.0*	*406.7*	*9,841.0*	*161.0*	*0.0*	*4,256.2*	*42,654.1*
Additions of right-of-use assets from the initial application of IFRS 16	0.0	86.8	0.0	0.0	0.0	1.0	0.0	87.9
Adjusted status as of Jan 01, 2019	*27,989.2*	*86.8*	*406.7*	*9,841.0*	*161.0*	*1.0*	*4,256.2*	*42,742.0*
Additions	25.6	2.0	0.0	1.4	8.2	0.3	1,889.7	1,927.2
Disposals	-96.0	0.0	-16.1	-74.7	-5.2	0.0	-1.4	-193.4
Transfers	783.9	0.0	29.4	387.8	3.8	0.0	-1,212.3	-7.4
Cost as of Dec 31, 2019	**28,702.7**	**88.8**	**420.0**	**10,155.5**	**167.8**	**1.3**	**4,932.2**	**44,468.3**
Accumulated depreciation and amortization as of Jan 01, 2019	*-9,122.3*	*0.0*	*-267.4*	*-5,517.2*	*-133.8*	*0.0*	*0.0*	*-15,040.7*
Depreciation and amortization	-545.2	-7.7	-31.9	-327.5	-11.2	-0.3	0.0	-923.8
Disposals	77.8	0.0	13.3	71.6	5.2	0.0	0.0	167.9
Transfers	0.1	0.0	0.0	0.0	0.2	0.0	0.0	0.3
Accumulated depreciation and amortization as of Dec 31, 2019	**-9,589.6**	**-7.7**	**-286.0**	**-5,773.1**	**-139.6**	**-0.3**	**0.0**	**-15,796.3**
Carrying amounts before investment grants as of Jan 01, 2019	**18,866.9**	**86.8**	**139.3**	**4,323.8**	**27.2**	**1.0**	**4,256.2**	**27,701.3**
Carrying amounts before investment grants as of Jan 01, 2019	**19,113.1**	**81.1**	**134.0**	**4,382.4**	**28.2**	**1.0**	**4,932.2**	**28,672.0**
Investment grants 2019								
As of Jan 01, 2019	*-9,637.2*	*0.0*	*-5.0*	*-2,964.9*	*-4.8*	*0.0*	*-590.0*	*-13,201.9*
Additions	-37.9	0.0	0.0	-7.7	0.0	0.0	-131.0	-176.6
Disposals	49.7	0.0	0.0	33.1	0.0	0.0	0.1	82.9
Transfers	-16.9	0.0	0.0	-11.6	0.0	0.0	28.7	0.2
As of Dec 31, 2019	**-9,642.3**	**0.0**	**-5.0**	**-2,951.1**	**-4.8**	**0.0**	**-692.2**	**-13,295.4**
Accumulated depreciation and amortization as of Jan 01, 2019	*5,630.5*	*0.0*	*4.9*	*2,486.2*	*4.2*	*0.0*	*0.0*	*8,125.9*
Depreciation and amortization	109.3	0.0	0.0	40.4	0.1	0.0	0.0	149.8
Disposals	-44.5	0.0	0.0	-32.3	0.0	0.0	0.0	-76.8
Accumulated depreciation and amortization as of Dec 31, 2019	**5,695.3**	**0.0**	**4.9**	**2,494.3**	**4.3**	**0.0**	**0.0**	**8,198.8**
Investment grants as of Jan 01, 2019	**-4,006.7**	**0.0**	**-0.1**	**-478.7**	**-0.6**	**0.0**	**-590.0**	**-5,076.0**
Investment grants as of Dec 31, 2019	**-3,947.0**	**0.0**	**-0.1**	**-456.8**	**-0.5**	**0.0**	**-692.2**	**-5,096.6**
Carrying amounts after investment grants as of Jan 01, 2019	**14,860.2**	**86.8**	**139.2**	**3,845.1**	**26.6**	**1.0**	**3,666.2**	**22,625.3**
Carrying amounts after investment grants as of Dec 31, 2019	**15,166.1**	**81.1**	**133.9**	**3,925.6**	**27.7**	**1.0**	**4,240.0**	**23,575.5**

As of the reporting date, “Leasing of other property, plant and equipment” includes right-of-use assets from leased automobiles and trucks with a carrying amount of EUR 0.3 million (as of Jan 01, 2019: EUR 0.3 million), from technical equipment and machinery with a carrying amount of EUR 0.6 million (as of Jan 01, 2019: EUR 0.6 million), and from leased other equipment, operating and office equipment with a carrying amount of EUR 0.1 million (as of Jan 01, 2019: EUR. 0.1 million).

in EUR million	Land and buildings	Automo-biles and trucks	Technical equipment and machinery	Technical equipment and machinery leased	Other plant, furniture and fixtures	Assets under construc-tion and prepay-ments	Total
Cost 2018							
Cost as of Jan 01, 2018	*27,360.8*	*395.1*	*9,530.3*	*1.5*	*155.0*	*3,564.8*	*41,007.5*
Additions	25.2	0.0	1.8	0.0	6.9	1,816.1	1,850.0
Disposals	-138.8	-16.8	-41.8	0.0	-3.0	-2.9	-203.3
Transfers	742.0	28.4	350.7	-1.5	2.1	-1,121.8	-0.1
Cost as of Dec 31, 2018	**27,989.2**	**406.7**	**9,841.0**	**0.0**	**161.0**	**4,256.2**	**42,654.1**
Accumulated depreciation and amortization as of Jan 01, 2018	*-8,707.1*	*-250.5*	*-5,233.3*	*-1.5*	*-126.9*	*0.0*	*-14,319.3*
Depreciation and amortization	-530.3	-30.9	-319.9	0.0	-12.1	0.0	-893.2
Disposals	115.1	14.0	39.7	0.0	3.0	0.0	171.8
Transfers	0.0	0.0	-3.7	1.5	2.2	0.0	0.0
Accumulated depreciation and amortization as of Dec 31, 2018	**-9,122.3**	**-267.4**	**-5,517.2**	**0.0**	**-133.8**	**0.0**	**-15,040.7**
Carrying amounts before investment grants as of Jan 01, 2018	**18,653.7**	**144.6**	**4,297.0**	**0.0**	**28.1**	**3,564.8**	**26,688.2**
Accumulated depreciation and amortization as of Dec 31, 2018	**18,866.9**	**139.3**	**4,323.8**	**0.0**	**27.2**	**4,256.2**	**27,613.4**
Investment grants 2018							
As of Jan 01, 2018	*-9,653.9*	*-5.0*	*-2,953.4*	*0.0*	*-4.7*	*-505.4*	*-13,122.4*
Additions	-31.8	0.0	-11.7	0.0	-0.1	-123.7	-167.3
Disposals	75.8	0.0	12.0	0.0	0.0	0.1	87.9
Transfers	-27.3	0.0	-11.8	0.0	0.0	39.0	-0.1
As of Dec 31, 2018	**-9,637.2**	**-5.0**	**-2,964.9**	**0.0**	**-4.8**	**-590.0**	**-13,201.9**
Accumulated depreciation and amortization as of Jan 01, 2018	*5,584.6*	*4.8*	*2,455.2*	*0.0*	*4.1*	*0.0*	*8,048.7*
Depreciation and amortization	111.0	0.1	42.7	0.0	0.1	0.0	153.9
Disposals	-65.1	0.0	-11.7	0.0	0.0	0.0	-76.8
Accumulated depreciation and amortization as of Dec 31, 2018	**5,630.5**	**4.9**	**2,486.2**	**0.0**	**4.2**	**0.0**	**8,125.9**
Investment grants as of Jan 01, 2018	**-4,069.3**	**-0.2**	**-498.2**	**0.0**	**-0.6**	**-505.4**	**-5,073.7**
Investment grants as of Dec 31, 2018	**-4,006.7**	**-0.1**	**-478.7**	**0.0**	**-0.6**	**-590.0**	**-5,076.0**
Carrying amounts after investment grants as of Jan 01, 2018	**14,584.4**	**144.5**	**3,798.8**	**0.0**	**27.4**	**3,059.4**	**21,614.5**
Carrying amounts after investment grants as of Dec 31, 2018	**14,860.2**	**139.2**	**3,845.1**	**0.0**	**26.6**	**3,666.2**	**22,537.4**

The ÖBB-Infrastruktur Group receives non-refundable investment grants for property, plant and equipment that are deducted from the cost. The depreciation of subsidised assets and the amortisation of investment grants are recognised in profit or loss under "depreciation and amortisation".

Reclassifications include both amounts reclassified from "Assets under construction and prepayments" to the specific accounts for completed property, plant and equipment, and intangible assets, and assets reclassified to or from the items "Assets held for sale" (see Note 19) and "Inventories" (see Note 21). For details of changes in accounting estimates, see Note 3 "Estimated useful lives of property, plant and equipment and intangible assets".

In 2019 the ÖBB-Infrastruktur Group capitalised borrowing costs on the production cost of qualifying assets amounting to EUR 103.6 million (PY: EUR 92.5 million) in accordance with IAS 23. The interest rate for borrowed capital was 3.0%, (PY: 3.2%). Of the federal subsidies, the amount of EUR 102.3 million (PY: EUR 91.1 million) was recognised as an investment grant for capitalised interest.

Assets under construction amounted to EUR 4,236.7 million (PY: EUR 3,662.9 million).

As of Dec 31, 2019, the contractual obligations for the purchase of property, plant and equipment (purchase commitments) amounted to EUR 1,398.2 million (PY: EUR 1,517.8 million).

Automobiles and trucks amounting to EUR 55.9 million (PY: EUR 46.2 million) serve as collateral for EUROFIMA loans.

Losses were incurred from disposals of property, plant and equipment of EUR 15.7 million (PY: EUR 12.4 million), resulting from scrapping and demolishing assets, the sale of vehicles and other equipment, the disposal of planning systems, and assignments to the public sector. In the years under review, a small amount of compensation contributions (PY: EUR 1.8 million) were received.

Investment grants

The development of investment grants is shown in the schedule of property, plant and equipment. The main providers of investment grants are the Republic of Austria, the former Eisenbahn-Hochleistungsstrecken AG and Schieneninfrastrukturfinanzierungs GmbH.

15. Intangible assets

The schedule of intangible assets below shows the structure of the intangible assets and the changes in the financial year.

in EUR million	Concessions, protective rights, licenses and development costs	Investment grants to third parties	Down payments on intangible assets	Total
Cost 2019				
Cost as of Jan 01, 2019	*177.4*	*1,374.6*	*50.3*	*1,602.3*
Additions	1.8	160.1	40.6	202.5
Disposals	-3.0	-298.8	0.0	-301.8
Transfers	9.5	39.2	-47.8	0.9
Cost as of Dec 31, 2019	**185.7**	**1,275.1**	**43.1**	**1,503.9**
Accumulated depreciation and amortization as of Jan 01, 2019	*-117.0*	*-522.4*	*0.0*	*-639.4*
Depreciation and amortization	-14.5	-24.3	0.0	-38.8
Disposals	2.9	298.8	0.0	301.7
Accumulated depreciation and amortization as of Dec 31, 2019	**-128.6**	**-247.9**	**0.0**	**-376.5**
Carrying amounts before investment grants as of Jan 01, 2019	**60.4**	**852.2**	**50.3**	**962.9**
Carrying amounts before investment grants as of Dec 31, 2019	**57.1**	**1,027.2**	**43.1**	**1,127.4**
Investment grants 2019				
As of Jan 01, 2019	*-32.6*	*-768.0*	*0.0*	*-800.6*
Additions	-0.5	-53.6	0.0	-54.1
Disposals	0.2	236.0	0.0	236.2
Transfers	0.5	-0.7	0.0	-0.2
As of Dec 31, 2019	**-32.4**	**-586.3**	**0.0**	**-618.7**
Accumulated depreciation and amortization as of Jan 01, 2019	*22.1*	*332.8*	*0.0*	*354.9*
Depreciation and amortization	1.7	4.4	0.0	6.1
Disposals	-0.1	-236.0	0.0	-236.1
Accumulated depreciation and amortization as of Dec 31, 2019	**23.7**	**101.2**	**0.0**	**124.9**
Investment grants as of Jan 01, 2019	**-10.5**	**-435.2**	**0.0**	**-445.7**
Investment grants as of Dec 31, 2019	**-8.7**	**-485.1**	**0.0**	**-493.8**
Carrying amounts after investment grants as of Jan 01, 2019	**49.9**	**417.0**	**50.3**	**517.2**
Carrying amounts after investment grants as of Dec 31, 2019	**48.4**	**542.1**	**43.1**	**633.6**

in EUR million	Concessions, protective rights, licenses and development costs	Investment grants to third parties	Down payments on intangible assets	Total
Cost 2018				
Cost as of Jan 01, 2018	*167.3*	*1,275.3*	*27.6*	*1,470.2*
Additions	1.8	91.8	41.3	134.9
Disposals	-2.2	-2.2	0.0	-4.4
Transfers	10.5	9.7	-18.6	1.6
Cost as of Dec 31, 2018	177.4	1,374.6	50.3	1,602.3
Accumulated depreciation and amortization as of Jan 01, 2018	*-104.7*	*-498.8*	*0.0*	*-603.5*
Depreciation and amortization	-14.4	-25.8	0.0	-40.2
Disposals	2.1	2.2	0.0	4.3
Accumulated depreciation and amortization as of Dec 31, 2018	-117.0	-522.4	0.0	-639.4
Carrying amounts before investment grants as of Jan 01, 2018	62.6	776.5	27.6	866.6
Carrying amounts before investment grants as of Dec 31, 2018	60.4	852.2	50.3	962.9
Investment grants 2018				
As of Jan 01, 2018	*-32.8*	*-720.1*	*0.0*	*-752.9*
Additions	*-0.2*	*-48.8*	*0.0*	*-49.0*
Disposals	0.0	1.3	0.0	1.3
Transfers	0.4	-0.4	0.0	0.0
As of Dec 31, 2018	-32.6	-768.0	0.0	-800.6
Accumulated depreciation and amortization as of Jan 01, 2018	*20.5*	*329.1*	*0.0*	*349.6*
Depreciation and amortization	1.6	5.0	0.0	6.6
Disposals	0.0	-1.3	0.0	-1.3
Accumulated depreciation and amortization as of Dec 31, 2018	22.1	332.8	0.0	354.9
Investment grants as of Jan 01, 2018	-12.3	-391.0	0.0	-403.3
Investment grants as of Dec 31, 2018	-10.5	-435.2	0.0	-445.7
Carrying amounts after investment grants as of Jan 01, 2018	50.3	385.5	27.6	463.3
Carrying amounts after investment grants as of Dec 31, 2018	49.9	417.0	50.3	517.2

The ÖBB-Infrastruktur Group received non-repayable investment grants for intangible assets that are presented as a reduction to acquisition cost. The amortisation of these assets and the corresponding amortisation of all investment grants are recognised in profit or loss under "depreciation and amortisation". The average useful life of investment grants to third parties is 27.2 years (PY: 20.0 years).

Expenses for research and development amounted to EUR 5.5 million (PY: EUR 7.7 million). In the financial year, expenses in the amount of EUR 0.3 million (PY: EUR 4.0 million) were capitalised as development costs in assets under the item "Concessions, industrial property rights, licenses, and development costs"; any prototypes developed are capitalised under the item property, plant and equipment.

The additions in the item "Investment grants to third parties" mainly result from contributions paid to Galleria di Base del Brennero – Brenner Basistunnel BBT SE.

16. Investment property

This category only includes properties that do not qualify as railway assets (Section 10a of the Railways Act) and can therefore be leased or sold to third parties. Accordingly, investment property comprises mainly properties held for lease and building rights. These properties have the same useful lives as the real estate assets recognised under property, plant and equipment.

	2019 in EUR million	2018 in EUR million
Cost		
As of Jan 01	*338.9*	*342.1*
Additions	4.0	0.3
Additions due to transfer from inventories	7.2	0.0
Additions at cost from subsequent acquisitions	5.1	0.0
Disposals at cost	-6.7	-3.5
Transfers from/to intangible assets	2.1	0.0
As of Dec 31	**350.6**	**338.9**
Accumulated depreciation		
As of Jan 01	*-184.0*	*-183.3*
Depreciation and amortization	-4.0	-3.8
Disposals	6.1	3.1
Transfers	0.3	0.0
As of Dec 31	**-181.6**	**-184.0**
Net carrying amount as of Jan 01	**154.9**	**158.8**
Net carrying amounts as of Dec 31	**169.0**	**154.9**

All investment property held by the ÖBB-Infrastruktur Group is leased under operating lease agreements. Rental income from these leases (excluding operating costs) amounted to EUR 19.6 million (PY: EUR 19.7 million). Directly attributable expenses (including repairs and maintenance, but excluding operating costs) amount to EUR 6.6 million (PY: EUR 6.6 million). In addition, operating expenses of EUR 0.6 million (PY: EUR 0.4 million) were incurred for property that does not generate rental income. ÖBB-Infrastruktur Group has not entered into any contracts for the maintenance of its investment properties that lead to a related obligation.

The fair value totals EUR 662.3 million (PY: EUR 607.3 million). For 79% (PY: 77%) of the properties, the measurements are performed by external experts and are not based exclusively on market data, and these are therefore assigned to hierarchy Level 3. The fair values of the remaining investment properties were determined by experts of ÖBB-Immobilienmanagement GmbH using discounted cash flow calculations based on the actual rents generated by the relevant leased properties. The resulting fair values were also classified as Level 3 in accordance with IFRS 13.

Of the investment property, EUR 2.5 million (PY: EUR 2.5 million) is attributable to affiliated companies of the remaining ÖBB Group, which are all composed of building rights. These have a fair value of EUR 7.2 million (PY: EUR 7.2 million). In this context, revenues of EUR 0.2 million (PY: EUR 0.2 million) were generated but no related expenses were incurred.

17. Investments recorded at equity

In both reporting years, investments that are accounted for using the equity method include investments in one joint venture and in two associated companies.

Joint venture name and registered office	Ownership share in % Dec 31, 2019	Ownership share in % Dec 31, 2018
Galleria di Base del Brennero - Brenner Basistunnel BBT SE, I-39100 Bozen	50.0	50.0

Associated company name and registered office	Ownership share in % Dec 31, 2019	Ownership share in % Dec 31, 2018
Weichenwerk Wörth GmbH, A-3151 St. Georgen am Steinfeld	43.05	43.05
Breitspur Planungsgesellschaft mbH, A-1010 Vienna	25.0	25.0

The following table summarises the financial information of all companies reported using the equity method of accounting in which ÖBB-Infrastruktur AG held a stake as of the reporting date. The table also reconciles the summarised financial information with the carrying amount of the Group's investment. The figures for Galleria di Base del Brennero – Brenner Basistunnel BBT SE are provisional and adjusted to the accounting methods applied in the Group.

	Galleria di Base del Brennero - Brenner Basistunnel BBT SE	
	Dec 31, 2019 in EUR million	Dec 31, 2018 in EUR million
Revenue	0.0	0.0
Depreciation	-1.1	-1.1
Interest income	0.1	0.0 *)
Interest expenses	-0.2	0.0 *)
Tax expense	0.0 *)	0.0 *)
Annual profit/loss from continuing operations	0.0	0.0
Overall result	**0.0**	**0.0**
Cash and cash equivalents	102.0	116.2
Other current assets	66.4	40.5
Non-current assets	115.8	82.8
Current liabilities	200.8	156.3
thereof current financial liabilities	*196.9*	*152.5*
Non-current liabilities	2.3	2.1
thereof non-current financial liabilities	*0.0*	*0.0*
Net assets 100%	**81.1**	**81.1**
Interest of the ÖBB-Infrastruktur Group in the net assets of the investee as of Jan 01	*40.6*	*40.6*
Overall result attributable to the ÖBB-Infrastruktur Group	0.0	0.0
Dividends received from associated companies	0.0	0.0
Carrying amount of the interest in the investee as of Dec 31	**40.6**	**40.6**

*) Small amount.

Galleria di Base del Brennero – Brenner Basistunnel BBT SE (hereafter BBT SE) is the only joint venture operated by the Group. BBT SE is an independent legal entity. Since the Group holds a residual interest in the net assets, it classifies its investment as a joint venture. The purpose and task of BBT SE is to plan and build the Brenner base tunnel. The overall project comprises the construction of the railway tunnel between Tulfes/Innsbruck and Franzensfeste, consisting of the main, inspection and access tunnels; the multifunction stations, engineering equipment, control centre, necessary landfills, and the bridges and stations needed to perform the construction work; and putting the tunnel into service. Under the provisions of the State Treaty dated April 30, 2004, Italy and Austria each hold 50% of the share capital of BBT SE. Austria's 50% is entirely owned by ÖBB-Infrastruktur AG and Italy's 50% by TFB Societá di Partecipazioni S.p.A. The 50% of the Italian section is owned entirely by TFB Societá di Partecipazioni S.p.A. ÖBB-Infrastruktur AG has committed to funding 50% of the cost of building the Brenner Base Tunnel, for which it has received a 100% investment grant from the federal government. Italy and Austria have contractually agreed to invest additional amounts in proportion to their investments to compensate for any losses, if necessary.

In its provisional annual financial statements, BBT SE reported total income (other operating income), in addition to the figures mentioned above, of EUR 23.4 million (PY: EUR 20.6 million) and total expenses of EUR 23.3 million (PY: EUR 20.8 million). BBT SE received investment grants of EUR 160.0 million (PY: EUR 90.0 million). In both reporting years, the federal government refunded EUR 46.3 million (PY: EUR 44.8 million) of this amount, while EUR 3.5 million (PY: EUR 3.5 million) were refunded by the federal state of Tyrol on the basis of the share purchase agreement dated April 18, 2011.

The reporting date of Weichenwerk Wörth GmbH is March 31. The company is included on the basis of its interim financial statements as of Dec 31. The total assets amount to EUR 24.7 million (PY: EUR 21.3 million), revenues amount to EUR 41.4 million (PY: EUR 32.3 million) and net income for the year amounts to EUR 3.5 million (PY: EUR 2.2 million). The business of Weichenwerk Wörth GmbH includes the manufacture and recycling of rail switches and components, buffer stops, and insulated rail joints as well as the logistics and transport of the manufactured products and service operations for rail switches.

Breitspur Planungsgesellschaft mbH was included in the consolidated financial statements for the first time as of Jan 01, 2018 using the equity method of accounting. The initial at equity recognition resulted in a difference of EUR 0.5 million, which is reported as a decrease in earnings. Total assets amounted to EUR 1.6 million (PY: EUR 2.6 million), there were no revenues in either reporting year and the net loss for the financial year amounted to EUR 1.1 million (PY: EUR 1.3 million). The object of the company is to plan the continuation of the 1,520-millimetre broad-gage rail infrastructure from the border of Ukraine through Slovakia to and within Austria.

Development of investments in associated companies	Dec 31, 2019 in EUR million	Dec 31, 2018 in EUR million
As of Jan 01	*9.1*	*8.6*
Addition from initial application of the equity method	0.0	0.9
Share of result	1.7	0.4
Distributions and other changes	-1.4	-0.8
As of Dec 31	9.4	9.1

18. Other financial assets

2019 in EUR million	Current	Non-current	Total
Investments	0.0	0.9	0.9
Financial assets - leasing	0.0	26.3	26.3
thereof from affiliated companies	*0.0*	*8.5*	*8.5*
Other financial assets	21.7	87.0	108.7
Total	**21.7**	**114.2**	**135.9**
thereof from affiliated companies	*0.0*	*8.5*	*8.5*
thereof measured at amortized cost	*4.5*	*110.0*	*114.5*

2018 in EUR million	Current	Non-current	Total
Investments	0.0	0.9	0.9
Financial assets - leasing	0.0	73.9	73.9
thereof from affiliated companies	*0.0*	*8.9*	*8.9*
Other financial assets	52.7	105.0	157.7
thereof from affiliated companies	*0.0*	*0.0*	*0.0*
Total	**52.7**	**179.8**	**232.5**
thereof from affiliated companies	*0.0*	*8.9*	*8.9*
thereof measured at amortized cost	2.8	158.0	160.8

Investments

See Note 35 for a full schedule of all investments. These investments are measured at fair value through profit or loss in accordance with IFRS 9.

Financial assets – leasing

The financial assets relating to leases involve assets from cross-border leasing transactions (CBLs) in an amount of EUR 17.8 million (PY: EUR 65.0 million). They also include receivables of EUR 8.5 million (PY: EUR 8.9 million) from recharged claims to other companies of the ÖBB Group resulting from the termination of a leasing transaction.

The financial assets from unlinked CBL transactions relate mainly to non-current loans and securities in the amount of EUR 17.8 million (PY: EUR 65.0 million) and serve to cover future payment obligations (leasing rates and acquisition cost). Capital gains on accumulating investments increase the amount, while servicing payment obligations reduces it. These assets are offset by financial liabilities in the amount of EUR 17.8 million (PY: EUR 65.3 million). Restrictions on disposal rights apply to financial lease assets of EUR 17.8 million (PY: EUR 49.0 million).

Other financial assets

In addition, other financial assets amounting to EUR 23.4 million (PY: EUR 22.5 million), have been pledged as collateral for lease liabilities. For further information on leasing and CBL transactions, see Notes 30.1 and 30.3. Other financial assets also include power derivatives in the amount of EUR 12.0 million (PY: EUR 26.8 million) along with other derivatives of EUR 8.5 million (PY: EUR 44.0 million) as well as remaining deposits from terminated CBL transactions of EUR 64.6 million (PY: EUR 64.2 million).

Allowances

The following table shows a summary of the default risk for financial assets.

Financial assets as of Dec 31, 2019 at amortized cost in EUR million	Credit rating *)	Gross carrying amount	Allowance (expected 12-month credit loss)	Net carrying amount
"Low risk" category	AAA to A	114.6	0.1	114.5
"Average risk" category	BBB to B	0.0	0.0	0.0
"Doubtful" category	CCC to C	0.0	0.0	0.0
"Loss" category	D	0.0	0.0	0.0
Total exposure		**114.6**	**0.1**	**114.5**

*) Corresponds to the rating by an external rating agency (Standard & Poor's).

Financial assets as of Dec 31, 2018 at amortized cost in EUR million	Credit rating *)	Gross carrying amount	Allowance (expected 12-month credit loss)	Net carrying amount
"Low risk" category	AAA to A	161.1	0.3	160.8
"Average risk" category	BBB to B	0.0	0.0	0.0
"Doubtful" category	CCC to C	0.0	0.0	0.0
"Loss" category	D	0.0	0.0	0.0
Total exposure		161.1	0.3	160.8

*) Corresponds to the rating by an external rating agency (Standard & Poor's).

The development of the loss allowance for financial assets measured at amortised acquisition cost was as follows in the course of the year:

Credit risk of financial assets measured at amortised cost as of Dec 31 in EUR million	2019	2018
Gross carrying amount	114.6	161.1
Allowance	-0.1	-0.3
of which expected 12-month credit loss	*-0.1*	*-0.3*
Carrying amount	**114.5**	**160.8**

The decrease in the loss allowance in the 2019 financial year is mainly due to the disposal of an asset and to the change in the market data underlying the allowance.

19. Assets held for sale

The line item assets held for sale is composed as follows:

Assets held for sale	2019 in EUR million	2018 in EUR million
As of Jan 01	*0.1*	*0.1*
Additions (single assets)	0.1	0.1
Disposals by sale	-0.1	-0.1
As of Dec 31	**0.1**	**0.1**
of which reported at amortized cost	*0.1*	*0.1*

As of Dec 31, 2019, the assets held for sale consist of three properties, (including superstructures and technical facilities). For one property the sales contract has already been concluded, but the economic ownership will not be transferred until 2020. As of Dec 31, 2018 there are two properties (including superstructures and technical equipment) and one railway line.

The fair values correspond to the agreed purchase price or the expected outcome of negotiations with the contractual parties, and are therefore allocated to hierarchy level 3 pursuant to IFRS 13. The assets are only recognised as held for sale if an appropriate resolution has been adopted by the Supervisory Board and a sale within 12 months is highly probable.

The expected proceeds on assets held for sale in 2020 are all in excess or equal to the current carrying amounts of the assets. In 2019, the ÖBB-Infrastruktur Group recorded gains of EUR 1.7 million (PY: EUR 3.1 million) from the sale of assets held for sale, which were recognised in other operating income, together with the result from the sale of other assets.

20. Trade and other receivables

This item is broken down as follows:

Dec 31, 2019 in EUR million	Current	Non-current	Total
Trade receivables	202.4	0.0	202.4
thereof from affiliated companies	*76.6*	*0.0*	*76.6*
thereof contract assets (construction contracts)	*10.2*	*0.0*	*10.2*
Other receivables and assets	239.9	128.2	368.1
thereof financial instruments	*61.6*	*11.8*	*73.4*
Total	**442.3**	**128.2**	**570.5**

Dec 31, 2018 in EUR million	Current	Non-current	Total
Trade receivables	128.5	0.0	128.5
thereof from affiliated companies	*64.5*	*0.0*	*64.5*
thereof contract assets (construction contracts)	*11.1*	*0.0*	*11.1*
Other receivables and assets	256.1	144.4	400.5
thereof financial instruments	*80.3*	*11.8*	*92.1*
Total	**384.6**	**144.4**	**529.0**

Due to their short terms, the carrying amounts of the trade and other receivables (related to financial instruments) approximate their respective fair values. Trade receivables include receivables with a remaining maturity of more than one year in the amount of EUR 0.3 million (PY: EUR 0.3).

Contract assets in connection with services provided to third parties that are not yet completed are recognised as trade receivables.

Other receivables and assets relate primarily to prepaid fees for guaranties of EUR 121.9 million (PY: EUR 139.3 million), input tax on advance payment of invoices of EUR 33.1 million (PY: EUR 42.3 million) and input tax credits from filings for the months November and December of EUR 90.9 million (PY: EUR 80.6 million), the salaries paid in December for January of EUR 34.0 million (PY: EUR 30.3 million), as well as receivables from investment grants of EUR 9.2 million (PY: EUR 21.3 million) and property sales of EUR 32.0 million (PY: EUR 44.4 million).

Allowances developed as follows:

	Trade receivables		Other receivables	
in EUR million	2019	2018	2019	2018
As of Jan 01	*16.2*	*15.1*	*0.6*	*0.5*
Utilization	-7.3	-0.9	0.0	0.0
Net revaluation of loss allowances	0.9	2.0	0.0	0.1
As of Dec 31	**9.8**	**16.2**	**0.6**	**0.6**

The following table shows a summary of the credit risk for trade receivables and other receivables:

Credit risk **in EUR million**	2019	2018
Trade receivables	212.2	144.8
Other receivables	74.0	92.7
Total gross carrying amount receivables	**286.2**	**237.4**
Impairment	10.4	16.8
Carrying amount	**275.8**	**220.7**

The following table contains information on the credit risk and the expected credit losses for accounts receivable:

Dec 31, 2019 **Analysis of credit risk** **by maturity of trade receivables** **in EUR million**	Gross carrying amount (before impairment)	Individual allowance	Gross carrying amount after individual allowance	Flat rate specific loss allowance (IFRS 9)	in %	Net carrying amount
not past due	198.1	5.8	192.4	1.2	0.6%	191.1
up to 90 days past due	9.0	0.1	8.9	0.1	1.5%	8.8
90 to 180 days past due	1.5	0.2	1.3	0.0	2.2%	1.3
180 to 360 days past due	1.0	0.3	0.7	0.1	12.4%	0.6
more than 360 days past due	2.6	0.3	2.3	1.7	74.0%	0.6
Total exposure	**212.2**	**6.6**	**205.6**	**3.2**	**1.5%**	**202.4**

Dec 31, 2018 **Analysis of credit risk** **by maturity of trade receivables** **in EUR million**	Gross carrying amount (before impairment)	Individual allowance	Gross carrying amount after individual allowance	Flat rate specific loss allowance (IFRS 9)	in %	Net carrying amount
not past due	113.1	0.0	113.1	1.7	1.5%	111.4
up to 90 days past due	11.9	0.0	11.8	0.2	1.7%	11.6
90 to 180 days past due	1.6	0.3	1.3	0.2	11.5%	1.2
180 to 360 days past due	3.3	1.7	1.6	0.4	22.6%	1.3
more than 360 days past due	14.8	10.5	4.3	1.3	30.2%	3.0
Total exposure	**144.8**	**12.5**	**132.2**	**3.7**	**2.8%**	**128.5**

The following table contains information on the cedit risk and expected credit losses from other receivables:

Dec 31, 2019 Analysis of credit risk by maturity of other receivables in EUR million	Credit rating a)	Gross carrying amount (before impairment)	Allowance		in %	Net carrying amount
"Low risk" category	AAA to A	38.4	0.0	b)	0.0%	38.4
"Average risk" category	BBB to B	35.3	0.3		0.8%	35.0
"Doubtful" category	CCC to C	0.3	0.3		100%	0.0
"Loss" category	D	0.0	0.0		0%	0.0
Total exposure		**74.0**	**0.6**		**0.8%**	**73.4**

a) Corresponds to the classification by an external rating agency (Standard & Poor's).

b) Smallest amount.

Dec 31, 2018 Analysis of credit risk by maturity of other receivables in EUR million	Credit rating a)	Gross carrying amount (before impairment)	Allowance		in %	Net carrying amount
"Low risk" category	AAA to A	44.3	0.0	b)	0.0%	44.3
"Average risk" category	BBB to B	48.1	0.3		0.7%	47.8
"Doubtful" category	CCC to C	0.3	0.3		100%	0.0
"Loss" category	D	0.0	0.0		0%	0.0
Total exposure		**92.7**	**0.6**		**0.6%**	**92.1**

a) Corresponds to the classification by an external rating agency (Standard & Poor's).

b) Smallest amount.

More information is provided in Note 29.1.c.

21. Inventories

This line item is composed as follows:

	Dec 31, 2019 in EUR million	Dec 31, 2018 in EUR million
Inventories	75.0	74.5
less write down	-1.3	-1.2
Total	**73.7**	**73.3**
thereof measured at cost	*44.5*	*47.1*
thereof measured at net realizable value	*29.2*	*26.2*

Inventories are measured at the lower of (production or acquisition) cost or net realisable value, with cost being determined on the basis of the moving average cost method. The net realisable value is determined based on the estimated selling price in the ordinary course of business, less estimated costs for production and sale still to be incurred.

Inventories include material and spare parts used for the upgrade and maintenance of the ÖBB-Infrastruktur Group's own railway networks and for real estate recovery projects. The cost of materials and other services received are disclosed in Note 7. As in the previous year, no write downs from prior periods were reversed. Real estate development projects relate to real estate that is no longer used in operations and is now under development for later sale. These are former railway station and system facilities which were used for continuous operations. They consist of major projects, such as the land of the former Südbahnhof and the Frachtenbahnhof (freight station) Wien Nord, which are being developed on a large scale.

Impairments in the 2019 reporting year amounted to EUR 1.3 million (PY: EUR 1.2 million) and are reported under cost of materials and purchased services.

Of the real estate development projects with a carrying amount of EUR 44.5 million (PY: EUR 47.1 million), EUR 34.6 million (PY: EUR 26.8 million) can be classified as non-current.

22. Cash and cash equivalents

This item composed as follows:

	Dec 31, 2019 in EUR million	Dec 31, 2018 in EUR million
Cash on hand and cash	0.1	0.1
Cash in banks	3.2	2.7
Current account ÖBB-Finanzierungsservice GmbH (Group clearing)	25.6	14.7
Total	**28.9**	**17.5**

This item includes investments with and cash at banks, with ÖBB-Finanzierungsservice GmbH and cash balances, all of which are current (terms of fewer than three months). The carrying amounts of these assets are equivalent to their fair values. The ÖBB-Infrastruktur Group can freely dispose of all cash and cash equivalents. Further details on cash and cash equivalents as shown in the cash flow statement are provided in Note 34.

23. Share capital, shares of non-controlling interests

Share capital

The share capital of ÖBB-Infrastruktur AG is unchanged at EUR 500.0 million and is fully paid in. The share capital is divided into 100,000 registered shares. All shares are held by ÖBB-Holding AG.

Non-controlling interests

This item reflects the portion of the equity of any fully consolidated subsidiary that does not belong to ÖBB-Infrastruktur AG. The development of this item is shown in the Consolidated Statement of Changes in Shareholders' Equity.

The following table presents 100% of the financial information relating to WS-Service GmbH, the ÖBB-Infrastruktur Group's subsidiary with a non-controlling interest (49%).

	Dec 31, 2019 in EUR million	Dec 31, 2018 in EUR million
Non-current assets	0.5	0.6
Current assets	3.2	2.8
Non-current liabilities	0.0	0.0
Current liabilities	2.7	2.5
Net assets	**1.0**	**0.9**
Carrying amount of non-controlling interests (pro rata)	**0.5**	**0.4**
Revenue	10.0	8.9
Profit	0.6	0.5
Other comprehensive income	0.0	0.0
Overall result	**0.6**	**0.5**
Profit attributable to non-controlling interests	*0.3*	*0.2*
Other comprehensive income attributable to non-controlling interests	*0.0*	*0.0*
Cash flow from operating activities	0.9	1.3
Cash flow from investing activities	-0.2	-0.2
Cash flow from financing activities	-0.5	-0.9
Net increase (net reduction) in cash and cash equivalents	**0.2**	**0.2**

24. Reserves and retained earnings

Unchanged from the previous year, annual paid-in capital totals EUR 538.9 million (PY: EUR 538.9 million). These relate primarily to restructuring measures in the past.

The development of the cash-flow-hedge reserve and the Available for Sale reserve is as follows:

	Available for sale reserve		Cash flow hedge reserve	
in EUR million	Development of carrying amount	Income taxes included therein	Development of carrying amount	Income taxes included therein
As of Jan 01, 2018	*4.9*	*0.0*	*1.4*	*-1.6*
Reclassification due to IFRS 9	-4.9	0.0	0.0	0.0
Changes in the fair values	0.0	0.0	28.0	-8.6
Realized gains and losses	0.0	0.0	2.8	-0.1
As of Dec 31, 2018	**0.0**	**0.0**	**32.2**	**-10.3**
Changes in the fair values	0.0	0.0	-26.0	8.7
Realized gains and losses	0.0	0.0	-3.8	0.8
As of Dec 31, 2019	**0.0**	**0.0**	**2.4**	**-0.8**

In addition, actuarial losses from the remeasurement of severance provisions amounting to EUR 7.9 million (PY: EUR 3.6 million) are reported under the item “Revaluation of defined benefit plans”. See the Consolidated Statement of Changes in Shareholders’ Equity for further explanation.

Income taxes included in other comprehensive income relate only to taxable items. As of Dec 31, 2019 the cash flow hedge reserve of EUR 2.4 million (PY: EUR 33.4 million) relates to commodity derivatives (see Note 29.4.1.) and as of Dec 31, 2018 it also contained EUR -1.2 million related to an interest rate swap that expired in 2019.

The earnings generated include a reserve from the first-time application of IFRS 16 of EUR 5.5 million less deferred taxes of EUR 0.3 million.

25. Financial liabilities

The financial liabilities are composed as follows:

2019 in EUR million	< 1 year	1 to 5 years	> 5 years	Total
Bonds	1,299.1	4,544.3	6,879.4	12,722.8
Liabilities to banks	206.8	217.9	3,654.7	4,079.4
Financial liabilities leasing	8.1	27.6	68.9	104.6
thereof from IFRS 16	*8.1*	*27.5*	*51.1*	*86.7*
thereof from affiliated companies	*0.0*	*0.2*	*0.8*	*1.0*
Other financial liabilities	769.7	18.2	3,862.2	4,650.1
thereof from affiliated companies	*293.8*	*0.0*	*0.0*	*293.8*
Total	**2,283.7**	**4,808.0**	**14,465.2**	**21,556.9**
thereof from affiliated companies	*293.8*	*0.2*	*0.8*	*294.8*

2018 in EUR million	<1 year	1 to 5 years	> 5 years	Total
Bonds	1,539.5	4,845.5	7,875.0	14,260.0
Liabilities to banks	6.9	223.9	3,755.6	3,986.4
Financial liabilities leasing	0,0	49.0	16.3	65.3
Other financial liabilities	586.1	139.6	1,636.0	2,361.7
of which from affiliated companies	*321.9*	*0.0*	*0.0*	*321.9*
Total	**2,132.5**	**5,258.0**	**13,282.9**	**20,673.4**
of which from affiliated companies	*321.9*	*0.0*	*0.0*	*321.9*

The total amount of liabilities with a maturity of more than five years relates primarily to bonds, bank borrowings, liabilities under cross-border lease agreements, and liabilities from the Federal Government settled by the Austrian Federal Financing Agency (OeBFA).

Liabilities to banks include EUR 4,050.7 million (PY: EUR 3,953.3 million) in loans from the European Investment Bank (EIB).

Guarantees of the federal government

The federal government has guaranteed for bonds with a carrying amount of EUR 12,669.7 million (PY: EUR 14,209.1 million). Additionally, liabilities to EUROFIMA with a book value of EUR 192.0 million (PY: EUR 178.8 million) are also secured by guarantees from the federal government.

Issued bonds

Bonds are composed of the following:

Fair value	Currency	Term	ISIN	Interest rate
1,000,000,000.00	EUR	2005 - 2020	XS0232778083	3.5000%
300,000,000.00	EUR	2010 - 2020	XS0232778083	3.5000%
100,000,000.00	EUR	2006 - 2036	XS0243862876	2.9900%
100,000,000.00	EUR	2006 - 2036	XS0244522396	2.9900%
100,000,000.00	EUR	2006 - 2036	XS0252697130	3.5000%
50,000,000.00	EUR	2006 - 2036	XS0252721450	3.5000%
100,000,000.00	EUR	2006 - 2036	XS0275973278	3.4900%
80,000,000.00	EUR	2006 - 2036	XS0275974599	3.4900%
1,300,000,000.00	EUR	2007 - 2022	XS0307792159	4.8750%
200,000,000.00	EUR	2008 - 2022	XS0307792159	4.8750%
100,000,000.00	EUR	2007 - 2037	XS0321318163	4.0000%
100,000,000.00	EUR	2007 - 2037	XS0324893626	4.0000%
50,000,000.00	EUR	2007 - 2037	XS0324895670	4.0000%
100,000,000.00	EUR	2007 - 2037	XS0328866982	4.0000%
50,000,000.00	EUR	2007 - 2037	XS0331427905	4.0000%
50,000,000.00	EUR	2007 - 2037	XS0336043517	3.9900%
50,000,000.00	EUR	2010 - 2030	XS0497430172	4.2100%
70,000,000.00	EUR	2010 - 2030	XS0503724642	4.2000%
100,000,000.00	EUR	2010 - 2030	XS0512125849	3.9000%
1,500,000,000.00	EUR	2010 - 2025	XS0520578096	3.8750%
1,000,000,000.00	EUR	2011 - 2021	XS0648186517	3.6250%
50,000,000.00	EUR	2011 - 2021	XS0648186517	3.6250%
1,000,000,000.00	EUR	2011 - 2026	XS0691970601	3.5000%
200,000,000.00	EUR	2011 - 2031	XS0717614951	4.0000%
1,350,000,000.00	EUR	2012 - 2032	XS0782697071	3.3750%
1,000,000,000.00	EUR	2013 - 2023	XS0949964810	2.2500%
75,000,000.00	EUR	2013 - 2033	XS0954197470	2.1250%
1,000,000,000.00	EUR	2013 - 2033	XS0984087204	3.0000%
1,000,000,000.00	EUR	2014 - 2024	XS1138366445	1.0000%
500,000,000.00	EUR	2014 - 2029	XS1071747023	2.2500%

From 2005 to 2014, ÖBB-Infrastruktur AG initiated a Euro medium-term note ("EMTN") programme. Payments relating to bonds issued under this framework agreement are guaranteed unconditionally and irrevocably by the Republic of Austria. All bonds listed above were issued by ÖBB-Infrastruktur AG as part of this programme.

In 2015, six bonds were issued at an amount of USD 108.5 million, of which three (PY: three) in the amount of USD 58.2 million (PY: USD 56.4 million) with the CUSIP numbers A5790#AD0 (maturing in 2026), A5790#AE8 (maturing in 2025) and A5790#AF5 (maturing in 2025) are still outstanding.

Financial liabilities leasing

Liabilities from leasing to other companies result in particular from unlinked CBL transactions and amounted to EUR 17.8 million (PY: EUR 65.3 million) as well as from leases in accordance with IFRS 16 amounting to EUR 86.7 million (PY: EUR 0.0 million) as of the reporting date.

Financial assets of EUR 23.4 million (PY: EUR 71.5 million) are pledged to cover liabilities from CBL transactions. See Note 14 with regard to collateral provided.

Other financial liabilities

Of the other financial liabilities of EUR 4,650.1 million (PY: EUR 2,361.7 million), a carrying amount of EUR 4,010.5 million (PY: EUR 1,559.6 million) relates to liabilities to the federal government (OeBFA). Of the liabilities to the federal government (Austrian Federal Financing Agenca, OeBFA), EUR 123.6 million (PY: EUR 0.0 million) are classified as current.

Since 2017, the ÖBB-Infrastruktur Group has been raising the necessary financing primarily through loans from the Republic of Austria that are provided by the Austrian Federal Financing Agency (OeBFA) rather than by issuing its own bonds on the capital markets. According to Eurostat criteria, the ÖBB-Infrastruktur AG is part of the government sector. All existing bonds of ÖBB-Infrastruktur AG and their guarantees by the Republic of Austria remain unaffected by this expansion of the financing instruments of ÖBB-Infrastruktur AG.

The terms and conditions of the non-current financial liabilities to the federal government (Austrian Federal Financing Agency, OeBFA) are as follows:

Fair value	Currency	Term	Nominal interest rate	Effective interest rate	
400,000,000.00	EUR	2017 - 2027	0.500%	0.5532%	
50,000,000.00	EUR	2017 - 2027	6.250%	0.3983%	
100,000,000.00	EUR	2017 - 2034	2.400%	1.0777%	
200,000,000.00	EUR	2017 - 2047	1.500%	1.5492%	
553,650,000.00	EUR	2017 - 2086	1.500%	1.7704%	[1]
250,000,000.00	EUR	2018 - 2117	2.100%	1.8725%	[1]
800,000,000.00	EUR	2019 - 2117	2.100%	1.2845%	[1]
964,600,000.00	EUR	2019 - 2029	0.500%	-0.283%	[1]
3,318,250,000.00	EUR	Total			

[1] Average effective interest rate.

The other financial liabilities to affiliated companies are due to ÖBB-Finanzierungsservice GmbH and mainly relate to liabilities from current financing in the amount of EUR 293.8 million (PY: EUR 321.6 million).

Other financial liabilities mainly relate to EUROFIMA loans in the amount of EUR 192.0 million (PY: EUR 178.8 million), accrued interest in the amount of EUR 209.2 million (PY: EUR 234.9 million) and derivative financial instruments in the amount of EUR 26.0 million (PY: EUR 25.2 million). Of the derivative financial instruments, derivatives with a carrying amount of EUR 6.8 million (PY: EUR 1.4 million) relate to hedging instruments.

In both financial years, the ÖBB-Infrastruktur Group has fulfilled all obligations under the loan and credit agreements.

26. Provisions

ÖBB-Infrastruktur Group recognises provisions when an outflow of resources is probable, and the amount of the provision can be reliably estimated. The provision is recognised in the amount of the probable obligation. In the event of scenarios with equal probabilities, the expected amount determined according to the probability is recognised as provision.

26.1. Provisions for personnel

	Dec 31, 2019 in EUR million	Dec 31, 2018 in EUR million
Statutory severance payments	33.3	27.8
Pensions	1.1	1.0
Anniversary bonuses	128.4	117.0
Total	**162.7**	**145.8**

With the exception of the actuarial gains or losses from the provision for statutory severance payments and pensions, all changes to personnel provisions that affect profit or loss are recognised in personnel expenses.

Actuarial assumptions

The following table shows the assumptions used in measuring the obligations for anniversary bonuses, severance payments, and pensions:

	Dec 31, 2019	Dec 31, 2018
Discount rate severance payment	1.40%	2.10%
Discount rate pensions	1.25%	2.00%
Discount rate anniversary bonuses	0.90%	1.60%
Rate of compensation increase	3.70%	3.60%
Rate of pension payment increases	2.00%	2.00%
Employee turnover rate anniversary bonuses of tenured employees	0.00 - 2.12%	0.00 - 2.34%
Employee turnover rate anniversary bonuses of other workers and employees	0.00 - 8.60%	0.00 - 8.61%

The ÖBB-Infrastruktur Group is usually exposed to the following actuarial risks relating to severance payments and anniversary bonuses:

Interest rate risk: a decrease in the interest rate leads to an increase in provisions.

Salary risk: the present value of the provisions is determined on the basis of the future salaries of the beneficiary employees. As such, the provisions increase if the beneficiaries' salaries increase.

Statutory severance payments

A provision for severance payments was recognised for severance claims arising from statutory and contractual regulations for those employees who are not tenured employees. As required by IAS 19, the actuarial calculation of the provisions is performed using the projected unit credit method (PUC method) and on the biometric parameters of the Actuarial Association of Austria (AVÖ) 2018-P – for male and female employees – actuarial assumptions for pension insurance.

Severance obligations to employees hired before Jan 01, 2003, are covered by defined benefit plans as described below. Following legal amendment, employees hired in Austria after Jan 01, 2003 are covered by a defined contribution plan. In this context in 2019 and 2018, the ÖBB-Infrastruktur Group paid EUR 4.3 million and EUR 3.7 million respectively into the defined contribution plan (VBV Vorsorgekasse AG and APK-PENSIONSKASSE AG).

Upon retirement, eligible employees receive a severance payment equal to a multiple of their monthly base salary – based on their period of service – but no more than twelve monthly salaries. Upon termination of employment, up to three months' salaries are paid immediately, any benefit in excess of that amount being paid over a period not exceeding ten months. In the event of death, the heirs of an eligible employee are entitled to 50% of the severance benefits.

The following table shows the components of net periodic severance cost and the development of the severance provision in both reporting years:

	2019 in EUR million	2018 in EUR million
Defined benefit commitments as of Jan 01	*27.8*	*27.8*
Service cost	1.3	1.2
Interest cost	0.6	0.5
Subtotal recorded in the net income	**1.9**	**1.7**
Actuarial losses (+) / gains (-) from changes in demographic assumptions	0.0	-0.3
Actuarial losses (+) / gains (-) from changes in financial assumptions	4.1	-0.9
Experience adjustments	0.2	0.6
Recognised in other comprehensive income	**4.3**	**-0.6**
Severance payments	-1.0	-0.9
Company sales and acquisitions as well as transfers in the ÖBB Group	0.3	-0.2
Present value of the commitments as of Dec 31	**33.3**	**27.8**

Severance provisions in the amount of EUR 0.4 million are due in 2020, severance provisions in the amount of EUR 10.5 million are due from 2021 to 2024 and severance provisions in the amount of EUR 22.4 million are due after 2024. The average duration is 16.6 (PY: 16.4) years.

The following sensitivity analysis for the provision of severance payments outlines the effect on the obligations of changes in key actuarial assumptions. In each case, one significant factor was changed, while the others were held constant. In reality, however, it is unlikely that these factors will not correlate. In accordance with IAS 19, the projected unit credit (PUC) method is used to measure both the modified and actual obligations through the application of changed parameters.

A change in the actuarial assumptions would have the following effect:

Sensitivity analysis of the provisions for severance payments	Change in assumption	Increase of the parameter/ change DBO		Decrease of the parameter/ change DBO	
	in %	2019 in EUR million	2018 in EUR million	2019 in EUR million	2018 in EUR million
Interest rate	+/-0.2 (PY: +/-0.5)	-1.1	-2.1	1.1	2.3
Salary increase	+/-0.2 (PY: +/-0.5)	1.1	2.3	-1.1	-2.1

Anniversary bonuses

Tenured and certain other employees (together "employees") are entitled to anniversary bonuses. In accordance with statutory and contractual provisions, entitled employees receive two months' salary after 25 years of service and four months' salary after 40 years of service. Employees who have at least 35 years of service when they retire also receive a prorated anniversary bonus equivalent to up to four months' salary.

As required by IAS 19, the actuarial calculation of the provision was based on the PUC method. It is based on the biometric actuarial bases of the Actuarial Association of Austria (Aktuarvereinigung Österreich – AVÖ) 2018-P – for male and female employees – actuarial assumptions for pension insurance.

The provision is accrued over the service period with a deduction to reflect employees who leave the company prematurely. Actuarial gains and losses are recognised immediately in profit or loss in the period in which they occur.

The following table shows the components of net anniversary bonus costs for the period and the development of the anniversary bonuses provision in both years reported:

	2019 in EUR million	2018 in EUR million
Defined benefit commitments as of Jan 01	*117.0*	*103.1*
Service cost	5.1	4.5
Interest cost	1.8	1.4
Anniversary bonuses	-10.8	-11.3
Company sales and acquisitions as well as transfers in the ÖBB Group	2.6	-0.3
Actuarial losses (+) / gains (-)	10.7	15.5
Experience adjustments	2.0	4.2
Present value of the commitments as of Dec 31	**128.5**	**117.0**

The average duration is 8.7 (PY: 8.2) years.

A change in the actuarial assumptions would have the following effect:

Sensitivity analysis of the provisions for anniversary bonuses	Change in assumption	Increase of the parameter/ change DBO		Decrease of the parameter/ change DBO	
	in %	2019 in EUR million	2018 in EUR million	2019 in EUR million	2018 in EUR million
Interest rate	+/-0.2 (PY: +/-0.5)	-2.2	-4.6	2.2	4.9
Salary increase	+/-0.2 (PY: +/-0.5)	2.2	4.8	-2.1	-4.5

Pensions

Defined contribution plans

In Austria, pension benefits for employees are generally provided by the social security institutions, as well as for railway employees by the Versicherungsanstalt für Eisenbahn und Bergbau (Austrian insurance institution for railway and mining) or the federal government pursuant to Section 52 of the Federal Railways Act. ÖBB-Infrastruktur Group is required to pay pension and health care contributions for current tenured employees to Versicherungsanstalt für Eisenbahn und Bergbau. In addition, ÖBB-Infrastruktur Group offers all employees in Austria a defined contribution plan. Contributions of ÖBB-Infrastruktur Group are calculated as a percentage of salary and may not exceed 1.2%. Expenses related to this plan in 2019 and 2018 amounted to EUR 9.8 million and EUR 9.3 million respectively.

Defined benefit plans

A defined benefit plan is provided for one former member of the Board of Management (payments beginning on the 60th birthday), under which ÖBB-Infrastruktur Group has been making payments since 2010. This unfunded plan provides for pension payments calculated as a percentage of the salary based on the years of service. The pension amounts to a maximum of 13.2% of the last salary, including pension payments received from the statutory social security institution. The measurement is based on actuarial principles assuming a discount factor of 1.3% (PY: 2.0%) and a retirement age of 60.

26.2. Other provisions

in EUR million	As of Jan 01, 2019	Utilization	Release	Accretion expense	Additions	As of Dec 31, 2019
Asset retirement obligation	50.8	-0.2	-37.7	0.0	36.0	48.9
Environmental protection measures	45.8	-1.1	-9.0	0.0	1.2	36.9
Demolition cost and similar obligations	21.3	-4.4	-1.7	0.0	10.0	25.2
Indemnity pensions	3.5	-0.2	-0.4	0.0	0.3	3.2
Power	2.1	-2.1	0.0	0.0	0.0	0.0
Miscellaneous	63.6	-4.7	-2.6	12.4	76.2	144.9
Total other provisions	**187.0**	**-12.7**	**-51.4**	**12.4**	**123.7**	**259.0**
thereof long-term	*91.3*					*100.8*

The provision for asset retirement costs relates to future expenses in connection with the demolition, dismantling, and removing of assets and the restoration of sites. This refers to railway lines that have already been retired or will be retired in the near future. This provision was recognised only for routes whose decommissioning is sufficiently certain. The additions relate not only to cost and interest rate adjustments but also to provisions for routes that have newly been defined for decommissioning in the amount of EUR 36.0 million (PY: EUR 1.4 million). The release of the provision relates to lines sold in 2019 and an update of the estimate of future costs. In addition, the provision was released for certain routes, as the routes are no longer expected to be discontinued due to agreements concluded with federal states in 2019.

The provision for environmental protection measures relates to anticipated restoration measures and soil contamination. As required by legal regulations, it was recognised in the amount of the anticipated expenses in 2019, this resulted in a reversal EUR 9.0 million (PY: EUR 5.5 million). Most of the reversal was due to the fact that a plot of land was deregistered from the list of suspected contaminated sites. Unchanged from the previous year, reimbursement claims for environmental protection measures exist in an amount of EUR 9.3 million and are recognised in other receivables.

The provision for demolition costs and similar obligations includes provisions for contractual obligations in connection with the sale of real estate properties.

Obligations from liability pensions are calculated on the basis of biometric calculation principles and discounted at a rate of 0.18% (PY: 0.83%).

For long-term power purchase contracts that became onerous contracts because of the grid opening in 2016, provisions of EUR 2.1 million were recognised because a compensation via grid costs was not expected. These were used in 2019.

In addition to litigations, miscellaneous provisions include expenses for geotechnical analyses in connection with the damages to railway embankments and taxes. Provisions for litigations were measured based on management's best estimate and based on all litigation risks that were identifiable when the financial statements were prepared. The provision relates to numerous litigations arising from the company's business operations. Among other things, this item includes provisions for the repayment of infrastructure usage charges in connection with ongoing regulatory proceedings. Since disclosure of information under IAS 37 could seriously affect the entity's position in these proceedings, no disclosure is made about the amount of the provision or any contingent liabilities beyond that amount. Reference is made to the Section Use of Estimates and Judgement in Note 3.

Anticipated cash outflow for the provisions

Non-current provisions were discounted at interest rates of 0% to 0.05% (PY: 0% to 0.84%), depending on their term. Adjustments due to changes in the discount rate were insignificant. Of the other provisions, EUR 100.8 million (PY: EUR 91.3 million) are classified as non-current. The anticipated cash outflow for these provisions is expected to occur after 2020. The provisions classified as current are expected to result in an outflow of funds in 2020, with the provisions for legal disputes and parts of the provisions for environmental protection measures and asset retirement commitments, demolition costs and similar obligations being classified as current. If there is uncertainty about the maturity, the relevant provisions were largely classified as current (mainly related to miscellaneous other provisions).

27. Trade payables and other liabilities

2019 in EUR million	Current	Non-current	Total
Trade payables	557.4	0.0	557.4
thereof from affiliated companies	*52.4*	*0.0*	*52.4*
thereof to third companies	*505.0*	*0.0*	*505.0*
Other liabilities	1,312.2	28.0	1,340.2
thereof deferral of federal subsidies	*1,146.8*	*0.0*	*1,146.8*
thereof accrued personnel liabilities	*68.5*	*0.0*	*68.5*
thereof taxes	*34.2*	*0.0*	*34.2*
thereof social security	*13.5*	*0.0*	*13.5*
thereof income tax assessment	*2.7*	*0.0*	*2.7*
Total	**1,869.6**	**28.0**	**1,897.6**

2018 in EUR million	Current	Non-current	Total
Trade payables	628.1	0.0	628.1
thereof from affiliated companies	*42.1*	*0.0*	*42.1*
thereof to third companies	*586.0*	*0.0*	*586.0*
Other liabilities	1,073.3	31.7	1,105.0
thereof deferral of federal subsidies	*923.0*	*0.0*	*923.0*
thereof accrued personnel liabilities	*67.7*	*0.0*	*67.7*
thereof taxes	*30.0*	*0.0*	*30.0*
thereof social security	*14.5*	*0.0*	*14.5*
thereof income tax assessment	*2.2*	*0.0*	*2.2*
Total	**1,701.4**	**31.7**	**1,733.1**

Trade payables include payables in the amount of EUR 14.6 million (PY: EUR 17.1 million) that have a remaining maturity of more than one year but are nevertheless recognised as current in accordance with IAS 1.70.

Deferrals for staff mainly include overtime and vacation days not yet taken in the amount of EUR 62.5 million (PY: EUR 61.5 million).

Miscellaneous other deferrals within other liabilities mainly include deferred income from building lease contracts of EUR 23.6 million (PY: EUR 28.9 million).

Further information on the definition of federal subsidies can be found in Note 32.

C. OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. Other guarantees and contingent liabilities

	2019 in EUR million	2018 in EUR million
Contingent liabilities from lease transactions	51.9	54.0
Other contingent liabilities	20.6	21.8
Total	**72.5**	**75.8**

Contingent liabilities from lease transactions (cross-border leasing)

Contingent liabilities from lease transactions relate to cross-border lease transactions that have no economic substance pursuant to the provisions of SIC 27, and thus the related investments and lease obligations are not reported in the Statement of Financial Position. With respect to these transactions, ÖBB-Infrastruktur Group assumes that the relevant contracting parties of the underlying investments will continue to fulfil their payment obligations in line with the agreement – as in previous periods – and thus no outflows of cash exceeding the payments upon conclusion of the transaction are to be expected. The relevant contracting parties of the affected investments are rated at least AA+ by Standard & Poor's or are subsidiary guaranteed by the federal government. Due to the existing contractual obligation of ÖBB-Infrastruktur Group under the cross-border lease agreements, the obligations related to the unredeemed lease liabilities are disclosed as contingent liabilities. Unredeemed lease obligations are collateralised by pledged assets.

The other contingent liabilities relate to guarantees and uncertain liabilities where the amount of cash outflow is dictated by future business development.

In the event of a claim arising from cross-border leasing obligations, recourse claims against other companies of the ÖBB Group exist in the amount of EUR 51.9 million (PY: EUR 54.0 million).

29. Financial instruments

29.1. Risk management

The financial assets and liabilities of ÖBB-Infrastruktur Group are exposed, in particular, to exchange rate risks, interest rate risks and risks arising from the creditworthiness of its contractual partners (credit risk). The ÖBB-Infrastruktur Group views financial risk management as the management of market risks and the business management of the individual companies' portfolios with respect to interest rate, currency and commodity price trends. ÖBB-Infrastruktur Group uses derivative financial instruments to hedge these risks. Derivative financial instruments are concluded only with reference to a hedged item.

One core task of risk management is to identify, measure, and mitigate financial risks. Risk mitigation does not mean completely eliminating financial risks, but rather the reasonable management within a precisely defined framework of risks that can be quantified at any time.

ÖBB-Holding AG, which only enters into financial transactions on behalf and for the account of ÖBB-Infrastruktur AG and its subsidiary companies with their consent and upon their instruction, has created a risk-oriented monitoring environment that includes guidelines and procedures for risk assessment, and for approving, reporting, and monitoring financial instruments. The protection of ÖBB-Infrastruktur Group assets is the first priority for any and all financial activities.

29.2. Risk types

Financial risks are defined as follows:

- 29.2.a. Interest rate risk
- 29.2.b. Currency risk
- 29.2.c. Credit risk
- 29.2.d. Liquidity risk
- 29.4. Commodity risks (electricity price fluctuations)

29.2.a. Interest rate risk

Risks from the exposure to changes of interest rates are risks to the profitability and the value of the ÖBB-Infrastruktur Group and may occur in the following forms:

- Interest payment risk (increased interest cost due to the market development)
- Present value risk (change in value of the portfolio)

Risks arising from changes in market interest rates may affect the financial result of the ÖBB-Infrastruktur Group due to the structure of its Statement of Financial Position. Fluctuations in market interest rates that exceed a certain level agreed with the ÖBB-Infrastruktur Group companies therefore need to be limited (for example, by using derivative financial instruments), in order to minimise their effect on earnings performance.

The conclusion of appropriate derivative financial instruments to manage interest risks (interest rate swaps) is based on portfolio analyses and recommendations by ÖBB-Holding AG and the related decisions of the companies of the sub-group ÖBB-Infrastruktur AG. ÖBB-Infrastruktur Group is exposed to interest rate risks mainly in the Eurozone. In order to implement the risk strategy as effectively as possible, when necessary, interest rate derivatives are used, taking the current debt structure into account.

Financial instruments (current and non-current) Dec 31, 2019 in EUR million	Carrying amount financial instruments (see Note 29.5)	non-interest sensitive financial instruments	fixed interest financial instruments	variable interest financial instruments
Financial assets	135.9	30.0	105.9	0.0
Trade receivables	190.8	190.8	0.0	0.0
Other receivables and assets	73.4	73.4	0.0	0.0
Cash and cash equivalents	28.9	0.0	0.0	28.9
Total	**429.0**	**294.2**	**105.9**	**28.9**
thereof from affiliated companies	*110.7*	*85.1*	*0.0*	*25.6*
Financial liabilities	21,556.8	325.2	20,932.5	299.1
Trade payables	557.2	557.2	0.0	0.0
Other liabilities	1,180.1	1,175.8	4.3	0.0
Total	**23,294.1**	**2,058.2**	**20,936.8**	**299.1**
thereof due to the Federal Government (OeBFA)	*4,010.5*	*0.0*	*4,010.5*	*0.0*
thereof from affiliated companies	*347.2*	*53.4*	*0.0*	*293.8*

Financial instruments (current and non-current) Dec 31, 2018 in EUR million	Carrying amount financial instruments (see Note 29.5)	non-interest sensitive financial instruments	fixed interest financial instruments	variable interest financial instruments
Financial assets	232.5	80.50	152.0	0.0
Trade receivables	116.0	116.0	0.0	0.0
Other receivables and assets	92.1	92.1	0.0	0.0
Cash and cash equivalents	17.5	0.1	0.0	17.4
Total	**458.1**	**288.7**	**152.0**	**17.4**
thereof from affiliated companies	*88.1*	*73.4*	*0.0*	*14.7*
Financial liabilities	20,673.40	261.20	20,062.4	349.8
Trade payables	627.7	627.7	0.0	0.0
Other liabilities	952	947.6	4.4	0.0
Total	**22,253.1**	**1,836.5**	**20,066.8**	**349.8**
thereof due to the Federal Government (OeBFA)	*1,559.6*	*0.0*	*1,559.6*	*0.0*
thereof from affiliated companies	*364.0*	*42.5*	*0.0*	*321.5*

The hedged items were classified as financial instruments at fixed or variable interest, taking the concluded derivatives into account (hedging instruments).

Sensitivity analysis for interest rate risk

IFRS 7 requires a sensitivity analysis for market risks, showing how profit or loss and equity would be affected by hypothetical changes in market interest rates. The effects in each period are determined by applying the hypothetical changes in the risk variables to the portfolio of financial instruments at the reporting date. For the purpose of the sensitivity analysis, the portfolio at the reporting date is assumed to be representative for the entire year.

Fluctuations in the market interest rates levied on original fixed interest financial instruments only affect profit or loss if measured at fair value. Accordingly, fixed interest financial instruments measured at amortised cost are not exposed to any interest rate risks.

Market interest rate fluctuations of financial instruments designated as cash flow hedges against interest-related cash flow fluctuations affect the cash flow hedge reserve in equity and are therefore considered in equity-related sensitivity calculations.

Market interest rate fluctuations of original variable interest financial instruments for which interest payments are not hedged against interest rate risks with cash flow hedges are included in the calculation of profit-related sensitivities.

Market interest rate fluctuations of derivative financial instruments not designated as hedging instruments in accordance with IFRS 9 affect the other financial expenses and income (changes of the fair value of the financial assets) and are therefore included in profit-related sensitivity calculations.

	Effect in income statement		Effect in shareholders' equity	
Sensitivity analysis interest rate risk as of Dec 31, 2019 in EUR million	+100 base points	-100 base points	+100 base points	-100 base points
Assets				
Cash and cash equivalents	0.1	0.0	0.2	0.0
Liabilities				
Financial liabilities	-3.0	0.0	0.3	0.0

	Effect in income statement		Effect in shareholders' equity	
Sensitivity analysis interest rate risk as of Dec 31, 2018 in EUR million	+100 base points	-100 base points	+100 base points	-100 base points
Assets				
Cash and cash equivalents	0.3	0.0	0.2	0.0
Liabilities				
Financial liabilities	-3.4	0.1	1.2	-0.8

As of Dec 31, 2019, there were no interest rate derivatives that were designated in a hedging relationship.

29.2.b. Currency risk

ÖBB-Infrastruktur Group is exposed to exchange rate risks resulting primarily from original financial liabilities denominated in foreign currencies. As of the reporting date, ÖBB-Infrastruktur Group was not exposed to any material risks relating to foreign currency liabilities.

All cash flows (lease payments and returns on assets) relating to cross-border leases are settled with matching maturities in US dollars. Notwithstanding default on the investments, therefore, the ÖBB-Infrastruktur Group is not exposed to any currency risk in connection with these transactions.

The following table shows the net exchange rate risk:

Currency-sensitive financial instruments 2019	In USD million
Other financial assets	116.0
Trade payables	-1.0
Other financial liabilities	-124.0
Net exchange rate risk	**-9.0**

Currency-sensitive financial instruments 2018	In USD million
Other financial assets	174.0
Trade payables	-1.0
Other financial liabilities	-182.0
Net exchange rate risk	**-9.0**

Sensitivity analysis for currency risk

ÖBB-Infrastruktur Group was therefore only exposed to exchange rate risks resulting from unhedged foreign currency liabilities to a limited extent in both financial years. If the euro had gained (lost) 10% against the US dollar, this would have had no significant effect on results on either of the reporting dates.

29.2.c. Credit risk

Counterparty credit risk describes the potential loss from failure by finance partners to honour their financial commitments (mainly money market transactions, investments, positive present value derivatives). ÖBB-Holding AG checks adherence to the credit risk limits, which are specified individually for each financial partner, on a daily basis. ÖBB-Infrastruktur Group conducts business with financial partners with a defined rating and objective risk classification by the capital market.

ÖBB-Infrastruktur Group has introduced a counterparty credit risk management system in which the calculation and setting of limits is based primarily on the assessment of financial partners' credit default swap statistics. This ensures the ÖBB-Infrastruktur Group's ability to respond rapidly to any changes in the capital markets' risk assessment of the financial partner. The applicable limits and their utilisation are monitored daily in order to ensure a timely, risk-focused response to market disruptions.

Apart from the original transactions with finance partners, counterparty risk also exists in connection with cross-border leases. For cross border leasing transactions, security deposits, payment undertaking agreements, and swaps were concluded with financial partners for lease payments during the term and the acquisition cost at the end of the term. See Note 30.3 for more information on cross-border leases.

The financial assets of ÖBB-Infrastruktur Group mainly comprise cash and cash equivalents, trade receivables, other receivables, and securities. These items represent the maximum loss exposure of ÖBB-Infrastruktur Group with respect to its financial assets because of the default risk.

The credit risk comprises the following:

Credit risk from financial instruments in EUR million	Gross exposure (carrying amount plus impairments)	less collateral (Fair Value)	Net exposure
Total exposure 2019			
Financial assets	136.0	-17.8	118.2
Trade receivables	200.6	0.0	200.6
Other receivables and assets	74.0	0.0	74.0
Cash and cash equivalents	28.9	0.0	28.9
Risk current and non-current assets	**439.5**	**-17.8**	**421.7**
Credit risk from issued guarantees	**72.5**	**-51.9**	**20.6**
Total credit risk as of Dec 31, 2019	**512.0**	**-69.7**	**442.3**
Total exposure 2018			
Financial assets	232.8	-65.0	167.8
Trade receivables	132.2	0.0	132.2
Other receivables and assets	92.7	0.0	92.7
Cash and cash equivalents	17.5	0.0	17.5
Risk current and non-current assets	**475.1**	**-65.0**	**410.1**
Credit risk from issued guarantees	**75.8**	**-54.0**	**21.8**
Total credit risk as of Dec 31, 2018	**550.9**	**-119.0**	**431.9**

With respect to the maturity of receivables, see Note 20.

29.2.d. Liquidity risk

The superior goal of ÖBB-Infrastruktur Group in financial terms is to secure the necessary cash flow flexibility for all ÖBB-Infrastruktur Group business operations. For ÖBB-Infrastruktur Group, liquidity risk also means any restrictions in terms of volume or conditions on the ÖBB-Infrastruktur Group's ability to borrow or raise capital (for example, if downgraded by a ratings agency or in-house by a bank) that might hinder the implementation of ÖBB-Infrastruktur Group strategy or limit financial scope.

The task thus consists of analysing the liquidity risk and consistently securing liquidity (mainly by liquidity planning, agreement of sufficient credit lines, and sufficient diversification of creditors). The following tables show the contractually agreed (undiscounted) interest and redemption payments on original and derivative financial liabilities. Actually expected maturities do not deviate from the contractually agreed maturities.

Reconciliation of carrying amounts with original and financial liabilities as of Dec 31, 2019 in EUR million	Carrying amount of current liabilities	Carrying amount of non-current liabilities	Total	Less non-financial instruments	Financial instruments	Original financial liabilities	Derivate financial liabilities
Bonds	1,299.1	11,423.7	12,722.8	0.0	12,722.8	12,722.8	0.0
Liabilities to banks	206.8	3,872.6	4,079.4	0.0	4,079.4	4,079.4	0.0
Finance lease and CBL liabilities	8.1	96.5	104.6	0.0	104.6	104.6	0.0
Other financial liabilities	769.7	3,880.4	4,650.1	0.0	4,650.1	4,624.1	26
Trade payables	557.4	0.0	557.4	0.2	557.2	557.2	0.0
Other liabilities	1,312.2	28.0	1,340.2	160.1	1,180.1	1,180.1	0.0
	4,153.3	**19,301.2**	**23,454.5**	**160.3**	**23,294.2**	**23,268.2**	**26.0**

Reconciliation of carrying amounts with original and financial liabilities as of Dec 31, 2018 in EUR million	Carrying amount of current liabilities	Carrying amount of non-current liabilities	Total	Less non-financial instruments	Financial instruments	Original financial liabilities	Derivate financial liabilities
Bonds	1539.5	12,720.50	14,260.00	0.0	14,260.00	14,260.0	0.0
Liabilities to banks	6.90	3,979.50	3,986.40	0.0	3,986.40	3,986.4	0.0
Finance lease and CBL liabilities	0.0	65.30	65.30	0.0	65.30	65.3	0.0
Other financial liabilities	586.10	1,775.60	2,361.70	0.0	2,361.70	2,336.5	25.2
Trade payables	628.1	0.0	628.10	0.4	627.70	627.7	0.0
Other liabilities	1073.3	31.7	1,105.00	153.0	952.00	952.0	0.0
	3,833.9	**18,572.6**	**22,406.5**	**153.4**	**22,253.1**	**22,227.9**	**25.2**

in EUR million	Carrying amount Dec 31, 2019	non-cash Carrying amount Dec 31, 2019	Carrying value of 2020 cash flows Interest *) 2020	Redemp-tion *) 2020	Carrying value of 2021-24 cash flows Interest 2021-2024	Redemp-tion 2021-2024	Carrying value of 2025 et seq. cash flows Interest 2025 et seq.	Redemp-tion 2025 et seq.
Original financial liabilities								
Bonds	12,722.8	51.8	423.2	1,299.1	1,227.7	4,544.3	1,387.0	6,827.6
Liabilities to banks	4,079.4	0.0	113.5	206.8	419.9	217.9	717.6	3,654.7
Finance lease and CBL liabilities	104.6	17.8	0.7	8.1	2.9	27.6	2.3	51.1
Other financial liabilities	4,624.1	35.9	51.9	539.5	185.7	0.0	2,699.8	3,836.2
Trade payables	557.2	0.0	0.0	542.6	0.0	14.6	0.0	0.0
Other liabilities	1,180.1	0.0	0.0	1,180.1	0.0	0.0	0.0	0.0
Total	**23,268.2**	**105.5**	**589.3**	**3,776.2**	**1,836.2**	**4,804.4**	**4,806.7**	**14,369.6**

*) Other financial liabilities include liabilities for accrued interest payments on bonds and liabilities to banks. The actual interest payments in 2019 from these accrued liabilities are reported under "Bonds and liabilities to banks" and not under "Other financial liabilities."

in EUR million	Carrying amount Dec 31, 2018	non-cash Carrying amount Dec 31, 2018	Carrying value of 2019 cash flows Interest *) 2019	Redemp-tion *) 2019	Carrying value of 2020-23 cash flows Interest 2020-2023	Redemp-tion 2020-2023	Carrying value of 2024 et seq. cash flows Interest 2024 et seq.	Redemp-tion 2024 et seq.
Original financial liabilities								
Bonds	14,260.0	49.3	488.0	1,539.5	1,407.8	4,845.5	1,631.4	7,825.7
Liabilities to banks	3,986.4	0.0	113.3	6.9	426.9	223.9	811.2	3,755.6
Finance lease and CBL liabilities	65.3	65.3	0.0	0.0	0.0	0.0	0.0	0.0
Other financial liabilities	2,336.5	37.9	30.2	328.3	104.3	121.7	1,137.9	1,612.6
Trade payables	627.7	0.0	0.0	610.6	0.0	17.1	0.0	0.0
Other liabilities	952.0	0.0	0.0	952.0	0.0	0.0	0.0	0.0
Total	**22,227.9**	**152.5**	**631.5**	**3,437.3**	**1,939.0**	**5,208.2**	**3,580.5**	**13,193.9**

*) Other financial liabilities include liabilities for accrued interest payments on bonds and liabilities to banks. The actual interest payments in 2018 from these accrued liabilities are reported under "Bonds and liabilities to banks" and not under "Other financial liabilities."

The interest and repayments of financial liabilities shown above do not include those from current and former cross-border leasing transactions. These redemptions and interest are offset by an identical amount of income, which is netted in the cash flow with interest and repayments of the financial liabilities, since the payments do not go via the bank accounts of the ÖBB-Infrastruktur Group. Instead, the proceeds from the assets are transferred directly from the debtor to the creditor.

in EUR million	Carrying amount Dec 31, 2019	Cash flows 2020 Interest 2020	Redemp-tion 2020	Cash flows 2021-24 Interest 2021-2024	Redemp-tion 2021-2024	Cash flows 2025 et seq. Interest 2025 et seq.	Redemp-tion 2025 et seq.
Derivate financial liabilities							
Interest rate derivatives not designated as hedges	2.5	0.8	0.0	1.6	0.0	0.0	0.0
Power derivatives designated as cash flow hedges	6.8	0.0	25.2	0.0	69.8	0.0	0.0
Other derivatives not designated as hedges	16.7	0.0	66.8	0.0	13.5	0.0	4.4
Total	**26.0**	**0.8**	**92.0**	**1.6**	**83.3**	**0.0**	**4.4**
Financial guarantees							
Guarantees from cross-border leasing	51.9	3.7	3.4	11.8	16.6	0.0	31.9
Other guarantees	20.6	0.0	4.0	0.0	10.3	0.0	6.3

in EUR million	Carrying amount Dec 31, 2018	Cash flows 2019 Interest 2019	Cash flows 2019 Redemption 2019	Cash flows 2020-23 Interest 2020-2023	Cash flows 2020-23 Redemption 2020-2023	Cash flows 2024 et seq. Interest 2024 et seq.	Cash flows 2024 et seq. Redemption 2024 et seq.
Derivate financial liabilities							
Interest rate derivatives not designated as hedges	3.2	0.8	0.0	2.5	0.0	0.0	0.0
Power derivatives designated as cash flow hedges	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest rate derivatives designated as hedges	1.4	1.5	0.0	0.0	0.0	0.0	0.0
Other derivatives not designated as hedges	20.6	0.0	58.4	0.0	19.8	0.0	4.1
Total	**25.2**	**2.3**	**58.4**	**2.5**	**19.8**	**0.0**	**4.1**
Financial guarantees							
Guarantees from cross-border leasing	54.0	3.9	3.1	12.8	15.1	2.4	35.8
Other guarantees	21.8	0.0	5.5	0.0	10.2	0.0	6.1

The table includes all financial instruments held in the portfolio as of the reporting date for which payments have already been contractually agreed. Payment budgets for future new liabilities were not taken into account in the presentation of future cash flows. Amounts in foreign currencies were translated at the rate applicable on the reporting date. Variable interest payments from financial instruments were determined based on the interest rates applicable on Dec 31,2019 and on Dec 31,2018.

The following interest rate and principal payments are assumed with respect to the derivative financial assets:

in EUR million	Carrying amount Dec 31, 2019	Cash flows 2020 Interest 2020	Cash flows 2020 Redemption 2020	Cash flows 2021-24 Interest 2021-2024	Cash flows 2021-24 Redemption 2021-2024	Cash flows 2025 et seq. Interest 2025 et seq.	Cash flows 2025 et seq. Redemption 2025 et seq.
Derivative financial assets							
Power derivatives not designated as hedges	12.0	0.0	10.2	0.0	2.2	0.0	0.0
Power derivatives designated as cash flow hedges	8.5	0.0	19.2	0.0	23.7	0.0	0.0
Total	**20.5**	**0.0**	**29.4**	**0.0**	**25.9**	**0.0**	**0.0**

in EUR million	Carrying amount Dec 31, 2018	Cash flows 2019 Interest 2019	Cash flows 2019 Redemption 2019	Cash flows 2020-23 Interest 2020-2023	Cash flows 2020-23 Redemption 2020-2023	Cash flows 2024 et seq. Interest 2024 et seq.	Cash flows 2024 et seq. Redemption 2024 et seq.
Derivative financial assets							
Power derivatives not designated as hedges	26.8	0.0	65.2	0.0	21.7	0.0	0.0
Power derivatives designated as cash flow hedges	44.0	0.0	34.6	0.0	58.8	0.0	0.0
Total	**70.8**	**0.0**	**99.8**	**0.0**	**80.5**	**0.0**	**0.0**

29.3. Hedging transactions

Hedge Accounting

The ÖBB-Infrastruktur Group applies the hedge accounting regulations in accordance with IFRS 9 (Hedge Accounting) to hedges of assets and liabilities and future cash flows. This reduces volatilities in the Consolidated Income Statement. A distinction is made between fair value hedges and cash flow hedges, depending on the hedged item.

With cash flow hedges the effective portion of the change in the fair value for the hedge instrument is initially recognised in other comprehensive income in the shareholders' equity, before being transferred to profit or loss at the point in time at which the expected cash flows affect net income. Fair value hedges on the other hand require the carrying amount of the hedged item to be adjusted for changes in the fair value of the hedged risk through profit or loss.

The ÖBB-Infrastruktur Group meets the requirements of IFRS 9 for hedge accounting as follows:

At the inception of the hedge, the relationship between hedging instrument and hedged item, and the reason for the hedge are documented. The documentation includes allocation of the hedging instruments to the respective hedged assets and liabilities and planned transactions, and an assessment of the effectiveness of the hedging instruments. Existing hedging measures are reviewed on an ongoing basis to ensure that the requirements for hedge effectiveness continue to be met. If this is not the case and a recalibration of the hedge relationship is not possible, or if the hedging instrument expires or is sold or terminated, then the hedge relationship is terminated.

The ÖBB-Infrastruktur Group also enters into hedges which do not comply with the formal requirements of IFRS 9 but which contribute to economically effective hedging of financial risks in accordance with the principles of the risk management.

Cash flow hedges – Interest rate risks

Interest rate risks arise from variable interest payments on financial assets and liabilities (i.e. cash flow risks) or from market value risks, i.e. changes in the present value of fixed-interest financing. Within the ÖBB-Infrastruktur Group, an interest rate risk may occur in the existing financing portfolio and in the planned new business portfolio in accordance with budget/medium-term planning (BUD/MFP). The interest expense from refinancing raised during BUD/MFP is based on forward interest rates according to planning premises. The actual interest expense is only locked-in when the contract is concluded (fixed interest rate) or when the interest rate is fixed (variable interest rate).

ÖBB-Infrastruktur Group entered into a payer interest rate swap until 2019 (receive variable – pay fixed) to hedge the interest payment risks of the hedged item. The changes in cash flows of the hedged item resulting from changes in the EURIBOR rate are offset by the changes in cash flows of the interest rate swaps. The objective of these hedges is to transform the variable interest rate bonds into fixed interest rate debts, thus hedging the cash flow from the financial liabilities.

The following table shows the range of maturities and number of cash flow hedges:

	Dec 31, 2019			Dec 31, 2018	
Financial Instruments	Number of swaps	Nominal volume		Number of swaps	Nominal volume
Maturity		in EUR million	Maturity		in EUR million
Portfolio	0	0.0	Portfolio	1	100.0
thereof maturing 2020	*0*	*0.0*	*thereof maturing 2019*	*1*	*100.0*

Like the hedged item, the interest rate swap expiring in 2019 had a nominal value of EUR 100 million. The variable interest rate of the hedged item was the three-month Euribor + 46 basis points, while the interest rate of the interest rate swap was 1.640% fixed interest.

The hedging relationship was assessed using the critical terms match (CTM) method. Ineffectiveness was determined using the dollar offset method. For this purpose, a hypothetical derivative was formed for cash flow hedges that reflects the conditions contained in the underlying hedged item.

Changes in the fair value of interest rate swaps, describing hedging instruments with respect to future interest payments for variable interest liabilities, were recognised in shareholders' equity through other comprehensive income. These amounts were recognised as finance costs in the period in which the corresponding interest payments from the hedged item affected profit or loss (2019: EUR 1.2 million [PY: EUR 2.9 million]). No ineffective portions of hedge accounting relationships were recognised in profit or loss in either reporting year.

29.4. Commodity risks

ÖBB-Infrastruktur AG's Power Supply Management/Energy Sector division is responsible for the procurement of grid-bound energy sources and energy-related products (emission certificates, certificates of origin) within the ÖBB Group. All of these products are either supplied to internal or external customers or used to operate the 16.7 Hz traction current network. Price fluctuations for these products influence the expenses of the ÖBB-Infrastruktur Group and ÖBB Group and thus represent a market risk. Since around two thirds of the traction current required and the entire electricity needed for supplying the operating facilities (train stations, etc.) is purchased on the electricity market, the ÖBB-Infrastruktur Group is heavily affected by electricity price volatility. The risk management strategy therefore arranges for price hedging.

A major risk in the procurement of energy is the fluctuation of market prices. This must in particular also be seen against the background that the sales prices for traction power and the tariffs for operating facilities for each calendar year must be fixed in the fourth quarter before the start of delivery, while the tariffs for the use of the traction power grid must even be announced one year earlier for the first time. It is therefore particularly relevant for the ÖBB-Infrastruktur Group to have already hedged or fixed the prices in advance. Prices are hedged by concluding forwards for the planned purchase quantities for traction power, energy losses and operating facilities as well as for emission certificates. In addition to securing prices, the hedging also serves to increase planning reliability, which is necessary as the basis for price calculation.

Against the background of the procurement strategies and for risk diversification, the ÖBB-Infrastruktur Group decided on long-term rolling procurement (rolling hedge). The defined procurement period varies depending on the hedged items (up to three years for energy and up to five years for emission allowances). A certain percentage of the quantity to be procured (a required supply, the target purchase amount) must be purchased each procurement year at defined points in time by energy portfolio management. An upper and lower quantity corridor was defined in order to incorporate portfolio management's price expectations into the procurement process. There is the option of hedging the price for a higher or lower quantity than the target purchase quantity depending on price expectations. This corridor ceases to apply at the end of this procurement period, meaning that the target purchase quantity corresponds with 100% supply.

29.4.1. Cash flow hedges

The ÖBB-Infrastruktur Group has concluded power purchase contract (long-term procurement contracts, power forward contracts). These power purchase contracts are used to hedge the price for procuring power for the planned purchase quantities with due regard to management of the production portfolio and the long-term purchase agreements. The forward contracts are concluded on the OTC market. Changes in the cash flows for the planned power purchases due to changes in the power price are compensated by the changes in the cash flows of the forwards, which are classified as derivatives in compliance with IFRS 9. The purpose of the hedging transactions is to fix the variable prices of planned power purchases. After the final purchase contracts have been negotiated the related power forwards are offset by matching counter-transactions and both transactions are recognised at fair value through profit or loss. The amount recognised in other comprehensive income until closing of the forwards is transferred to profit or loss once the forward is settled.

In the case of power forwards designated as cash flow hedges, ÖBB-Infrastruktur AG only designates the price component related to the European Energy Exchange settlement price for the expected future procurement as the hedged risk. In the past the hedged risk component has covered 100% of the changes to the fair value of the hedged item. Following the energy price zone separation into the areas Germany and Austria effective Oct 1, 2018, the hedge transaction no longer covers the transport surcharge. Hedging of emission allowances only includes one price component ("EAU European Emission Allowance Future Settlement Price").

The ÖBB-Infrastruktur Group hedges 1,200 GWh per supply year on a rolling basis over three years for the procurement of traction power and lost energy as well as 310 GWh for operating facilities.

Derivatives with a positive fair value are stated in the non-current or current financial assets in accordance with their term (Note 18). Derivatives with a negative fair value are stated in the financial liabilities either as current or non-current, in accordance with their term (Note 25).

Power derivatives designated as hedges Dec 31, 2019 **Maturity**	Number of swaps	MWh	Nominal volume (contract price) in EUR million	Average exercise price in EUR million	Fair value in EUR million
Portfolio	128	3,187,416	137.9		1.7
thereof maturing 2020	*39*	*1,145,064*	*44.4*	*40.4*	*1.8*
thereof maturing 2021	*55*	*1,183,872*	*51.9*	*44.8*	*1.1*
thereof maturing 2022	*28*	*683,280*	*32.8*	*46.7*	*-0.9*
thereof maturing 2023	*6*	*175,200*	*8.7*	*48.3*	*-0.3*

Power derivatives designated as hedges Dec 31, 2018 **Maturity**	Number of swaps	MWh	Nominal volume (contract price) in EUR million	Average exercise price in EUR million	Fair value in EUR million
Portfolio	74	2,589,276	91.9		41.5
thereof maturing 2019	*23*	*1,033,044*	*33.4*	*32.3*	*22.8*
thereof maturing 2020	*31*	*943,032*	*33.8*	*35.8*	*14.4*
thereof maturing 2021	*17*	*499,320*	*19.6*	*39.2*	*4.2*
thereof maturing 2022	*3*	*113,880*	*5.3*	*46.2*	*0.0*

Co2 emission rights in cash flow hedge relationship Dec 31, 2018 Maturity	Number of swaps	Tons	Nominal volume in EUR million	Average exercise price in EUR million	Fair value in EUR million
Portfolio	8	155,000	1.4		2.5
thereof maturing 2019	*7*	*135,000*	*1.2*	*9.0*	*2.2*
thereof maturing 2020	*1*	*20,000*	*0.2*	*10.0*	*0.3*

As of Dec 31, 2019, there are no CO2 emission rights in a hedging relationship.

In general, the effectiveness of every derivative designated as a hedging instrument is subject to a prospective effectiveness measurement and is also tested at each reporting date in order to determine the effectiveness of the hedge relationship and to ascertain any potential ineffectiveness. Ineffectiveness is measured by comparing the cumulative changes to the fair value of the designated hedge instruments since the hedge relationship was designated with the cumulative changes to the fair value of the underlying hedged item in relation to the hedged risk. A hypothetical derivative is formed in order to determine the cumulative changes to the fair value of the underlying hedged item in relation to the risk of changes to the European Energy Exchange settlement price.

Ineffectiveness can arise from the fact that the procurement transactions may in some circumstances be based on different load profiles, and this may result in different quantities within the scope of cascading and profiling as the hypothetical derivative does not change in this event. Ineffectiveness can also occur if the trading partner’s credit risk deviates significantly from that of ÖBB-Infrastruktur AG. There can also be short-term overhedging as a result of reductions in the PEM, although this will balance out again over time.

The fair value of the power purchase forwards as of the reporting date is determined based on the European Energy Exchange futures rates discounted on the basis of current yield curves. The fair value of the emission allowance forwards at the reporting date is based on the European Emission Allowance Futures settlement price.

Amounts that are reclassified from other comprehensive income to profit or loss are recognised in the cost of materials.

The cumulative other comprehensive income from the power forwards and hedging of the emission allowances designated as cash flow hedges are as follows:

Power forwards in EUR million	CFH	CFH closed	OCI total	Deferred tax	OCI after tax
As of Jan 01, 2018	*0.0*	*6.3*	*6.3*	*1.6*	*4.8*
Traction power addition	28.9	0.0	28.9	7.2	21.7
Forwards for operating facilities addition	5.5	0.0	5.5	1.4	4.1
Forwards for operating facilities closed	-2.8	2.8	0.0	0.0	0.0
Transfer to income statement 2018	1.5	-1.0	0.5	0.1	0.4
As of Dec 31, 2018	33.2	8.1	41.2	10.3	30.9
Traction power	-33.7	0.0	-33.7	-8.4	-25.3
Forwards for operating facilities	-0.9	0.0	-0.9	-0.2	-0.7
Forwards for operating facilities closed	-1.3	1.3	0.0	0.0	0.0
Transfer to income statement 2019	1.7	-5.1	-3.5	-0.9	-2.6
As of Dec 31, 2019	**-1.0**	**4.2**	**3.2**	**0.8**	**2.4**

Co2 emission rights in EUR million	OCI after tax
As of Jan 01, 2019	*2.5*
Realized	-2.5
As of Dec 31, 2019	**0.0**

29.4.2. Other power derivatives

The following table shows the range of maturities of those forwards that were concluded for hedging purposes but do not fulfil the formal requirements for cash flow hedge accounting according to IFRS 9, due among other reasons to the fluctuations of the actual consumption volume.

	Dec 31, 2019			
Power derivatives not designated as hedges **Maturity**	Number of swaps Purchases	Nominal volume in EUR million	Number of swaps Sales	Nominal volume in EUR million
Portfolio	102	92.7	91	68.7
thereof maturing 2020	*74*	*77.0*	*74*	*61.8*
thereof maturing 2021	*20*	*13.0*	*11*	*5.1*
thereof maturing 2022	*8*	*2.7*	*6*	*1.8*

	Dec 31, 2018			
Power derivatives not designated as hedges **Maturity**	Number of swaps Purchases	Nominal volume in EUR million	Number of swaps Sales	Nominal volume in EUR million
Portfolio	91	89.9	88	75.2
thereof maturing 2019	*66*	*65.9*	*66*	*57.7*
thereof maturing 2020	*18*	*21.1*	*19*	*15.9*
thereof maturing 2021	7	2.9	3	1.6

Derivatives with a positive fair value are stated in the non-current financial assets (Note 18). Derivatives with a negative fair value are stated in the financial liabilities (Note 25). Changes to the fair value of power derivatives without hedge relation are recognised in the other financial result in profit or loss.

29.5. Additional disclosures according to IFRS 7

Capital management

The financial management of the ÖBB-Infrastruktur Group is aimed at maintaining an excellent credit rating. Due to the Company's special situation and its statutory mission, and also as a result of the public sector's agreement to subsidise infrastructure expenses (both construction as well as operation and maintenance) that are not covered by the Company's income from current operations, the control of the capital structure focuses mainly on key figures, mainly the debt ratio and are compared to the respective budgeted values: The Company defines shareholders' equity as share capital, provisions, retained earnings. Managed equity as of Dec 31, 2019 amounts to EUR 1,420.0 million (PY: EUR 1,426.6 million).

Additional disclosures regarding the financial instruments

Cash and cash equivalents, trade receivables as well as other financial receivables mostly have short remaining terms. Therefore, their carrying amounts as of the reporting date approximate their fair values. The fair values of other non-current receivables correspond to the present values of the payments associated with these assets discounted at the respective interest rates.

The carrying amounts of trade payables and other liabilities, as well as other financial liabilities approximate their fair values. Other non-current receivables and assets or other non-current liabilities and debts are mainly non-financial instruments. The fair values of liabilities to banks and other financial liabilities are determined as the present values of the debt related payments based on the applicable yield curve. The following reconciliation shows non-financial instruments and financial instruments from hedge accounting in a separate column in order to enable reconciliation to the carrying amount of the items reported in the Statement of Financial Position.

The fair values in the tables below indicate for each balance sheet items relate only to financial instruments. All financial assets and liabilities, except for the item cash and cash equivalents as well as issued bonds with an ISIN number, which are reported in the financial liabilities, are measured at fair value pursuant to Level 2. Level 2 measurements are based on input parameters – other than the quoted prices included at level 1 – that are either directly or indirectly observable on the market for the asset or liability. The fair value of long-term financial instruments is based on discounted cash flows.

Market prices are used for the indicated fair values of bonds issued with an ISIN in the amount of EUR 15,282.1 million (PY: EUR 16,608.0 million). Of this amount, EUR 14,975.4 million (PY: EUR 15,900.4 million) has unadjusted quoted prices (Level 1 valuation), while a valuation model based on market prices was used for EUR 306.7 million (PY: EUR 707.6 million). Level 1 measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. The source of the quotations is Reuters. The bonds were issued on the exchanges in Luxembourg and Vienna. The fair value of bonds with CUSIP numbers that were issued for the first time in 2015 is EUR 55.9 million (PY: EUR 50.7 million). These were measured using a valuation model based on market parameters in accordance with level 2.

Financial assets as of Dec 31, 2019 in EUR million	Carrying amount	Less non-financial instru-ments	Financial instruments	FVtPL equity instru-ments	Mandatorily at FVtPL	At amortized cost	Cash	Hedge Accoun-ting	Fair Value
Non-current assets									
Financial assets	114.2	0.0	114.2	0.9	0.0	110.0	0.0	3.3	135.4
Other receivables and assets	128.2	116.4	11.8	0.0	0.0	11.8	0.0	0.0	11.8
Current assets									
Financial assets	21.7	0.0	21.7	0.0	12.0	4.5	0.0	5.2	21.7
Trade receivables	202.4	11.6	190.8	0.0	0.0	190.8	0.0	0.0	190.8
Other receivables and assets	239.9	178.3	61.6	0.0	0.0	61.6	0.0	0.0	61.6
Cash and cash equivalents	28.9	0.0	28.9	0.0	0.0	0.0	28.9	0.0	28.9
Total carrying amount per category				**0.9**	**12.0**	**378.7**	**28.9**	**8.5**	

Financial liabilities as of Dec 31, 2019 in EUR million	Carrying amount	Less non-financial instruments	Financial instruments	At Amortized Cost	At Fair Value through Profit and Loss (Held for Trading)	Hedge Accounting	Leasing	Fair Value *)
Non-current liabilities								
Financial liabilities	19,273.1	0.0	19,273.1	19,184.7	6.4	3.4	78.6	23,947.8
Other liabilities	28.0	28.0	0.0	0.0	0.0	0.0	0.0	0.0
Current liabilities								
Financial liabilities	2,283.7	0.0	2,283.7	2,259.5	12.7	3.4	8.1	2,329.3
Trade payables	557.4	0.2	557.2	557.2	0.0	0.0	0.0	557.2
Other liabilities	1,312.2	132.1	1,180.1	1,180.1	0.0	0.0	0.0	1,180.1
Total carrying amount per category				**23,181.5**	**19.1**	**6.8**	**86.7**	

*) The fair values stated for financial liabilities do not include any values for lease liabilities.

Financial assets as of Dec 31, 2018 in EUR million	Carrying amount	Less non-financial instru-ments	Financial instruments	FVtPL equity instru-ments	Mandatorily at FVtPL	At amortized cost	Cash	Hedge Accoun-ting	Fair Value
Non-current assets									
Financial assets	179.8	0.0	179.8	0.9	0.0	158.0	0.0	20.9	197.8
Other receivables and assets	144.4	132.6	11.8	0.0	0.0	11.8	0.0	0.0	11.8
Current assets									
Financial assets	52.7	0.0	52.7	0.0	26.8	2.8	0.0	23.1	52.7
Trade receivables	128.5	12.5	116.0	0.0	0.0	116.0	0.0	0.0	116.0
Other receivables and assets	256.1	175.8	80.3	0.0	0.0	80.3	0.0	0.0	80.3
Cash and cash equivalents	17.5	0.0	17.5	0.0	0.0	0.0	17.5	0.0	17.5
Total carrying amount per category				**0.9**	**26.8**	**368.9**	**17.5**	**44.0**	

Financial liabilities as of Dec 31, 2018 in EUR million	Carrying amount	Less non-financial instruments	Financial instruments	At Amortized Cost	At Fair Value through Profit and Loss (Held for Trading)	Hedge Accounting	Leasing	Fair Value
Non-current liabilities								
Financial liabilities	18,540.9	0.0	18,540.9	18,534.8	6.1	0.0		21,756.3
Other liabilities	31.7	31.7	0.0	0.0	0.0	0.0	0.0	0.0
Current liabilities							0.0	
Financial liabilities	2,132.5	0.0	2,132.5	2,113.4	17.7	1.4		2,168.2
Trade payables	628.1	0.4	627.7	627.7	0.0	0.0	0.0	627.7
Other liabilities	1,073.3	121.3	952.0	952.0	0.0	0.0	0.0	952.0
Total carrying amount per category				**22,227.9**	**23.8**	**1.4**	**0.0**	

Offsetting of financial instruments

In accordance with the regulations set forth in IFRS 7.13C, the actually offsetting performed in the Statement of Financial Position and potentially offsetting must be presented. Because there are no agreements regarding actual offsetting, the following tables only present the potential offset amounts from power derivatives due to netting agreements and other agreements with contracting parties.

As of Dec 31, 2019 in EUR million	Gross carrying amount reported	Potential offset amount not reported in the financial statement	Net amount after potential offsetting
Power derivate assets	12.0	-0.9	11.1
Power derivate liabilities	-12.3	4.1	-8.2

As of Dec 31, 2018 in EUR million	Gross carrying amount reported	Potential offset amount not reported in the financial statement	Net amount after potential offsetting
Power derivate assets	26.8	-14.2	12.6
Power derivate liabilities	-16.5	0.1	-16.4

Notes to the Consolidated Income Statement and Consolidated Statement of Financial Position

The interest income that does not result from financial instruments according to the categories of IFRS 9 consists mainly of the interest compounded on other provisions.

Deferred interest payments on derivative financial instruments (interest rate swaps) designated as cash flow hedge instruments in accordance with IFRS 9 are recognised as adjustments to the interest expense of the hedged financial instrument. The interest income/expenses are allocated to the valuation categories based on the hedged item; only financial liabilities were hedged in 2019.

Net financial results by valuation categories

The net profit by valuation category is presented in the following table:

	Result of subsequent measurement						
Dec 31, 2019 in EUR million	Interest income/ expenses	At fair value	Foreign currency translation	Impairment/ appreciation	Result from disposal	Result from investments	Other
Financial Assets at amortized cost (FAAC)	13.2	0.0	3.0	0.2	1.2	0.0	-1.6
FVtPL (equity instruments)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial Instruments Held-for-Trading (FAHfT, FLHfT)	0.0	-10.6	0.0	0.0	0.0	0.0	-0.2
Financial Liabilities Measured at Amortized Cost (FLAC)	-525.8	0.0	-3.0	0.0	0.0	0.0	0.0
Hedge Accounting	-1.3	0.0	0.0	0.0	0.0	0.0	0.0

Dec 31, 2018 in EUR million	Result of subsequent measurement Interest income/ expenses	At fair value	Foreign currency translation	Impairment/ appreciation	Result from disposal	Result from investments	Other
Financial Assets at amortized cost (FAAC)	9.7	0.0	6.6	-0.2	0.0	0.0	-0.6
Available for Sale Financial Assets (AfS)	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Financial Instruments measured at FVtPL (mandatory approach)	0.0	-1.5	0.0	0.0	0.0	0.0	0.0
Financial Liabilities Measured at Amortized Cost (FLAC)	-558.8	0.0	-6.7	0.0	0.0	0.0	0.0
Hedge Accounting	-2.9	0.0	0.0	0.0	0.0	0.0	0.0

The net interest from financial liabilities classified as “Financial liabilities measured at amortised cost” includes mainly interest expenses from bonds and loans as well as cross-border leasing transactions. The ÖBB-Infrastruktur Group recognises the other components of net result in other financial expense or other financial income. The total interest income calculated using the effective interest method was EUR 13.2 million (PY: EUR 9.7 million). The item hedge accounting includes netted swap income in the amount of EUR 0.1 million (PY: EUR 0.1 thousand) in the reported interest income and expense.

Expenses from loss allowances for trade receivables and other receivables and assets in the amount of EUR 1.0 million (PY: EUR 2.1 million) are not included in the net financial result but in the operating income. For more information, see Note 20.

29.6. Derivative financial instruments

The following tables show the reported fair values of all derivative financial instruments. They are divided into those that are part of an effective hedging relationship in accordance with IFRS 9 (cash flow hedge) and those that are not.

in EUR million	Assets Carrying amounts Dec 31, 2019	Assets Carrying amounts Dec 31, 2018	Liabilities Carrying amounts Dec 31, 2019	Liabilities Carrying amounts Dec 31, 2018
Interest rate swaps				
without hedge relation	0.0	0.0	2.5	3.2
designated as cash flow hedge	0.0	0.0	0.0	1.4
Power forwards				
without hedge relation	12.0	26.8	12.3	16.5
designated as cash flow hedge	8.5	44.0	6.8	0.0
Other derivatives				
without hedge relation	0.0	0.0	4.4	4.1
Total	**20.5**	**70.8**	**26.0**	**25.2**

Other derivatives without hedging relationships relate to swaps connected with a cross-border leasing transaction.

Fair value hierarchy

The following table shows how the fair values of the assets and liabilities recognised at fair value were determined, with categorisation into a three-level hierarchy reflecting the proximity to the market of the data included in the determination.

Dec 31, 2019 in EUR million	Level 1	Level 2	Level 3	Total
Derivatives designated as hedge instrument	0.0	8.5	0.0	8.5
Derivatives held for trading	0.0	12.0	0.0	12.0
Equity instruments	0.0	0.0	0.9	0.9
Financial assets	**0.0**	**20.5**	**0.9**	**21.4**
Derivatives designated as hedge instrument	0.0	6.8	0.0	6.8
Derivatives held for trading	0.0	19.2	0.0	19.2
Financial liabilities	**0.0**	**26.0**	**0.0**	**26.0**

Dec 31, 2018 in EUR million	Level 1	Level 2	Level 3	Total
Derivatives designated as hedge instrument	0.0	44.0	0.0	44.0
Derivatives held for trading	0.0	26.8	0.0	26.8
Available for sale	0.0	0.0	0.9	0.9
Financial assets	**0.0**	**70.8**	**0.9**	**71.7**
Derivatives designated as hedge instrument	0.0	1.4	0.0	1.4
Derivatives held for trading	0.0	23.8	0.0	23.8
Financial liabilities	**0.0**	**25.2**	**0.0**	**25.2**

The levels were determined as follows:

Level 1: Quoted prices (unadjusted) are available from an active market for identical financial instruments.
Level 2: Other parameters than those stated for Level 1 were used which are observable for the financial instrument (either directly, i.e. as price, or indirectly, i.e. derived from prices).
Level 3: Parameters were used which are not exclusively based on observable market data.

Transfers between the individual levels did not occur. For further details on these financial instruments see Note 29.1.

30. Leasing transactions

30.1. Lessor

ÖBB-Infrastruktur AG owns the rail infrastructure and a large majority of the property of the ÖBB Group.

The assets leased to third parties are investment properties (IAS 40) and buildings that are partially leased out; however, the share of the latter is not predominant, which means that it does not fall under the scope of IAS 40, and cannot be recognised separately. The vast majority of the leases can be terminated. The infrastructure provided for usage to Rail Cargo Austria AG, ÖBB-Personenverkehr AG and other railway undertakings against payment of an access charge is calculated based on a current price list (mileage or gross tonnes transported), and is therefore not classified as a lease but as services provided.

There are 21,200 (PY: 25,400) lease agreements, predominantly with indefinite terms, which can be terminated with a notice period of six months maximum. These include 4,150 (PY: 7,200) external fixed-term rental agreements that end between 2020 and 2112 (PY: 2019 and 2112), with 100 (PY: 140) contracts concluded within the ÖBB Group that terminate between 2020 and 2114 (PY: 2019 and 2107), and with the long-term contracts involving building rights granted on land. The long-term agreements relate to building rights granted for property. Contingent lease payments relate exclusively to lease agreements that are concluded with third parties and not with Group companies.

As the leased assets, with the exception of investment property, constitute indivisible parts of buildings such as train stations, a disclosure of the carrying amounts is neither meaningful nor possible.

Operating leases

The minimum lease payments from the fixed-term operating lease agreements as of the balance sheet date amounted to:

Dec 31, 2019 in EUR million	Total	up to 1 year	1 to 5 years	more than 5 years
Land and buildings	501.6	49.9	127.5	324.3
thereof from affiliated companies	*91.3*	*1.8*	*6.9*	*82.6*
Automobiles and trucks	9.0	3.9	5.0	0.1
thereof from affiliated companies	*7.8*	*3.4*	*4.3*	*0.1*
Other technical equipment and machinery	0.4	0.0	0.1	0.3

Dec 31, 2018 in EUR million	Total	up to 1 year	1 to 5 years	more than 5 years
Land and buildings	521.8	50.6	141.2	330.0
thereof from affiliated companies	*125.4*	*5.1*	*19.6*	*100.7*
Automobiles and trucks	9.0	3.9	5.0	0.1
thereof from affiliated companies	*8.9*	*3.8*	*5.0*	*0.1*
Other technical equipment and machinery	0.4	0.0	0.1	0.3

In 2019 contingent rent payments amounting to EUR 2.9 million (PY: EUR 3.3 million) were recognised in income.

Finance lease

According to both IFRS 16 and IAS 17, the Group has no finance leases as lessor.

30.2. Lessee

Right-of-use assets

Since Jan 01, 2019, property, plant and equipment has also included the right-of-use assets from leasing agreements. The leases mainly concern buildings. The leases have a maximum term until 2039. The right-of-use assets are presented as property, plant and equipment (Note 14). For leases, the agreed period for which there is a waiver of an option to terminate or an option to extend the lease is applied to determine the term of the lease contract. In the case of contracts concluded for an indefinite period of time, where termination would result in a significant economic disadvantage, a lease term is estimated.

Leasing liabilities

The following table presents an analysis of the maturity of the lease liabilities and shows the undiscounted lease payments due after the reporting date.

For Dec 31, 2019 in EUR million	Minimum lease payments	Interest expense included	Present value
2020	8.9	-0.8	8.1
2021 - 2024	29.9	-2.4	27.5
after 2025	53.4	-2.3	51.1
Total of minimum lease payments	**92.2**	**-5.5**	**86.7**
less interest	-5.5		
Present value of lease payments	**86.7**		

According to IAS 17, the Group did not have any finance lease relationships. In the 2018 financial year, the future minimum lease payments from non-cancellable operating leases in each of the subsequent periods are as follows:

2018 in EUR million	up to 1 year	1 to 5 years	more than 5 years
Land and buildings	8.4	29.7	52.2
Technical equipment and machinery	0.1	0.2	0.0
Other plant, furniture and fixtures	11.3	17.0	0.0
Total	**19.8**	**46.9**	**52.2**

Amounts recognised in the Consolidated Income Statement

in EUR million	2019
Interest expenses for lease liabilities	0.8
Expenses for short-term leases	0.7
Expenses for leases of a low-value asset	0.4
Amortization of right-of-use assets	8.0

In the 2018 reporting period, minimum lease payments in the amount of EUR 20.3 million, of which EUR 11.4 million to affiliated companies, were recognised as expenses.

Amounts recognised in the consolidated cash flow statement

in EUR million	2019
Total cash paid for leases	-8.9

Payments for short-term leases and for leases of low-value assets are reported unchanged to previous years in the operating cash flow.

Options to extend a lease

Some property rental agreements contain options to extend a lease that can be exercised by the Group up to one year before the end of the non-cancellable lease term. The Group assesses both on the commencement date and again if a significant change in circumstances occurs whether it is reasonably certain that the option to extend the lease will be exercised. The leases contain no specific restrictions or covenants.

30.3. Cross-border lease agreements

In the period from May 1995 to Dec 2002, the Austrian Federal Railways (now ÖBB-Infrastruktur AG) concluded 17 cross-border leasing transactions (CBL transactions) for infrastructure facilities and rolling stock, of which only one (PY: two) transaction was still valid as of Dec 31, 2019.

The remaining CBL transactions of ÖBB-Infrastruktur AG are linked in both reporting years via subleases of ÖBB-Produktion GmbH and ÖBB-Personenverkehr AG. The CBL transactions are sale-and-leaseback transactions. The contractual partner is the buyer of the assets and leases them back to ÖBB-Infrastruktur AG.

Payment obligations, such as lease payments and payments required when exercising the call option were hedged by entering into repayment vehicles with various banks and leasing institutions. In these payment undertaking agreements, the banks or leasing institutions agreed to make the contractual payments at the stipulated payment dates on behalf of ÖBB-Infrastruktur AG.

Remediation of the rating trigger for UniCredit Bank Austria

In previous years, three transactions were restructured due to rating downgrades. For this purpose, securities were provided in the form of pledged securities accounts with U.S. treasury notes in the CBL transactions, two of which still existed as of Dec 31, 2019. The purchase of the U.S. treasury notes was carried out via loans in the corresponding currencies (private placement). The existing Payment Undertaking Agreements (PUAs), which ÖBB-Infrastruktur AG no longer required as collateral after the establishment of the deposit account, are serving to repay the private placements entered into for financing the purchase of the U.S. treasury notes. The securities swap legally relates in its entirety to ÖBB-Infrastruktur AG in its external relation. The same holds true for the surviving PUAs and the private placement. One (PY: one) CBL transaction with two (PY: two) securities accounts are recharged to ÖBB-Personenverkehr AG and ÖBB-Produktion GmbH via the sublease agreements.

Balance sheet treatment

The beneficial ownership of the property, plant and equipment remains with the ÖBB Group. All transactions affecting the ÖBB-Infrastruktur Group internally and externally have expired. The assets transferred to other companies of the ÖBB Group under sub-lease agreements are recognised by these companies in their statements of financial position. IFRS 16 “Leases” (PY: IAS 17 “Leases”) provides detailed regulations for the accounting of leases. The substance of the lease transaction is decisive for accounting.

This resulted in the fact that financial assets in the legal ownership of the ÖBB-Infrastruktur Group (securities and bank deposits) and the corresponding lease liabilities do not meet the criteria of assets and liabilities (linked transactions), respectively, due to the lack of economic substance, and are therefore not accounted for.

However, where recognition in the Statement of Financial Position is necessary, the securities (deposits with banks and PUAs) were measured at amortised cost. The U.S. treasury notes procured in the previous years for the remediation of the rating trigger were assigned to "Debt instruments at amortised cost". Initially, the financial assets are matched with lease liabilities in the same amount, and the U.S. treasury notes are also matched with credit financing in the same amount. Amounts denominated in foreign currencies are translated at the exchange rate applicable at the reporting date. Any changes in the value of the assets resulting from changes in exchange rates are offset by corresponding exchange rate effects on the lease liabilities, and credit financing in the event of a hedged repayment vehicle regarding one of the tranches of a transaction.

In the Consolidated Financial Statements as of Dec 31, 2019, financial assets associated with non-linked leasing transactions amounted to EUR 17.8 million (PY: EUR 65.0 million). Claims against ÖBB-Personenverkehr AG from the termination of a leasing transaction amount to EUR 8.5 million (PY: EUR 8.9 million). As of Dec 31, 2019, related financial liabilities amounted to EUR 17.8 million (PY: EUR 65.3 million). Impairments were determined based on historical default rates, measured by the credit rating of the contracting parties and the remaining maturity of the transaction. Loss allowances in the amount of EUR 0.0 million (PY: EUR 0,2 million) of investments were recognized.

Accounting for transactions without substance (linked transactions)

In accordance with SIC 27, the Company did not recognise any assets or liabilities for these transactions. The legal obligations under the lease agreements are disclosed as contingent liabilities in the event that the relevant contractual partner fails to meet its payment obligations under the payment undertaking agreements. As of Dec 31,2019, contingent liabilities from CBL transactions amounted to EUR 51.9 million (PY: EUR 54.0 million).

31. Service concession arrangements (SIC 29)

The following explanations and disclosures refer to the requirements of SIC 29 (Service Concession Agreements). These are agreements between enterprises for the provision of services that give the public access to major economic and public facilities.

Liechtenstein concession and Switzerland

Service concession arrangements in the sense of SIC 29 concern the railway infrastructure business area.

On June 13, 1977, the company ÖBB-Infrastruktur Bau AG (now named ÖBB-Infrastruktur AG) was granted a concession to operate a railway in the Principality of Liechtenstein that was valid until Dec 31, 2017. Due to the timely application of ÖBB for renewal of this license, it continues to apply unchanged until the application has been completed (Section 7 (2) of the Austrian Railway Passenger Transport Law [Eisenbahnbeförderungsgesetz – EBG]).

On Dec 3, 1968 a license was granted for the operation of the railway on the Swiss sections of the route from the Swiss border to Buchs and St. Margrethen, which ended on Dec 31, 2017. Following timely application, this license was extended by decision of the Swiss Federal Department of the Environment, Transport, Energy and Communications (DETEC) of March 3, 2017 for the St. Margrethen – border (– Bregenz) section for a period of fifty years, i.e. until Dec 31, 2067; and for the Buchs SG – border (– Feldkirch) section for a period of five years, i.e. until Dec 31, 2022.

On this basis, ÖBB-Infrastruktur AG continues to be authorised and obligated to maintain the uninterrupted and proper operation of the railway in Lichtenstein and on the Swiss border sections, which serves for public transportation. The infrastructure assets in Liechtenstein and Switzerland are the property of ÖBB-Infrastruktur AG. As of Dec 31, 2019, these assets had a carrying amount of EUR 23.9 million (PY: EUR 25.4 million). The concessionaire assumes responsibility for the conveyance of people, luggage, and freight.

An extension of the Lichtenstein concession continues to be pursued. The new Liechtenstein Railways Act came into effect in 2012. This change in the legal situation, with which even Liechtenstein law has implemented free network access, is relevant for the decision regarding the application for a license. There is a draft of the concession in Liechtenstein, but Austria's suggestion that – analogous to domestic routes – the countries across whose territory the route leads will be asked to pay contributions to the maintenance and operation of the respective national segments was rejected by the Principality of Liechtenstein. The progress of the negotiations on this issue has significant influence on the timeframe of the concession proceedings. In a letter dated Feb 17, 2017, the Liechtenstein government confirmed to the Swiss Federal Office of Transport (FOT) that "*Liechtenstein had no objections to the application for a five-year infrastructure concession for the Swiss section of the Feldkirch – Buchs line. We would like to state that the Swiss concession procedure cannot prejudice the extension of the concession in the Liechtenstein concession procedure, which has not yet been concluded.*"

At the same time, ÖBB-Infrastruktur AG also obtained a commitment from the Principality of Liechtenstein on Nov 8, 2017, that allows operation to continue unchanged on the Liechtenstein section of track even after formal expiry of the concession at the end of 2017 and while the concession proceedings are still ongoing, and that the Principality of Liechtenstein will not make any decisions or implement any measures that would make it impossible for ÖBB-Infrastruktur AG to comply with the terms and conditions for using the railway network. In concrete terms, the government undertakes in this letter that *"any non-renewal of the railway concession will be made in such a way as to ensure compliance with the terms of use of the railway network to be announced in the fall for the following calendar year."*

Although upon expiration of the concession in 2017 the assets would be transferred to Liechtenstein and Switzerland, the property, plant and equipment concerned are depreciated over the anticipated longer useful life. This is because, on the one hand, an extension of the concession is likely to be granted due to the scheduled new construction of the track (which is the subject matter of international agreements) and due to the fact that ÖBB-Infrastruktur AG is the only applicant for the concession; and because, on the other hand, the provision of reversion of the assets without compensation provided in the Railways Act at least requires reconsideration from a legal point of view and waiver by the government is provided for in the law.

The extension to the concession will need to be clarified in connection with the FL.A.CH extension project, with political discussions required for this at a minimum at department level.

On this basis, negotiations at government level on the financing and extension of the concession are now a condition for the issue of whether this project should be implemented, whether an alternative solution should be sought or whether the line should only be maintained and operated as an existing line.

On May 9, 2018 the responsible Ministers of Liechtenstein and Austria agreed to hold further negotiations on the allocation of costs at expert level in accordance with the principle of dividing cost blocks according to functionality. An initial round of negotiations took place on Jul 6, 2018 on the issue of costs for the FL.A.CH suburban railway project in accordance with the ministers' mandate.

The steering committee determined on Jul 11, 2018 that costs will be recalculated and the planning needs to be updated based on the approvals submitted and the clustering by functionality, and that negotiations will continue on this basis. As part of the decision regarding implementation of the FL.A.CH project, clarification is expected on the concession issue on Liechtenstein territory within the scope of a political solution.

In 2019, intensive negotiations took place, and an agreement was reached at the meeting on 19 Dec 2019 regarding the cost allocation key at the official level. The next steps will be for the Liechtenstein delegation to have this result confirmed by the Government and to obtain a negotiation mandate for the preparation of the construction and maintenance contracts. In addition, a Memorandum of Understanding (MoU) by the Federal Ministry for Climate Protection, Environment, Energy, Mobility, Innovation, and Technology (BMK) and a new draft for the extension of the concession by the Principality of Liechtenstein will be drawn up.

The goal is to prepare these agreements by April 2020, so that the Parliament of the Principality of Liechtenstein can vote on them in June 2020, and that a referendum can be held in the Principality of Liechtenstein afterwards.

32. Transactions with related companies and related persons

Supplies to or from related companies or related persons

Related parties consist of affiliated, not fully consolidated companies of the Group or the ÖBB Group, associated companies plus any subsidiaries, joint ventures plus any subsidiaries, the shareholder of ÖBB-Holding AG (Republic of Austria) and its most important subsidiaries and key management personnel (members of the Board of Management and the Supervisory Board of ÖBB-Infrastruktur AG and members of the Board of Management and the Supervisory Board of fully consolidated subsidiaries of ÖBB-Infrastruktur AG), and close relations as well as companies close to the members of key management personnel.

The Group maintains business relationships at arm's length within the ÖBB Group's range of services, with companies in which the Republic of Austria directly or indirectly holds an interest (e. g. Österreichische Bundes- und Industriebeteiligungen GmbH, OMV Aktiengesellschaft, Autobahnen- und Schnellstraßen- Finanzierungs-Aktiengesellschaft, Telekom Austria AG, Schieneninfrastruktur-Dienstleistungsgesellschaft mbH, Verbund AG) and which are also classified as related parties in accordance with IAS 24. The transactions pursuant to IAS 24 that were carried out with these companies in the reporting year involved ordinary transactions in the course of the operating business. Significant transactions (revenues of EUR 7.7 million [PY: EUR 11.5 million], expenses of EUR 61.4 million [PY: EUR 69.2 million]) were completed with the Verbund AG Group. Unpaid invoices from or to these companies on the reporting date are reported as trade receivables and trade payables. The other transactions were of minor significance overall and accounted for less than 3% of cost of materials and purchased services and less than 1% of revenues.

Purchases were made at market prices less standard volume discounts and other discounts based on the scope of the business relationship.

Following, the volume of transactions between the ÖBB-Infrastruktur Group and related companies of the remaining ÖBB Group as well as the receivables and liabilities outstanding from these transactions at the end of the financial year are disclosed:

	Affiliated companies of the Rail Cargo Austria sub-group		Affiliated companies of the ÖBB-Personenverkehr sub-group		Affiliated, not fully consolidated companies of ÖBB-Infrastruktur		Other affiliated companies	
in EUR million	2019	2018	2019	2018	2019	2018	2019	2018
Sale of goods/ rendering of services	211.9	211.6	344.8	337.5	0.0	0.0	157.5	194.0
Purchase of goods/services/fixed assets	71.4	70.6	26.0	24.7	0.0	0.0	135.9	130.8
Trade receivables	13.8	17.3	30.3	29.0	0.0	0.0	32.6	18.2
Other financial assets	0.0	0.0	8.5	8.9	0.0	0.0	0.0	0.0
Trade payables	18.2	20.1	2.4	3.0	0.0	0.0	31.8	19.0
Other financial liabilities	0.0	0.0	0.0	0.0	0.3	0.3	294.5	321.6

Transactions with companies affiliated with the rest of the ÖBB-Group are disclosed separately in the individual Notes to the Consolidated Financial Statements. The financial liabilities to other affiliated companies mainly relate to ÖBB-Finanzierungsservice GmbH.

In the reporting year, services were provided by the parent company ÖBB-Holding AG in areas including controlling, finance, communications, marketing, production, technology, security, auditing, Group accounting, reporting and taxes, strategy, corporate development, legal, compliance and strategic Group purchasing, strategic IT management, and strategic human resource management; these services were provided on the basis of individual agreements or through cost allocation. Revenue amounted to EUR 2.3 million (PY: EUR 1.9 million), and expenses to EUR 21.1 million (PY: EUR 21.2 million). As of Dec 31,2019, receivables of EUR 92.2 million (PY: EUR 82.2 million) and liabilities of EUR 7.3 million (PY: EUR 6.8 million) were reported. Receivables due from ÖBB-Holding AG consist mainly of value added tax credits (fiscal unit).

Transactions with members of management in key positions amounted to EUR 58 thousand. The ÖBB-Infrastruktur Group's relationships with associated companies and joint ventures are presented below.

	Associated companies		Joint ventures	
in EUR million	2019	2018	2019	2018
Sale of goods/rendering of services (total revenue)	3.0	3.4	1.7	1.2
Purchase of goods/services/fixed assets (total expense)	28.0	26.3	0.0	0.0
Trade receivables	0.7	0.7	0.3	0.6
Trade payables	2.7	1.4	0.0	0.0

Please see Note 28 for information on guarantees issued for affiliated companies.

Benefits from the Republic of Austria, master plan for investments in the infrastructure and guarantees of the federal government

General

ÖBB-Infrastruktur AG is a railway infrastructure company whose activities are of public interest and are further defined in Section 31 of the Federal Railways Act. The basis for the financing of the Company is given in Section 47 of the Federal Railways Act, according to which the federal government is responsible for ensuring that ÖBB-Infrastruktur AG has the funds required to fulfil its tasks and maintain its liquidity and equity, insofar as the tasks are included in the business plan pursuant to Section 42 (6) of the Federal Railways Act. The commitment regulated by the federal government in this provision is implemented by the grant agreements pursuant to Section 42 (1) and (2) of the Federal Railways Act. It is the understanding of the contractual parties that the objective of the grant agreements, irrespective of their respective terms, is to permanently guarantee the value of the assets of ÖBB-Infrastruktur AG used for the tasks pursuant to Section 31 of the Federal Railways Act, which also conforms to the official task according to the Bundesbahngesetz.

ÖBB-Infrastruktur AG bears the costs incurred for the fulfilment of its tasks. The federal government grants ÖBB-Infrastruktur AG

- a grant pursuant to Section 42 (1) of the Austrian Federal Railways Act, at the request of ÖBB-Infrastruktur AG, in particular for the operation of the railway infrastructure and the provision of the same to its users insofar and for as long as the revenues that can be achieved by the users of the railway infrastructure under the respective market conditions do not cover the expenses incurred with economical and efficient management, and
- grants pursuant to Section 42 (2) of the Austrian Federal Railways Act for the maintenance, planning, and construction of the railway infrastructure.

Two separate agreements on the grants pursuant to Section 42 (1) and (2) of the Austrian Federal Railways Act shall be concluded between ÖBB-Infrastruktur AG and the Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology (BMK) in coordination with the Federal Ministry of Finance (BMF), each with a term of six years, and these agreements shall determine the subject of the grant, the amounts to be granted for this purpose, the general and specific terms and conditions and the payment arrangements.

Schieneninfrastruktur-Dienstleistungsgesellschaft mbH (SCHIG) monitors compliance with the obligations assumed by ÖBB-Infrastruktur AG in the grant agreements according to Section 42 of the Austrian Federal Railways Act. The monitoring is related to the economic, efficient and appropriate use of funds in the planning, construction, maintenance, deployment, and operation of a demand-oriented and safe rail infrastructure.

The master plan for 2018 to 2023 was approved by the Council of Ministers of the Republic of Austria on Mar 21, 2018 and by the ÖBB-Infrastruktur AG Supervisory Board on Apr 20, 2018.

In June 2017, the Republic of Austria, represented by the Federal Ministry of Climate Action, Environment, Energy, Mobility, Innovation and Technology (BMK) in coordination with the Federal Ministry of Finance (BMF), and ÖBB-Infrastruktur AG formally concluded the grant agreements pursuant to Section 42 of the Austrian Federal Railways Act (grant agreement in accordance with Section 42 of the BBG) which regulate the grants from 2016 onwards. The grants agreements are therefore also valid for 2019.

Infrastructure financing

The grant agreement pursuant to Section 42 (2) of the Austrian Federal Railways Act is based on the business plan to be prepared by ÖBB-Infrastruktur AG pursuant to Section 42 (6) of the Federal Railways Act. One component of the business plan is the six-year master plan to be prepared by ÖBB-Infrastruktur AG pursuant to Section 42 (7) of the Austrian Federal Railways Act, which has to comprise the annual funds for maintenance (in particular repairs and reinvestments) and for investments in expansion. Both the business plan and the master plan shall be amended each year by one year and adapted to the new six-year period.

According to the grant agreement for 2016-2021, until 2016 the federal government's receiving share of expansion investments and reinvestments under the 2016-2021 framework plan was 75% (with the exception of the Brenner Base Tunnel), and from 2017 onwards, it became 80% of the annual investments, with these grants being paid in the form of an annuity spread over 30 years. For the Brenner base tunnel project, the federal government provides a 100% grant in the form of an annuity allocated over 50 years. The interest rate corresponds to the rate respectively applicable for long-term financing measures of ÖBB-Infrastruktur AG.

The share of the investments for expansion (with the exception of the Brenner base tunnel) and reinvestments to be assumed by the federal government is continuously reviewed and adjusted as necessary to the current requirements for future grants.

The federal government also grants a subsidy for inspection and maintenance, elimination of malfunctions and repair of the railway infrastructure operated by ÖBB-Infrastruktur AG. The amount of the grant is fixed with consideration of the liquidity requirements based on the business plan of ÖBB-Infrastruktur AG, the limit of the total grant prescribed by Section 42 of the Austrian Federal Railways Act and the objectives (performance and output objectives) according to the grant agreement pursuant to Section 42 (1) of the Austrian Federal Railways Act. Changes of the functionality and/or the extent of the railway infrastructure operated by ÖBB-Infrastruktur AG result in a corresponding increase or decrease of the grant. Therefore, ÖBB-Infrastruktur AG has to obtain the consent of the Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology (BMK) and the Federal Ministry of Finance (BMF) prior to any such change.

In 2019, based on the valid grant agreement for 2016 to 2021, a grant in the amount of EUR 963.7 million (PY: EUR 873.1 million) was awarded for expansion and reinvestments. EUR 583.5 million (PY: EUR 561.1 million) were granted for inspection, maintenance and eliminating faults.

ÖBB-Infrastruktur AG has provided BBT SE with investment grants for the construction costs of the Brenner Base Tunnel in the amount of EUR 160.0 million (PY: EUR 90.0 million). The payments contractually agreed with the federal state of Tyrol in the course of the acquisition of shares as well as the payments made by the federal government to ÖBB-Infrastruktur in connection with the cross-financing of the road amounted to EUR 46.3 million (PY: EUR 44.8 million).

Infrastructure operation and apprenticeship costs

ÖBB-Infrastruktur AG has to submit an annual rationalisation and savings plan with a forecast statement to the Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology (BMK) and the Federal Ministry of Finance (BMF).

The agreement on the subsidy pursuant to Section 42 (1) of the Austrian Federal Railways Act is based in particular on the six-year business plan to be prepared by ÖBB-Infrastruktur AG pursuant to Section 42 (6) of the Austrian Federal Railways Act, which comprises a detailed description of the measures required to fulfil its tasks of providing a secure railway infrastructure corresponding to requirements, including time schedules, budgets, rationalisation plans and a forecast with respect to usage fees and other fees and charges.

Pursuant to Section 45 of the Austrian Federal Railways Act, the Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology charged SCHIG (Schieneninfrastruktur-Dienstleistungsgesellschaft mbH) with monitoring the fulfilment of the obligations assumed by ÖBB-Infrastruktur AG under the grant agreement.

This subsidy agreement defines the objectives to be achieved by ÖBB-Infrastruktur AG in connection with this subsidy pursuant to Section 42 of the Austrian Federal Railways Act.

The specific objectives to be achieved by ÖBB-Infrastruktur AG are categorised in particular in general, quality, safety and efficiency objectives agreed with consideration of the statutory tasks of ÖBB-Infrastruktur AG, and are stipulated in the business plan agreed between the federal government and ÖBB-Infrastruktur AG pursuant to Section 42 (6) of the Austrian Federal Railways Act.

The compliance with the obligation for ÖBB-Infrastruktur AG to guarantee and constantly improve the quality and safety of the operated railway infrastructure, which results from the Federal Railways Act, is assessed by means of certain ratios in connection with the grant.

Unless otherwise agreed between ÖBB-Infrastruktur AG and the federal government, the annual subsidy will be reduced by the portion of operating expenses incurred for railway infrastructure that is transferred to other operators or no longer operated by ÖBB-Infrastruktur AG, contrary to the provisions of the business plan pursuant to Section 42 (6) of the Austrian Federal Railways Act.

The total grants for 2019 in accordance with Section 42 of the Austrian Federal Railways Act, taking into account recognition of amounts from previous years of EUR 81.5 million (PY: EUR 2.4 million) came to EUR 2,328.1 million (PY: EUR 2,271.5 million). The grant for expansion and reinvestments taking into account recognition of amounts from previous years of EUR 963.7 million (PY: EUR 873.1 million) was reduced by EUR 71.3 million (PY: EUR 51.3 million) to EUR 892.3 million (PY: EUR 821.8 million) due to the investment measures carried out and more favourable interest rate developments. Following an improved operating performance and more favourable interest rate trends, the EUR 1,444.9 million (PY: EUR 1,398.4 million) grant for operational management and inspection, maintenance, fault elimination and repair was reduced by a total of EUR 243.1 million (PY: EUR 251.8 million). The subsidy in the amount of EUR 102.3 million (PY: EUR 91.1 million) attributable to capitalised interest under IAS 23 is considered to be an investment grant and is used to cover future expenses incurred in the form of depreciation and amortisation. The disclosure in the financial statements is made as a reduction in the subsidy pursuant to Section 42 (1) of the Austrian Federal Railways Act and is presented as investment grants. Consequently, the amount of EUR 1,099.5 million (PY: EUR 1,055.5 million) was recognised through profit or loss for operation, inspection, maintenance, disposal, and repair. The amounts accrued in connection with the grants for expansion and reinvestments in the amount of EUR 69.1 million (PY: EUR 50.1 million) as well as in connection with the operational management and apprenticeship programme in the amount of EUR 235.3 million (PY: EUR 251.8 million) is shown under other liabilities, while the accrued amount from maintenance of EUR 7.8 million (PY: EUR 0.0 million) recognized in deferred income. Ex post settlement of the annuity relating to the Brenner Base Tunnel resulted in a redemption portion for ÖBB-Infrastruktur AG of EUR 2.2 million (PY: EUR 1.2 million), which is recognised as deferred income.

The development of grants in 2019 breaks is as follows:

in EUR million	Total grant	Deferrals	Income or loss in 2019
§ 42 (1) operational management	861.4	-331.0	530.4
§ 42 (2) inspection, maintenance and repair	583.5	-14.4	569.1
§ 42 (2) Investment (annuity)	883.2	9.2	892.4
Total	**2,328.1**	**-336.2**	**1,991.9**

The development of grants in 2018 was as follows:

in EUR million	Total grant	Deferrals	Income or loss in 2018
§ 42 (1) operational management	837.3	-342.9	494.4
§ 42 (2) inspection, maintenance and repair	561.1	0	561.1
§ 42 (2) Investment (annuity)	873.1	-51.3	821.8
Total	**2,271.5**	**-394.2**	**1,877.3**

See Note 25 regarding the guaranties and liabilities assumed by the federal government and financing since 2017, which are mainly taken out through loans from the Republic of Austria, to be provided by the Austrian Federal Financing Agency (Bundesfinanzierungsagentur – OeBFA).

In addition, there were other grants (generally cost contributions to investment measures) from the Austrian provincial governments in the amount of EUR 41.7 million (PY: EUR 36.2 million) or municipalities amounting to EUR 19.7 million (PY: EUR 12.9 million), whereby, as of the reporting date, there were outstanding receivables amounting to EUR 7.0 million (PY: EUR 18.9 million). Furthermore, EU subsidies were granted amounting to EUR 10.1 million (PY: EUR 2.0 million). The investment grants and EU grants are grants from the public authorities or the EU, and are recognised as a reduction of cost in the related assets.

Remuneration of members of the Board of Management and of members of executive management at the subsidiaries

The Board of Management of ÖBB-Infrastruktur AG consisted on the reporting date of three members (PY: three). The total compensation granted to active members of the Board of Management paid out pursuant to Section 266 (2) of the Austrian Commercial Code (UGB) amounted to EUR 1,224 thousand (PY: EUR 1,118 thousand) and including variable components and non-cash benefits. Statutory contributions to the severance insurance scheme amounted to EUR 18 thousand (PY: EUR 17 thousand). Provisions for vacations increased by EUR 47 thousand, from EUR 138 thousand to EUR 185 thousand. As of Dec 31, 2019, provisions for performance targets amounted to EUR 350 thousand (PY: EUR 412 thousand). Pension payments of EUR 24 thousand (PY: EUR 42 thousand) were made for former members of the Board of Management. Provisions for pensions were increased by EUR 93 thousand (PY: reduction of EUR 3 thousand).

The total remuneration of the members of the Board of Management is composed of a fixed and a variable component. The amount of the variable annual component is subject to the achievement of objectives agreed with the Executive Committee of the Supervisory Board at the beginning of each financial year.

The employment contracts with top executives (members of the Boards of Management of the parent companies and general managers of companies on comparable levels) include a performance-related component; thus, the success of the company is reflected by the remuneration to a considerable extent. In principle, two-thirds of the remuneration of top executives consists of a fixed base salary, and one-third is a variable performance-related component. At the beginning of each financial year, an individual score card is developed for each company for the purpose of agreeing upon clearly defined, mainly quantitative objectives. The objectives are based on the results of the ÖBB-Infrastruktur Group. The variable components of the salaries that were paid out are included in the remuneration of the Board of Management indicated above.

The members of the Board of Management of ÖBB-Infrastruktur AG participate in an external defined-contribution pension fund scheme, except for members of the Board of Management who are seconded for the time of their activity in the Board within a definite ÖBB employment relation in accordance with the general terms and conditions for employment with Austrian Federal Railways (AVB). A provision of EUR 70 thousand (PY: EUR 45 thousand) was recorded in connection with this pension fund agreement. The Company itself assumes no pension commitments.

There was EUR 800 thousand (PY: EUR 683 thousand) of expense for the total compensation granted to the managing directors of the subsidiaries who were active in the reporting years, and this also includes variable components and non-cash benefits. Managing directors who were also at the same time employees within the ÖBB Group do not receive any separate remuneration for their activities as a managing director.

Remuneration of members of the Supervisory Board

In accordance with the rules of procedure for the Supervisory Board of ÖBB-Infrastruktur AG, the members of the Supervisory Board may receive remuneration. The remuneration for a Supervisory Board mandate was adapted at the 2019 Annual General Meeting and applies retroactively from 2018 onwards. The basic remuneration for a Supervisory Board mandate is EUR 14 thousand per year. In addition, each Supervisory Board member receives an attendance fee of EUR 800 for each meeting of the Supervisory Board, the Executive Committee or any other committee. The chairman of the Supervisory Board receives twice the amount of the basic remuneration. Members of the Supervisory Board who are members of the Board of Management, employee representatives, general managers or employees of the ÖBB Group do not receive any Supervisory Board remuneration.

The compensation of the shareholder representatives on the Supervisory Board for their activities in the ÖBB-Infrastruktur Group amounted to EUR 166 thousand (PY: EUR 69 thousand), for 2018 payments of EUR 82 thousand were made retroactively. The remuneration of the other members of the Supervisory Board at the Group companies amounted to EUR 45 thousand (PY: EUR 16 thousand); they were paid EUR 16 thousand retroactively for their activities in 2018.

33. Segment reporting

A business segment is a component of an entity that engages in business activities from which it may earn revenues and incurs expenses and whose operating results are reviewed regularly by the entity's chief operating decision-maker with respect to the allocation of resources to the respective segment and the assessment of its performance. It is a group of assets and operating activities providing products or services which are subject to risks and returns that are different from those of other operating segments and for which discrete financial information is available.

Information on segment reporting

Segment reporting of the ÖBB-Infrastruktur Group is based on the management structure of the ÖBB-Infrastruktur Group. The ÖBB-Infrastruktur Group has only one segment – railway infrastructure.

Information at the corporate group level

Major customers in accordance with IFRS 8.34 are ÖBB-Personenverkehr AG (total income of EUR 338.1 million [PY: EUR 329.7 million]), ÖBB-Produktion GmbH (total income of EUR 177.4 million [PY: EUR 161.4 million]) and Rail Cargo Austria AG (total income of EUR 168.1 million [PY: EUR 170.7 million]). This income results primarily from infrastructure usage charges and the sale of traction power. These companies are part of the ÖBB Group and are thus affiliated companies.

The following table shows the ÖBB-Infrastruktur Group revenue by geographic market, based on the registered offices of the customers, irrespective of the origin of the products and services:

Revenue	2019 in EUR million	2018 in EUR million	
Austria	996.2	1,027.8	*)
Germany	17.6	15.3	
Other markets	9.7	6.1	
Total	**1,023.5**	**1,049.2**	***)**

*) Adjusted comparative amounts, see Note 3.

Change in finished goods, work in progress and services not yet chargeable, other own work capitalized and other operating income	2019 in EUR million	2018 in EUR million	
Austria	2,356.2	2,254.6	*)
Germany	0.4	0.0	
Other markets	0.1	0.1	
Total	**2,356.7**	**2,254.7**	***)**

*) Adjusted comparative amounts, see Note 3.

The presentation of the carrying amounts of segment assets and additions to property, plant and equipment and intangible assets, broken down by geographical areas no longer applies, as all assets, with the exception of those in Liechtenstein and Switzerland amounting to EUR 23.9 million (PY: EUR 25.4 million) are located in Austria. Additions to property, plant and equipment in Liechtenstein and Switzerland amounted to EUR 0.0 million (PY: EUR 0.1 million). See Note 4 for external revenues broken down by service.

34. Notes on the Cash Flow Statement

The Cash Flow Statement shows the change in cash of the ÖBB-Infrastruktur Group from inflows and outflows of funds in the reporting year. The Cash Flow Statement is divided into cash flows from operating activities, from investment activities and from financing activities. Operating parts of the Cash Flow Statement are presented using the indirect method. There were no changes to cash and cash equivalents due to changes in exchange rates.

Liquid funds include cash and cash equivalents and current receivables and liabilities with respect to ÖBB-Finanzierungsservice GmbH. There are current receivables from ÖBB-Finanzierungsservice GmbH (reported under cash and cash equivalents) of EUR 25.6 million (PY: EUR 14.7 million) and current liabilities (reported under current financial liabilities) of EUR 293.5 million (PY: EUR 321.6 million). The part of the interest payment that is capitalised under IAS 23 as part of the cost of qualified assets is included in operating cash flow. The federal subsidies totalling EUR 102.3 million (PY: EUR 91.1 million) received in this connection are also recognised in operating cash flow under changes in liabilities from trade payables and other liabilities and accruals and deferrals.

Significant non-cash transactions carried out in both reporting years mainly refer to the recognition and derecognition of assets and liabilities from CBL transactions and sublease agreements. The following table presents the information on the changes to financial liabilities for which the cash received and cash paid are presented in the Statement of Cash Flows in cash flows from financing activities.

in EUR million	As of Dec 31, 2018	IFRS 16 changes as of Jan 01, 2019	Changes with an effect on cash flow	Changes in exchange rates	Other changes in borrowed capital	Other changes in equity	As of Dec 31, 2019
Non-current liabilities							
Bonds	12,720.5	0.0	0.0	0.9	-1,297.7	0.0	11,423.7
Liabilities to banks	3,979.5	0.0	95.8	0.0	-202.7	0.0	3,872.6
Financial liabilities leasing	65.3	84.7	0.0	0.0	-53.6	0.0	96.4
Other financial liabilities	1,775.6	0.0	2,231.2	0.0	-132.1	5.7	3,880.4
Total non-current liabilities	**18,540.9**	**84.7**	**2,327.0**	**0.9**	**-1,686.1**	**5.7**	**19,273.1**
Current financial liabilities							
Bonds	1,539.5	0.0	-1,540.0	0.0	1,299.6	0.0	1,299.1
Liabilities to banks	6.9	0.0	-2.9	0.0	202.8	0.0	206.8
Financial liabilities leasing	0.0	8.7	-8.7	0.0	8.1	0.0	8.1
Other financial liabilities	264.5	0.0	-7.0	0.0	218.7	0.0	476.2
thereof to affiliated companies	*0.3*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.3*
Total excluding financial liabilities, which are part of cash and cash equivalents	**1,811.0**	**8.7**	**-1,558.6**	**0.0**	**1,729.2**	**0.0**	**1,990.2**
Current other financial liabilities, which are part of the fund of cash and cash equivalents	321.6	0.0	0.0	0.0	-28.1	0.0	293.5
thereof to affiliated companies	*321.6*	*0.0*	*0.0*	*0.0*	*-28.1*	*0.0*	*293.5*
Total current liabilities	**2,132.5**	**8.7**	**-1,558.6**	**0.0**	**1,701.1**	**0.0**	**2,283.7**

in EUR million	As of Dec 31, 2017	Changes with an effect on cash flow	Changes in exchange rates	Other changes in borrowed capital	Other changes in equity	As of Dec 31, 2018
Non-current liabilities						
Bonds	14,256.2	0.0	2.2	-1,537.9	0.0	12,720.5
Liabilities to banks	3,986.3	-7.0	0.0	0.2	0.0	3,979.5
Financial liabilities leasing	82.6	0.0	0.0	-17.3	0.0	65.3
thereof to affiliated companies	*24.5*	*0.0*	*0.0*	*-24.5*	*0.0*	*0.0*
Other financial liabilities	1,472.3	308.9	1.7	-5.8	-1.4	1,775.6
Total non-current liabilities	**19,797.3**	**301.9**	**3.9**	**-1,560.8**	**-1.4**	**18,540.9**
Current financial liabilities						
Bonds	0.0	0.0	0.0	1,539.5	0.0	1,539.5
Liabilities to banks	6.7	0.2	0.0	0.0	0.0	6.9
Financial liabilities leasing	7.9	0.0	0.0	-7.9	0.0	0.0
thereof to affiliated companies	*7.9*	*0.0*	*0.0*	*-7.9*	*0.0*	*0.0*
Other financial liabilities	286.5	-31.1	0.0	9.1	0.0	264.5
thereof to affiliated companies	*0.2*	*0.0*	*0.0*	*0.1*	*0.0*	*0.3*
Total excluding financial liabilities, which are part of cash and cash equivalents	**301.2**	**-30.9**	**0.0**	**1,540.7**	**0.0**	**1,811.0**
Current other financial liabilities, which are part of the fund of cash and cash equivalents	122.9	0.0	0.0	198.7	0.0	321.6
thereof to affiliated companies	*122.9*	*0.0*	*0.0*	*198.7*	*0.0*	*321.6*
Total current liabilities	**424.1**	**-30.9**	**0.0**	**1,739.4**	**0.0**	**2,132.6**

The decrease in liabilities in connection with active or terminated CBL transactions is also shown under other changes, as the payments are not settled via the bank accounts of the ÖBB-Infrastruktur Group. Instead, the proceeds from the assets are transferred directly from the debtor to the creditor. This applies in particular to financial lease liabilities, but also to parts of bonds, liabilities to banks and other financial liabilities.

35. Group companies

Following is a list of those Group companies in which ÖBB-Infrastruktur AG direct or indirect through other affiliated companies held an equity interests on the reporting date, or which were newly established in the current reporting year. The corporate purpose of the Group companies is described in letters a) to i). Any information marked with PY relates to the previous year, otherwise the information relates to both years.

ÖBB-Infrastruktur Group	Country, registered office	Type of consolidation	
100% ÖBB-Infrastruktur Aktiengesellschaft	A-1020 Vienna	V	c)
├► 100% Austrian Rail Construction & Consulting GmbH	A-1020 Vienna	V0	f)
├► 100% Austrian Rail Construction & Consulting GmbH & Co KG	A-1020 Vienna	V0	f)
├► 100% Güterterminal Werndorf Projekt GmbH	A-1020 Vienna	V	d)
├► 100% Mungos Sicher & Sauber GmbH	A-1150 Vienna	V	e)
├► 100% Mungos Sicher & Sauber GmbH & Co KG	A-1150 Vienna	V	e)
├► 100% Netz- und Streckenentwicklung GmbH	A-1020 Vienna	V0	d)
├► 100% ÖBB-Güterzentrum Wien Süd Betriebsgesellschaft m.b.H.	A-1020 Vienna	V0	b)
├► 100% ÖBB-Immobilienmanagement Gesellschaft mbH	A-1020 Vienna	V	a)
├► 100% ÖBB-Projektentwicklung GmbH	A-1020 Vienna	V	b)
├► 100% ÖBB-Realitätenbeteiligungs GmbH & Co KG	A-1020 Vienna	V	b)
├► 100% Elisabethstraße 7 Projektentwicklung GmbH & Co KG	A-1020 Vienna	V	b)
├► 100% Elisabethstraße 9 Projektentwicklung GmbH & Co KG	A-1020 Vienna	V	b)
├► 100% Gauermanngasse 2-4 Projektentwicklung GmbH & Co KG	A-1020 Vienna	V	b)
├► 100% Mariannengasse 16-20 Projektentwicklung GmbH & Co KG	A-1020 Vienna	V	b)
└► 100% Operngasse 16 Projektentwicklung GmbH & Co KG	A-1020 Vienna	V	b)
├► 100% ÖBB-Stiftungs Management Gesellschaft mbH	A-1020 Vienna	V0	h)
├► 100% Rail Equipment GmbH	A-1040 Vienna	V	g)
├► 100% Rail Equipment GmbH & Co KG	A-1040 Vienna	V	g)
├► 51% WS Service GmbH	A-3151 St. Georgen am Steinfeld	V	c)
├► 50% Galleria di Base del Brennero - Brenner Basistunnel BBT SE	I-39100 Bozen	E	c)
├► 43.05% Weichenwerk Wörth GmbH	A-3151 St. Georgen am Steinfeld	E	c)
├► 25% Breitspur Planungsgesellschaft mbH	A-1010 Vienna	E	d)
├► 8% HIT Rail B.V.	NL-3500 HA Utrecht	0	n/a
├► partnership UIRR s.c.r.l. (International Union for Road-Rail Combined Transport)	B-1000 Brussels	0	n/a
└► partnership Tiefgarage Stuben Gesellschaft m.b.H. & Co. KG	A-6762 Stuben/Arlberg	0	n/a

Abbreviations:
V Affiliated, fully consolidated company
V0 Affiliated company not fully consolidated due to its insignificance
E Investee reported using the equity method (associated company)
0 other investee
n. a. not applicable

Explanation of the purposes of the Group companies:
a) Maintenance, management and utilisation of real estate properties
b) Project development and utilisation of properties
c) Planning and construction (including replacement investment that exceeds maintenance and repair) of railway infrastructure as well as planning and construction of related projects and sub-projects and the provision of railway infrastructure
d) Optimisation and harmonisation of infrastructure planning and development
e) Cleaning and special cleaning (for example, graffiti removal) of railway stations as well as security and other services
f) Research and development, especially in connection with railway infrastructure
g) Procurement, purchasing, financing, maintenance and group-wide rental of rail-bound specialty vehicles and road vehicles
h) Continuing professional training

In 2019 the companies Businesscenter Linz Entwicklungs- und Verwertungs GmbH & Co KG, Europaplatz 1 Projektentwicklung GmbH & Co KG and Modul Office Hauptbahnhof Graz GmbH & Co KG were deregistered from the commercial register.

The following presents the equity and net income from those Group companies that were not included in the Consolidated Financial Statements and in which an interest of at least 20% was held. The disclosures regarding equity and net income were taken from the annual financial statements according to respective national accounting laws.

	Shareholders' equity in kEUR		Profit or loss in kEUR	
ÖBB-Infrastruktur Group	Dec 31, 2019	Dec 31, 2018	2019	2018
100% Austrian Rail Construction & Consulting GmbH	138	137	0	-1
100% Austrian Rail Construction & Consulting GmbH & Co KG	208	208	-2	-2
100% Netz- und Streckenentwicklung GmbH	89	94	-6	-6
100% ÖBB-Güterzentrum Wien Süd Betriebsgesellschaft m.b.H.	26	30	-3	-4
100% ÖBB-Stiftungs Management Gesellschaft mbH	72	72	0	0

36. Events after the reporting date

Due to the outbreak of the coronavirus-crisis in Austria in March 2020, the number of trains on offer, particularly for passenger transport, was reduced significantly as a result of the measures taken by the federal government. This is expected to result in a considerable loss of revenue from track access charges and traction. Furthermore, the consequences for construction projects cannot yet be foreseen.

The impact of the coronavirus-crisis on the 2020 financial statements cannot yet be assessed. The forecasts currently given for economic growth are subject to the proviso that the actual economic impact of the coronavirus for the full 2020 year cannot yet be predicted. The decisive factor will be how long the delivery problems and trade difficulties caused by the virus, particularly in industry, freight traffic, and passenger transport will ultimately last. From today's perspective, however, it appears realistic that the company's net assets, financial position and results of operations will be negatively affected by the coronavirus crisis.

Following the closing of the consultation, the Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology (BMK) initiated the signing of the grant agreements by the parties of the contract for the years 2018 to 2023.

On March 19, 2020, the members of the Board of Management of ÖBB-Infrastruktur AG released the audited Consolidated Financial Statements as of Dec 31, 2019 for submission to the Supervisory Board. The Board of Management proposes to carry forward retained earnings of ÖBB-Infrastruktur AG in the amount of EUR 253,546,974.83 to new account.

37. Executive bodies of the parent company of the ÖBB-Infrastruktur Group

In the 2019 financial year (up until the time of the preparation of the Consolidated Financial Statements), the following persons were appointed members of the Board of Management or members of the Supervisory Board of ÖBB-Infrastruktur AG:

Members of the Board of Management		
Mag. Silvia Angelo		
Dipl.-Ing. Franz Bauer		
KR Ing. Franz Seiser	until Feb 28, 2019	
Dipl.-Ing. Dr. Johann Pluy	from March 01, 2019	
Members of the Supervisory Board		
Mag. Arnold Schiefer	from April 01, 2019	Chairman
Mag. Josef Halbmayr MBA	until Mar 31, 2019	First Vice Chair
DI Herbert Kasser		Second Vice Chair (until Mar 31, 2019) First Vice Chair (from April 01, 2019)
Dr. Claudia Brey	from April 01, 2019 to Oct 04, 2019	
Lic.iur. Philippe Gauderon		
Mag. Iris Germ		
Mag. Eva Hieblinger-Schütz		
Dr. Barbara Kolm		
Mag. Gilbert Trattner	until Mar 31, 2019	Chairman
Günter Blumthaler		Employee representative
Karl Buchheit		Employee representative
Peter Dyduch		Employee representative
Gerhard Schneider	until Nov 11, 2019	Employee representative

Vienna, Mar 19, 2020

The Board of Management

Mag. Silvia Angelo (Finance, Market, Service Division)	Dipl.-Ing. Franz Bauer (Infrastructure Facilities Provision Division)	Dipl.-Ing. Dr. Johann Pluy (Operations and Systems Division)

Auditor’s Report*

Report on the Consolidated Financial Statements

Audit Opinion

We have audited the consolidated financial statements of **ÖBB-Infrastruktur Aktiengesellschaft, Vienna,** and of its subsidiaries (the Group) comprising the consolidated balance sheet as of December 31, 2019, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the fiscal year then ended and the notes to the consolidated financial statements.

Based on our audit the accompanying consolidated financial statements were prepared in accordance with the legal regulations and present fairly, in all material respects, the assets and the financial position of the Group as of December 31, 2019, and its financial performance for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU and with Section 245a of the Austrian Company Code (UGB).

Basis for Opinion

We conducted our audit in accordance with EU Regulation No. 537/2014 (hereinafter the EU Regulation) and the Austrian Standards on Auditing. Those standards require that we comply with International Standards on Auditing (ISA). Our responsibilities under those regulations and standards are further described in the “Auditor’s Responsibilities for the Audit of the Financial Statements” section of our report. We are independent of the Company in accordance with the Austrian Generally Accepted Accounting Principles and professional requirements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of the most significance in our audit of the consolidated financial statements of the fiscal year. These matters were addressed in the context of our audit of the consolidated financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have listed the circumstances that we consider to be of particular significance below:

- Assessment and measurement of provisions for regulatory proceedings
- Distinction between capital expenditures requiring capitalization and maintenance measures immediately recognized as expenses

Assessment and measurement of provisions for regulatory proceedings

Facts and risk and reference to further information	Audit process
Several regulatory proceedings are pending as of Dec 31, 2019 in connection with the fees charged for use of the railway infrastructure and of service facilities (passenger stations). These proceedings, which are at various stages in the procedural process, relate to the years 2011 to 2019 and deal primarily with issues relating to the calculation and determination of infrastructure usage charge for passenger transport (December, 2011 to December, 2017), charges under the new track access charge model from December, 2017 (related to the service "train routes" with regard to directly attributable costs and legally compliant market mark-ups) and the permissibility of charging a "platform edge factor" as a separate fee component for the use of service facilities from December, 2011. The outcome of the pending proceedings may lead to a change in the fees charged to date, resulting in a reimbursement obligation. These risks were assessed individually for each case or proceeding and accounted for in the form of provisions. Accounting for these circumstances is of particular significance for our audit, as the need for and/or the amount of the provisions crucially depend on the assumptions and assessment of the legal representatives on the outcome of the proceedings. Uncertainties exist in particular due to the difficulty in assessing results of the interpretation of legal issues by the supervisory authority, administrative courts or courts of law that have not yet been fully judged, possible restrictions on the temporal effect of decisions, and with regard to the type, scope and amount of recognized costs and market mark-ups as a basis for charging tariffs for the use of rail infrastructure. Information on the accounting for the provisions can be found in the Notes under section "B. Notes to the Consolidated Statement of Financial Position and the Consolidated Income Statement, 26.2. other provisions", as well as under section "A. Basis and Methods, 3. Summary of significant accounting policies, Use of estimates and judgment, section c. regarding provisions".	As part of our audit we examined the legal and data bases used for forming the provisions, and assessed the appropriateness of the premises used for the measurement on this basis. For this purpose we also specifically discussed the status of the proceedings, including the latest developments in 2019, with the employees in the specialist department responsible and with the legal advisers. We also examined the expert report prepared by the Railway Control Commission within the course of the proceedings, and assessed the conclusions derived from this. Lastly we retraced the calculation mechanism for the provisions using the detailed measurement parameters.

Distinction between capital expenditures requiring capitalization and maintenance measures immediately recognized as expenses

Facts and risk and reference to further information	Audit process
In addition to capital expenditure for the construction of new railway infrastructure, the Group also incurs significant expenditure for the renewal and maintenance and repair of the existing infrastructure. While measures classified as capital expenditure are capitalized and are thus expensed over several years by way of depreciation, maintenance and repair measures are recognized immediately as expense in the results for the period. As with all major infrastructure companies, the distinction between capital expenditure and maintenance and repair measures and accurate recognition of these in the annual financial statements is of particular importance. Problems can arise with the distinction or with classification in particular with measures that relate to the existing infrastructure. The risk with respect to the financial statements involves an incorrect accounting assessment for construction and redevelopment measures with the associated impact of this on the annual results. The information on the accounting principles are included in the Notes to the Consolidated Financial Statements under section "A. Basis and Methods, 3. Summary of significant accounting policies". Information on the maintenance and repair payments expensed in the financial year can be found in the Notes under section "B. Notes to the Consolidated Statement of Financial Position and the Consolidated Income Statement, 7. Cost of materials and purchased services". The capital expenditure measures capitalized in the financial year are evident from section "B. Notes to the Consolidated Statement of Financial Position and the Consolidated Income Statement, 14. Property, plant and equipment".	As part of our audit activities we gained an understanding of the relevant processes and internal controls related to the accounting categorization for construction and redevelopment projects, and reviewed the effectiveness of selected internal controls. This relates specifically to internal controls involving the opening of jobs in the SAP system in accordance with the internal accounting policies ("capitalization principles") as well as the downstream controls by assets accounting. We determined additional audit procedures based on this. We applied these audit procedures to a selected sample of projects (both capital expenditure as well as maintenance and repair jobs). In addition to random selections, projects were also selected in accordance with risk-based criteria, with due regard to the project size, project description, and project duration. The audit procedures included in particular examination of the project descriptions, discussion of the project contents with the project managers and project controllers, and based upon this an appraisal of the accounting decisions made. We also examined accounting and contract documentation for the projects included in the random samples wherever necessary.

Responsibilities of Management and of the Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU and with Section 245a of the Austrian Company Code (UGB), and for ensuring that they present a true and fair view of the assets, the financial position and the financial performance of the Group. In addition, management is responsible for such internal controls as it determines necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management intends to either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation and the Austrian Standards on Auditing, which require the application of ISA, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these consolidated financial statements.

As part of an audit in accordance with the EU Regulation and the Austrian Standards on Auditing, which require the application of ISA, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the by the management reasonableness of accounting estimates and related disclosures made by the management.

- conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Comments on the Consolidated Management Report

Pursuant to Austrian Generally Accepted Accounting Principles, the consolidated management report is to be audited as to whether it is consistent with the consolidated financial statements and as to whether it was prepared in accordance with the applicable legal regulations.

Regarding the consolidated non-financial statement contained in the consolidated management report, it is our responsibility to examine whether it has been prepared, to read it and to evaluate whether it is, based on our knowledge obtained in the audit, materially inconsistent with the consolidated financial statements or otherwise appears to be materially misstated.

Management is responsible for the preparation of the consolidated management report in accordance with Austrian Generally Accepted Accounting Principles.

We conducted our audit in accordance with Austrian Standards on Auditing for the audit of the consolidated management report.

Opinion

In our opinion, the consolidated management report was prepared in accordance with the valid legal requirements, includes appropriately stated information in accordance with Section 243a of the Austrian Company Code (UGB) and is consistent with the consolidated financial statements.

Statement

Based on the findings during the audit of the consolidated financial statements and due to the thus obtained understanding concerning the Group and its circumstances, no material misstatements in the consolidated management report came to our attention.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the consolidated management report and the auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, to consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Additional information according to Article 10 of the EU Regulation

We were elected by Annual General Meeting as auditors on May 13, 2019, and appointed by the Supervisory Board on September 23, 2019. We have been auditors without interruption since the 2015 financial year.

We declare that the audit opinion in the section "Report on the Consolidated Financial Statements" is consistent with the additional report to the Audit Committee pursuant to Article 11 of the EU Regulation.

We declare that we have not provided any prohibited non-audit services and that we have maintained our independence from the audited company in the performance of the audit.

Beyond the audit of the audited company and the companies controlled by it, we have not rendered any services that were not disclosed in the consolidated financial statements or the consolidated management report.

Responsible Austrian Certified Public Accountant

The engagement partner on the audit resulting in this independent auditor's report is Mr. Mag. Gerhard Posautz, Certified Public Accountant.

Vienna, March 20, 2020

BDO Austria GmbH

Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Mag. Gerhard Posautz	Mag. Peter Bartos
Auditor	Auditor

*) This report is a translation of the original report in German, which is solely valid. Publication or sharing with third parties of the Group financial statements together with our auditor's opinion is only allowed if the financial statements and the management report are identical with the audited version. This audit opinion is only applicable to the German and complete financial statements with the management report. Section 281 paragraph 2 of the Austrian Company Code (UGB) applies to alternated versions.

About this report

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