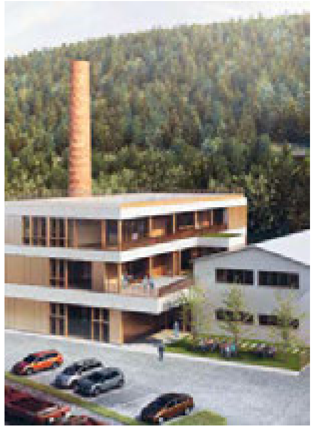
ÖBB

Today. For tomorrow. For us.

ANNUAL REPORT 2019
ÖBB-HOLDING AG

03/01
Apprentice talent factory gets a new face

The ÖBB apprentice workshop in Innsbruck is about to be built. Directly next to the existing apprentice workshop, an extension building is being erected which meets the requirements of a modern training company. Around EUR 10 million will be invested. Completion is scheduled for the end of 2020.



14/01
Noah's Train: climate ambassador for the world makes a halt in Vienna

Noah's Train was initiated by the "Rail Freight Forward" (RFF) initiative, an association of numerous European rail freight carriers and advocacy groups. RFF is a pan-European initiative. Its aim is to communicate to the public in Austria and Europe that rail freight is an essential response to the challenge of climate change.

01/02
The apprenticeship programme goes digital

A special offer at the apprentice workshop in Vienna are two tablet classes. Two training rooms are equipped with 15 tablets each. Young people have the opportunity to use learning apps to acquire knowledge in subjects such as electrical engineering and information technology etc.

05/02
ÖBB freight trains turning smart

The Rail Cargo Group (RCG) launched the "SmartCargo" project in cooperation with A1 and A1 Digital. By the end of 2020, RCG freight wagons will be equipped with position detection, motion sensor and impact detection technology. This will enable new services for customers and significantly improved and more efficient maintenance coordination.

12/03
Railway network in Tyrol wholly electrified

By the end of 2019, ÖBB-Infrastruktur had electrified the remaining 14,390 metres of the Ausserfern Railway between the Reutte station and the national border at Schönbichl. With the completion of this work, the entire ÖBB railway network in Tyrol is now operated only on environmentally-friendly electricity.

12/03
24 more Desiro Cityjets ordered

New trains for the eastern region: 24 additional Desiro ML Cityjets from Siemens will in future be in service on the rails in Vienna, Lower Austria and Burgenland, further enhancing local and regional transport. This means that 189 Cityjet Desiro ML trains have been ordered.

That was 2019

HIGHLIGHTS. A new apprentice workshop, a green logo, intensive construction activity on the Southern Line ...

06/05
In the green zone

The ÖBB logo at the Vienna Central Station shines green. With this, ÖBB-Infrastruktur wants to make a statement. Since the middle of 2018, it has already provided 100 per cent green traction current on its route network and now 100 per cent green current is also used to power all stations, offices, workshops and container cranes. This will save another 30,000 tonnes of CO_2 per year.

15/05
Construction of the Mürzzuschlag station started

At the Semmering Base Tunnel, the official go-ahead was given for the construction of the west gate and the remodelling of Mürzzuschlag station. ÖBB CEO Andreas Matthä placed the “last building block” of the 27-kilometre-long Semmering Base Tunnel between Gloggnitz and Mürzzuschlag.

16/05
Suburban railway station campaign

The go-ahead has been given for the invitation to tender for the construction work on the Innsbruck Messe suburban railway station. The project aims at a complete redevelopment of the public access to the Innsbruck districts of Saggen and Pradl, and at the same time, it has launched an essential part of the railway station campaign in the greater Innsbruck area.

17/05
ÖBB/IBM Girls!Tech Camp

“Technology for girls like me!” That was the motto of the third Girls!Tech Camp, where 50 girls spent five days getting a taste of technical areas and professions at ÖBB and IBM.

07/06
German Brand Award for TransANT

The Rail Cargo Group’s freight wagon innovation, the future-oriented platform concept TransANT, was launched last year directly on the voestalpine site. For this unique event, the ÖBB-Rail Cargo Group has now been awarded the German Brand Award of the German Brand Institute.

“We must act now and get as much freight as possible off the roads and onto the railways. Freight traffic by rail saves CO_2 and protects the climate!” ÖBB CEO ANDREAS MATTHÄ

» Continued on rear cover section

Key performance indicators

Earnings ratios in accordance with IFRS (in EUR million, rounded)

	2019*	2018*	2017	2016	2015
Total income	6,945	6,726	6,755	6,416	6,345
Expenses for materials and services received	-1,781	-1,803	-1,926	-1,730	-1,751
Personnel expenses	-2,742	-2,631	-2,543	-2,478	-2,337
Other operating expenses	-476	-417	-462	-428	-451
EBITDA	1,946	1,875	1,823	1,779	1,806
Amortisation (incl. impairment)	-1,191	-1,071	-1,033	-968	-949
EBIT	755	804	790	811	857
Financial result	-587	-636	-614	-645	-664
EBT	169	168	176	166	193
ROCE (in %)	2.8	3.1	3.2	3.4	3.7

Balance sheet ratios in accordance with IFRS (in EUR million, rounded)

Total assets	31,254	29,710	28,351	27,344	26,475
Non-current assets	29,967	28,386	27,083	25,877	25,140
of which property, plant and equipment	*28,246*	*26,809*	*25,576*	*24,386*	*23,416*
Current assets	1,287	1,324	1,268	1,467	1,335
Shareholders' equity	2,645	2,529	2,306	2,093	1,922
Equity ratio (in %)	8.5	8.5	8.1	7.7	7.3
Financial liabilities	25,343	24,146	23,549	22,799	22,317
Net debt	24,963	23,674	23,101	22,113	21,306
Gross capital expenditure	2,700	2,591	2,503	2,400	2,032
Net debt/EBITDA (ratio)	12.8	12.6	12.7	12.4	11.8
Net gearing (ratio)	9.4	9.4	10.0	10.6	11.1

* Excluding outgoing business unit.

Contents

DIGITAL. The 2019 Annual Report is available in PDF form, together with associated videos, at: **konzern.oebb.at/gb2019**

ANNUAL REPORT 2019: Statement from the Board of Management

BOARD OF MANAGEMENT, ÖBB-HOLDING AG. Mag. Arnold Schiefer (CFO), Ing. Mag. (FH) Andreas Matthä (CEO)

Consistency in results. Although challenging, 2019 ultimately turned out to be yet another successful financial year. Despite emerging signs of a downturn in some sectors of the economy, we closed out 2019 on a decidedly positive note for what is now the eighth time in a row, generating an EBT of EUR 168.5 million. The past financial year also saw another pleasing trend in passenger figures, with ÖBB trains welcoming more people than ever before in 2019.

Total Group income rose once again last year, up by three per cent to EUR 6.95 billion. The overall result again included positive profit contributions from all operative subsidiaries of the Group. As in the past two financial years, our passenger transport sector achieved particularly gratifying results, increasing its EBT to just over EUR 100 million. EBT at our freight transport subsidiary fell to EUR 5.1 million due to the challenging market environment in 2019. However, this still puts the ÖBB-Rail Cargo Group in the top three rail freight companies in Europe. The Infrastructure sub-group also made a solid contribution to the Group's comprehensive income for 2019 with an EBT of EUR 38.3 million.

Taking the train has that "certain something"!
Just as pleasing as the consistency of the Group's results last year was the support that we received from our customers. Welcoming nearly 267 million passengers on board our trains marks a further record in rail passenger transport. This growth in passenger numbers over the past year was driven by both local and long-distance transport as well as our night services, which attracted international attention – and not just in the media. In combination with the European climate protection movement, the launch in late 2019 of the service between Vienna and the EU's "capital" Brussels sparked widespread international

debate about night trains as a genuine alternative to short-haul flights – a debate that is likely to rumble on vigorously in the coming months and years.

We know that, across the whole Group, we have outstanding employees who are working with full commitment for the company and for Austria. They do so now and they will continue to do so after the pandemic is over.

ÖBB-Postbus once again held its own last year in a tough market environment, bringing some 210 million customers to their respective destinations safely and on time. With a market share of 43 per cent, Postbus thus remains one of the most important providers of public transport services in Austria. Nevertheless, bus transport operations in Austria will need to be reassessed, firstly in view of the current competitive tendering process, which has turned into a simple price war that takes too little notice of quality criteria. Secondly, we must not lose sight of our climate protection targets, which will require a sharp rise in the usage of all ranges of public transport services – thus also of bus services – if they are to be met. In our bus operations, therefore, we will be holding further discussions with the responsible officials at government, federal state and community level in 2020.

Rail Cargo Group competes at the top
The Rail Cargo Group (RCG) recorded a total of just over 105 million net tonnes of freight transported, thus retaining its top ranking position in the European rail freight sector in 2019. In terms of volumes transported, therefore, RCG is thus still one of the largest rail freight companies in Europe, remaining the clear market leader in its two domestic markets with Rail Cargo Austria and Rail Cargo Hungaria. However, these positive results cannot be allowed to detract from the fundamental economic problems facing the rail freight sector, a situation being felt throughout Europe. These difficulties can be attributed to the imbalance in competitive conditions between rail and road, which makes truck transport a disproportionately cheap option for deliveries under 500 kilometres.

ING. MAG. (FH) ANDREAS MATTHÄ.
Chairman of the Board of Management (CEO)

In an attempt to even up this imbalance, which ranges from licensing issues to toll charging and from a lack of monitoring to preferential tax treatment, Europe's rail freight companies have launched the "Rail Freight Forward" initiative. Although the initiative, which is supported by companies such as DB Cargo, SNCF and SBB alongside RCG, has scored some initial partial successes, we are still far off a level playing field in European freight transport. Here too, therefore, further intensive discussions with the political decision-makers in Austria and the rest of Europe were required in 2019.

Good for the economy. Good for the climate
The basis for the positive development of the entire ÖBB Group over the past years has

been the modernisation of the railway infrastructure, which was carried on consistently in the last year also. We once again invested about EUR 2 billion in the rail transport system in 2019: in faster railway lines and in modern stations, including the associated free parking opportunities at the ÖBB Park&Ride and Bike&Ride locations. We received a great deal of support for these efforts from our customers once again, and these investments – and the improvements that they have brought to rail travel – have been one of the reasons why many people have now become enthusiastic rail travellers.
It is also of particular importance to us that we once again managed to complete every construction project undertaken in the last year on time and within budget. A prudent approach to handling taxpayers' money is so crucial for us because we will have to keep on investing over the next few years if we want to achieve our objectives. And this will only be possible if taxpayers have complete confidence in us.

MAG. ARNOLD SCHIEFER.
Member of the Board of Management (CFO)

What does the future hold?
We have some eventful months ahead of us. The full extent of the economic consequences of the current coronavirus pandemic is impossible to gauge at present. At the same time, however, we cannot lose sight of our other objectives – the keywords here being climate change and the generation change. In the current year and over the next few years, we will have to do our utmost to tackle these challenges. And we will do so with optimism, because we know that we have outstanding employees who can "roll up their sleeves" and get down to work, and that they will continue to work with full commitment for the company and for Austria once the pandemic is over. We would like to take this opportunity to reiterate our gratitude to all our colleagues for their hard work. THANK YOU!

Ing. Mag. (FH) Andreas Matthä
Chairman of the Board of Management,
ÖBB-Holding AG

Mag. Arnold Schiefer
Member of the Board of Management
ÖBB-Holding AG

Statement from the Chairman of the Supervisory Board

MAG. GILBERT TRATTNER.
Chairman of the Supervisory Board, ÖBB-Holding AG

Sustainability. ÖBB is Austria's biggest climate protection company. However, this is not only good for the environment. As the country's most important mobility provider, we also take our social and economic responsibility seriously.

Virtually no issue took up more of our attention last year than climate change. People are greatly worried about its negative consequences, and many are experiencing a growing desire to change something. Sustainable mobility is thus becoming a central theme for more and more people. This is a once-in-a-lifetime opportunity for ÖBB, because every new passenger, every extra tonne of freight carried on the rails is a win for the environment. However, this can only be achieved if ÖBB's operations are economically sustainable without it neglecting its performance commitments or public service obligation.
ÖBB therefore has to be sustainable in environmental, economic and social terms. However, it needs to achieve this in a social and economic environment that is currently experiencing a great deal of major changes: digitisation, new competitors forcing their way onto the market, fluctuations in the economy as well as the generation change within the company are all issues that are placing huge demands on ÖBB as a corporate group.
If ÖBB wants to remain successful in the future, it will need a clear strategic focus and commitment from every single person involved. However, drawing on what I have learned about ÖBB in the past, and even more so last year in my role as Chairman of the Supervisory Board, I am confident that we will be able to overcome these challenges and seize the opportunities presented to us.

Setting the course for railways
Passenger transport and Rail Cargo's transport operations saved over four million tonnes of CO_2 last year. This means ÖBB is already the biggest climate protection company in the country. It also means that the climate targets set by the Austrian government can only be met by continuing to shift traffic from road to rail. However, this will require adequate support in order to finally create a level playing field, especially in freight transport. This is because rail is still clearly disadvantaged compared to road as a result of differing costs. The situation is also being exacerbated by an economic downturn that is further increasing price pressure.
The positive earnings before income taxes (EBT) achieved by Rail Cargo in the last year are thus all the more remarkable. It is something that no other European railway undertaking has managed and has

This is a once-in-a-lifetime opportunity for ÖBB, because every new passenger, every extra tonne of freight carried on the rail is a win for the company and for the environment.

meant that rail accounts for nearly twice as much of total freight transport in Austria than it does in the rest of Europe as a whole. Both feats have only been possible thanks to Rail Cargo's uncompromising focus on its customers, because this is the only way to win through on the market with tailored services, industry-specific solutions and innovations that lead the way across Europe.

Mobility and employment for Austria

This also applies to passenger transport. ÖBB brings some 1.3 million people safely to their destination every day. This equates to over 450 million a year. Well over half are commuters and schoolchildren, who would literally be left stranded without ÖBB... By providing this transport service, ÖBB is fulfilling an important mission to society. This is even more true of ÖBB-Postbus, which provides some 1,800 communities across Austria with efficient and affordable transport.
ÖBB is also one of the country's largest employers – as well as being one of its most diverse. All in all, more than 40,000 people work at ÖBB in nearly 100 different professions. However, ÖBB also ensures social sustainability by giving young people the opportunity to learn the trade most suited to them. There are 25 apprenticeship professions to choose from, and 500 new apprentices are taken on every year. This makes ÖBB Austria's second largest training provider and its largest for technical trades.

Responsibility for the future

The services that ÖBB provides are priced transparently and in accordance with the most stringent criteria. This also applies to the infrastructure investments that ÖBB makes on behalf of the Republic of Austria and that act as an important multiplier for the country's prosperity. ÖBB's capital expenditure has been responsible for over EUR 2 billion in added value and more than 20,000 jobs.
As well as bringing faster journeys, however, the new infrastructure often plays a key role in companies' decisions on where to invest and where to create new jobs. Or, put another way: when it only takes 2 hours 40 minutes to travel from Vienna to Klagenfurt from 2026 onwards, this will be good news for the environment, for people and for the economy.
Nevertheless, ÖBB cannot afford to let up in its endeavours to become even more efficient and customer-focused – in its services, in its processes and, of course, on the market, where competition will not only increase further but will also bring new "players," primarily through digitisation.

On the move today for tomorrow

ÖBB's very pleasing result – its second best in recent times – is proof that it is tackling this challenge successfully. For this, I would like to extend my heartfelt thanks to the Board of Management and all my colleagues.
A result like this can only be achieved with the sustained commitment and dedication of everyone involved. And it is a shared success, of which we should be proud – primarily because it makes us a role model for others. Specifically, ÖBB is demonstrating that environmental sustainability and economic efficiency are not mutually exclusive and is thus taking on significant responsibility for Austria. I would like to say a sincere thank you on behalf of the Supervisory Board for this too.

Mag. Gilbert Trattner
Chairman of the Supervisory Board
of ÖBB-Holding AG

FACTS & FIGURES

2,302 mil.

The ÖBB-Personenverkehr sub-group generated total revenues of EUR 2,302.1 million and an EBT of EUR 100.1 million in 2019 (page 70).

7,205

The ÖBB-Personenverkehr sub-group employed 7,205 people in 2019 (as at Dec 31, page 85).

290.5 mil.

The ÖBB-Personenverkehr sub-group made investments worth 290.5 million in 2019, following EUR 400.8 million in the previous year (page 77).

266.6 mil.

266.6 million people travelled on ÖBB trains in 2019, an increase of 2 per cent. 228.4 million passengers (+2 per cent) used local transport and 38.2 per cent (+4 per cent) long-distance transport (page 65).

476.8 mil.

476.8 million **passengers used ÖBB services in 2019,** 266.6 million taking the train and 210.2 million going by bus. This is an **increase of 1 per cent** compared to the previous year (page 65).

26

ÖBB ran a total of 26 night train services across Europe in 2019, 17 independently and 9 together with partners. The 27th line, a night train to Brussels, was launched in January 2020. A direct night connection to Amsterdam is set to follow in December 2020 (page 92).

Makes sense.

Today. For tomorrow. For us.

OUR TIMETABLE. With every new passenger we welcome, we are improving our results and helping the environment.

At first glance, two things dominated 2019 for ÖBB: the repositioning of its brand and the debate on climate change. For us at ÖBB, the two are closely interlinked; they also provide the narrative for this year's Annual Report. ÖBB gave its corporate identity a new focus last year. The emphasis is now less on selling things and more on telling the story of what ÖBB does on a daily basis, for its customers, for the environment and for Austria – not just for today, but for tomorrow too. This is also reflected in its new slogan, "Today. For tomorrow. For us.", which in turn communicates the core brand message "Makes sense."

We are climate protection

And this is where the climate change debate comes in. For many years now, ÖBB has been consciously drawing attention to itself with some strong statements, including "We are Austria's biggest climate protection company" and "Climate protection is our business model." However, there is also a lot of truth in these. Every day, we transport some 1.3 million people on trains and buses. In 2019, we welcomed some 476.8 million passengers on board. An in addition, we also transported about 105.3 million tonnes of freight in Europe and Asia. This meant that we saved approximately 4.2 million tonnes of CO_2 compared to if the same volumes had travelled by road (figures as at 2018). But this is nowhere near enough as far as we are concerned. With every new passenger and every extra tonne of freight, we are improving our results, helping the environment and doing our bit to ensure that Austria meets its climate protection targets in 2030. Or, put simply: "Today. For tomorrow. For us."

Rail travel as a lifestyle

Rail travel is right on trend in Austria. Journeying an average of some 1,450 kilometres a year each, the Austrians have been the EU's most dedicated rail travellers for six years in a row now, as well as currently being the most satisfied according to surveys. In freight transport, meanwhile, we have the highest modal split in Europe at 30 per cent. These are all sound foundations for a further improvement in our performance and services. This Annual Report tells this story too. We take a look behind the scenes and showcase the combined force of 40,000 people at our company and what they achieve day in, day out. Their immense dedication helps us become that little bit faster, safer and more comfortable every day so that we can win even more loyal customers and make Austria a shade greener once again. Not for nothing have we called our new timetable "Today. For tomorrow. For us." <

WE ARE CLIMATE PROTECT

GREEN ÖBB. Already today, ÖBB is making an important contribution to climate protection. We want to keep on increasing this tremendously. ÖBB's climate protection strategy for 2030 defines six central levers for making this possible.

The first electric railway opened over 130 years ago, and it has been more than 90 years since construction began on the first proper hydroelectric power plant. Environmentally friendly mobility is in ÖBB's DNA. The mobility services that ÖBB provides by train and bus save over four million tonnes in CO_2 emissions a year. ÖBB is conscious of its responsibility towards Austria and provides transport services for more than a million people every day – fast, on time, safe and green. And ÖBB is ready to play its part in ensuring that Austria meets its climate targets in the transport sector by 2030. With its climate strategy for 2030, ÖBB is working tirelessly towards this objective and has set itself some ambitious goals. If these are to be achieved, however, suitable framework conditions will be required.
As part of efforts to offer passengers a new level of comfort, a new speed and new routes, the targeted upgrade of Austria's rail infrastructure over the past few decades has also been an investment in climate protection that makes perfect sense. The fact that ÖBB also operates its own hydropower plants, uses renewables for its traction current and already provides over 90 per cent of its transport services on electrified routes demonstrates quite clearly its commitment to mitigating the impact of climate change. The use of new technologies has also further enhanced the benefits that rail offers over road and air transport.

Modal shift to rail

Provided with highly targeted support, multi-modal passenger transport – e.g. in the form of Park/Bike & Ride locations, the Rail&Drive offer for the last mile and the wide range of services offered by ÖBB-Postbus GmbH as a mobility service provider and transporter within and out of the regions – has so far made a successful contribution to "green" mobility interlinked in a logical way. Interlinking and the modal shift have always been important in goods transport too, including in the form of targeted logistics solutions for our customers, ÖBB Cargo Terminals and the "rolling highway", as a way of further increasing the shift from road to rail freight traffic. All of these examples serve to illustrate ÖBB's environmentally friendly focus over the past few decades.
Climate protection has long been a cause dear to ÖBB's heart, and its commitment to environmental sustainability is impossible to beat – and now this sustainable path and the pioneering role associated with

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ÖBB is highly committed as it advances towards even greater climate protection. ÖBB's mobility sector intends to be carbon-neutral by 2030.

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ENVIRONMENTALLY FRIENDLY RAILWAYS. The mobility services that ÖBB

it are to be developed even further. The railway will form the backbone of the mobility of the future.

Take the train – protect the climate

Everyone is talking about climate protection. Hardly any other issue is so high-profile or having such a profound impact on people. There are global climate targets to be met; with its "Green Deal," the European Union intends to make the European economy climate-neutral by 2050 and is signalling a new mind-set and approach. A rapid rethink is called for, particularly in the transport industry, because it has experienced a countervailing trend for years now in the form of rising greenhouse gas (GHG) emissions. Road transport currently makes up some 99 per cent of GHG emissions in the Austrian transport sector.

ÖBB's climate protection strategy for 2030 as the first step towards becoming climate-neutral

ÖBB is setting itself ambitious goals as it advances towards even greater climate protection. ÖBB's mobility sector intends to be carbon-neutral by 2030, followed by the entire company by 2040/50. Making the system even more attractive and increasing capacity through innovation and technology are to facilitate a greater modal shift. To be able to achieve its objective of becoming climate-neutral, ÖBB has set out its climate protection strategy for the years leading up to 2030 as a first step. It has defined the focal points and is employing six central levers:

Electrification. 73 per cent of railway lines are currently electrified. A multi-stage electrification programme is set to increase the level of electrification to 85 per cent by 2030 and 89 per cent by 2035.

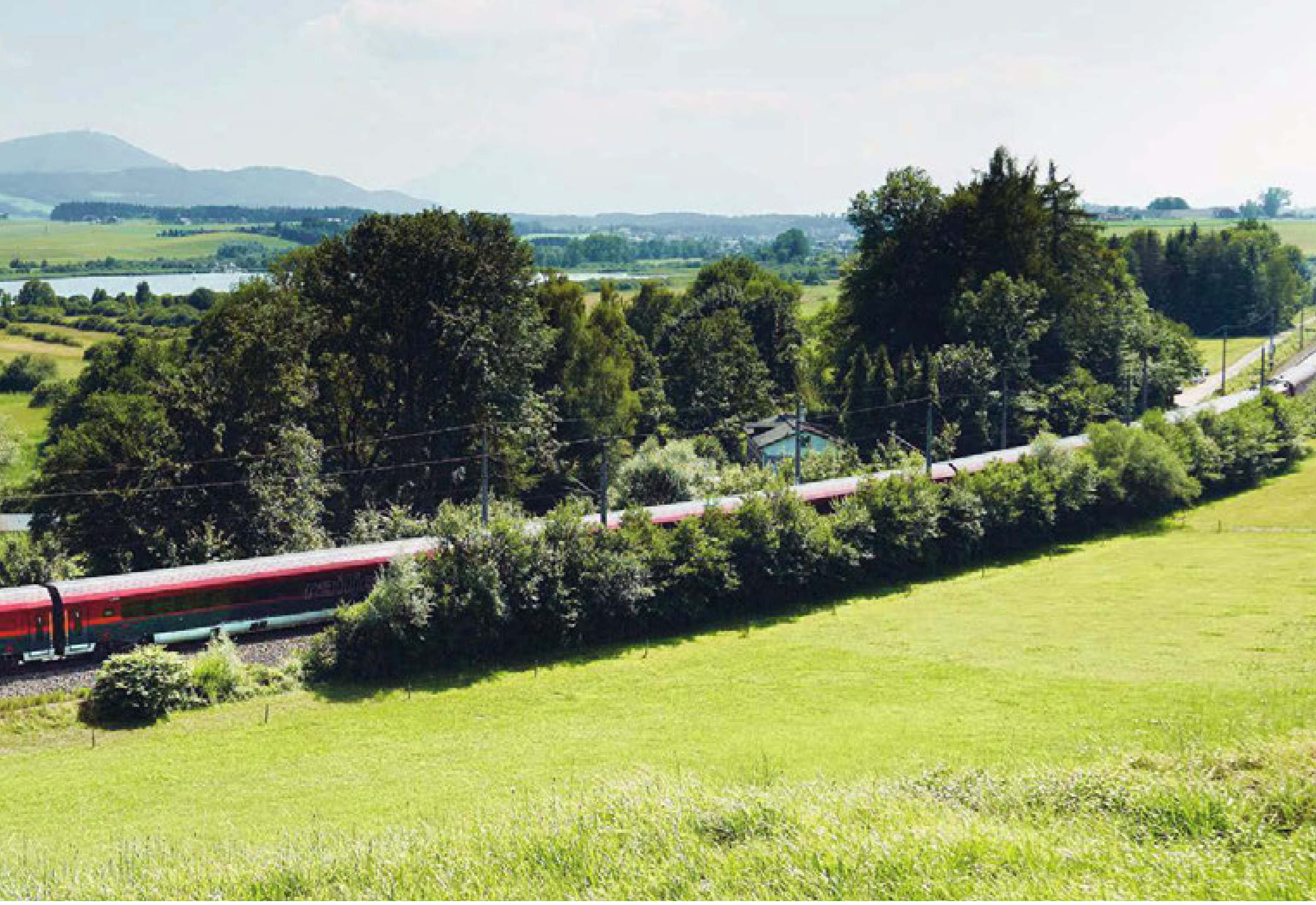
Alternative drive systems – rail. Over 90 per cent of ÖBB's rail transport services already use electric traction. Its diesel fleet is set to be deployed on secondary lines whose electrification would not make commercial sense. Efforts to develop alternative drive technologies (e.g. hydrogen) are being stepped up for these vehicles.

Alternative drive systems – road. Work on alternative drive technologies is also being intensified in ÖBB's road transport sector, both at ÖBB-Postbus GmbH and for in-house transport. For instance, the ÖBB Postbus fleet is to be gradually converted to electric and hydrogen buses.

Renewable energies. ÖBB's electric trains have been powered exclusively by energy from renewable sources since as long ago as July 2018. Since 2019, this has also been the case for the three-phase current used by operating facilities such as buildings, workshops and point heating systems. The high percentage of power generated from environmentally friendly energy sources forms the key pillar of the benefits ÖBB offers in terms of climate protection. However, the costs of green electricity are expected to rise. To be able to operate even more independently of the market in the future, ÖBB is set to further increase the amount of power it produces itself from renewable energy sources.

Energy efficiency. Energy that is not consumed in the first place saves money and CO_2. Besides optimising

And ÖBB is ready to play its part in ensuring that Austria can meet its climate targets in the transport sector by 2030.



Makes sense.

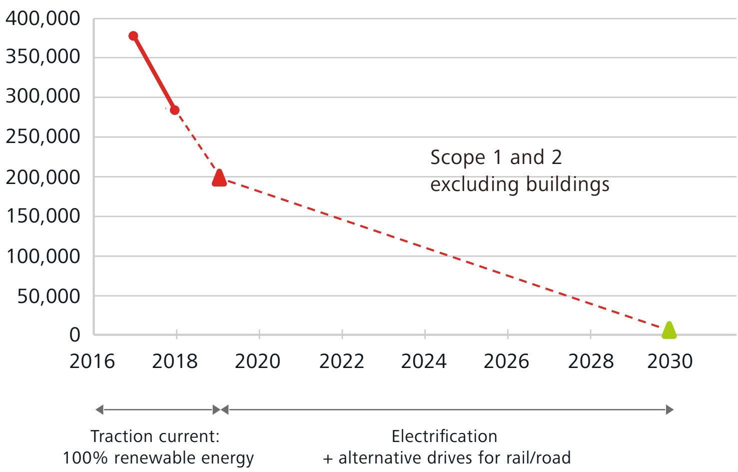
provides by train and bus save over four million tonnes in CO_2 emissions a year

the operational management of trains, another of ÖBB's focal points is saving energy at its sites and premises throughout Austria. The key terms here include building refurbishment, LED lighting, etc.

Modal shift. Shifting traffic from road to rail is both the key driver of and a lever in ÖBB's climate protection strategy. The task at hand is this: how can traffic be shifted from the air and road onto the railway? What needs to be done to make the idea attractive, and what groundwork needs to be done before future capacity requirements can be met?

Cutting greenhouse gas emissions at ÖBB

Planned change in total greenhouse gas emissions from ÖBB transport operations in Austria (figures in tonnes of CO_2eq)



Some 2.4 million tonnes in potential extra CO_2 savings

As mentioned earlier, ÖBB's transport services (rail and bus) save over four million tonnes of GHG emissions every year that would otherwise be polluting Austria's environment. The six levers of ÖBB's climate protection strategy will enable additional CO_2 savings to be made, which have been calculated with the support of the Environment Agency Austria. Provided that the measures within the six levers become fully effective and show the impact as planned, this would mean that ÖBB's climate protection strategy for 2030 could result in an additional GHG savings potential of up to 2.4 million tonnes from 2030 onwards.

100% of traction current from renewables

ÖBB's electric trains have been powered exclusively by energy from renewable sources since July 2018. As the figures demonstrate, this was an important and decisive step towards a further cut in GHG emissions. Switching its traction current to green electricity reduced CO_2 emissions from ÖBB's rail services from roughly 211,000 tonnes in 2017 to some 114,000 tonnes in 2018 – a fall of nearly half. GHG emissions from all ÖBB transport operations in Austria also dropped to approximately 281,000 tonnes in 2018. Climate-friendly traction current will impact on an entire year for the first time

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THE GREEN RAILWAY. ÖBB already provides over 90 per cent of its transport services on electrified routes

in 2019. This will likewise have a marked impact on the figures once again. Going forward, the gap in CO_2 emissions between rail on the one hand and cars, trucks and airplanes on the other will continue to widen. These are all strong arguments in favour of the modal shift. ÖBB is also working flat out on other initiatives that form part of the six levers of its climate protection strategy. The expansion of night train services (ÖBB Nightjet) is well under way and feedback has been positive. In goods transport, meanwhile, work on the "rolling highway" is being stepped up. What is more, ÖBB's current activities, including the use of alternative (battery- and hydrogen-powered) drive systems in trains and buses and increasing its own production of electricity from renewable energy sources, go well beyond the bounds of the modal shift itself. More information on the projects and measures forming part of ÖBB's climate protection strategy for 2030 and on its objectives, potential CO_2 savings and many other details can be found in the corresponding report: konzern.oebb.at/ksb2019.

ÖBB cannot achieve its objective on its own. Suitable framework conditions are essential if ÖBB's climate protection strategy for 2030 is to succeed.

The path towards climate-neutral mobility operations for ÖBB by 2030 – the first major objective in its climate protection strategy – is the right one to take. It is clear that, with its mobility services, ÖBB is making a substantial contribution to climate protection in Austria. On its own, however, this will not be enough. If Austria is to be able to achieve the climate protection targets to which it has committed, the transport sector alone will need to save some eight million tonnes of CO_2 by 2030 as things stand.

Upgrading the railways and public transport instead of making compensation payments

Here is a simple calculation by way of an example: if ÖBB were to double its current transport operations by 2030, Austria would already be halfway towards achieving its target in the mobility sector. Although the idea of doubling ÖBB's transport services is very much a flight of fancy, the thought model makes it crystal-clear how much more CO_2 could be saved by upgrading the railways. Whenever anything else is shifted from road or air onto rail and public transport, our climate benefits. The necessary conditions are in place. If the potential savings are to be realised in full, however, additional investment

– in new technologies, infrastructure and more vehicles – will be required. This is the only way to meet the ambitious CO_2 targets in the transport industry and stave off the threat of billions of euros in compensation payments. Or, put another way, it is better to invest in the underlying foundations and in value creation in Austria.

Climate protection as a growth opportunity for Austria as a business location

Investing in the railways, buses and public transport will pave the way towards saving significant amounts of CO_2 emissions in the mobility sector. Upgrading the railways will also benefit the Austrian economy, as shown clearly by several highly regarded studies. In total, the public transport sector (railways and transport companies) generates some EUR 8 billion in added value a year – roughly EUR 5 billion of which

100 %

ÖBB's electric trains have been powered exclusively by **energy from renewable sources** since July 2018. This reduced carbon emissions from ÖBB's rail services from roughly **211,000 tonnes in 2017 to some 114,000 tonnes in 2018 – a fall of nearly half** over the year.

are attributable to ÖBB's services and investments. As the backbone of climate-friendly mobility, ÖBB is conscious of the particular responsibility it has towards future generations. If ÖBB is to fully leverage the potential in its climate protection strategy for 2030, however, it needs suitable framework conditions. The challenges facing climate-neutral mobility include:

- Further upgrading the rail infrastructure and harmonising European rail transport
- Providing subsidies to ensure that the capacity and quality of the rail network are increased effectively
- Creating a level playing field between rail, road and air transport
- Aligning financing/funding and subsidies with impact on carbon footprints in order to prioritise investments in upgrading transport infrastructure according to their impact on the climate (upgrading rail infrastructure before upgrading more freeways and airports, EU-approved state aid for rail freight traffic to offset the lack of true-cost pricing, etc.)
- Introducing standard pricing/taxation of CO_2 emissions for all products and services
- Allowing train path capacity to be reserved for goods transport in order to shift truck shipments onto the railways
- Introducing incentives to further expand the use of renewable energy and prioritising it for energy-efficient forms of mobility such as rail and public transport

ÖBB cannot manage this on its own. It is calling on politicians to create the right framework conditions quickly. These will be critical for ensuring that the ambitious targets for leveraging potential savings in GHG emissions can actually be met. <

The crucial difference

Less CO_2 from ÖBB's rail services means improved differentiation factors compared with cars, trucks and airplanes.
(Average figures per passenger or tonne kilometre, values for Austria, data source: Environment Agency Austria 2018 and 2019)

CO_2 differentiation factors	2017	2018
Cars : ÖBB rail passenger traffic	15 : 1	26 : 1
Cars : ÖBB Postbus	2.5 : 1	2.4 : 1
Airplanes : ÖBB rail passenger traffic	31 : 1	51 : 1
Trucks : ÖBB rail freight traffic	21 : 1	44 : 1

See page 93 of the Management Report for more details on CO_2 trends.

A brand with added value

THE ÖBB CAMPAIGN. With a completely revamped brand image, ÖBB is showing how it offers the solutions that make most sense: as an environmentally friendly mobility service provider, employer and driver of the economy.

Since 2011, Ciro de Luca and Christoph Fälbl – both of them comedians, satirists and crowd pleasers – have made successful appearances in numerous TV and radio advertisements on behalf of ÖBB. A marked rise in passenger numbers and a steady increase in customer satisfaction indicate that much has been achieved. However, ÖBB has now grown quickly into a state-of-the-art, environmentally friendly service provider that has also hugely improved its image. And it is facing some new challenges. All of this has to be reflected in its latest core brand message and brand image. However, a complete rebranding takes time and relies on the commitment of a lot of people. To revamp its image, ÖBB called on those people who know the company best: its own employees.

A brand born out of the company

In 2016, therefore, the "Zukunft ÖBB" (Future of ÖBB) programme was launched and a central brand management team set up at holding company level.
Together with the core team from Human Resources and Branding, more than 800 employees from the full spectrum of ÖBB's divisions and types of occupation – from train conductors and locomotive drivers to goods specialists – attended workshops to grapple in detail with the development of the new core brand message "ÖBB. Makes sense." After all, ÖBB and its employees give their all day in, day out in pursuit of the most important objectives of all: modern mobility, interlinked modes of transport and infrastructure underpinning a better world – thus also benefiting Austria, its environment and its people. ÖBB is doing a huge amount to help Austria meet its climate targets and making a key contribution to putting the whole country on the path to a sustainable future. It is a major employer and a driver of the whole economy:

Today. For tomorrow. For us.

This was why, in fall 2019, the completely re-envisioned advertising slogan was launched. "With the new slogan, 'Today. For tomorrow. For us.,' ÖBB is distilling the core issue in its latest brand image: in other words, what we are working on today will make sense tomorrow and for all of us," says Sven Pusswald, Head of Corporate Communications & Brand Management at ÖBB. This refers equally to the sustainability of rail travel and the added value that ÖBB is generating for Austria as well as the contemporary lifestyle that taking the train offers. Flagship projects such as upgrading the Southern line are crucial to attracting many more people and goods onto the railway

New face, new name

Thomas, the main character from the TV advertisement, has that name because it is the **most common male first name among ÖBB employers**: 548 employees go by it across the Group (data correct as at February 2020).

The new advertising is based on real people, showing that ÖBB makes sense for people, the environment and the economy.

BRAND PRESENCE. Using credible testimonials and true stories

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THOMAS, whose testimonial formed part of the first major campaign, made no attempt to hide his rough edges. Through his work building the Semmering Base Tunnel, he is laying the foundations that will enable him and his daughter Sofia to travel south to Italy even faster in the future

THE NEW CLAIM refers to the sustainability of rail travel, the added value generated for Austria, the contemporary lifestyle afforded by train travel…

and thus easing the burden on the environment. Tracks, stations and tunnels currently under construction will form the basis for the mobility of tomorrow.
Youth movements such as “Fridays for Future” reveal the direction that the next generation wants to take – and ÖBB is playing an active part in this transformation of society.

Genuine and credible

All of these issues are covered by the new brand presence – and are implemented with genuineness and emotion.
With credible testimonials that tell true stories, such as Thomas from the first major campaign, who made no attempt to hide his rough edges. Through his work building the Semmering Base Tunnel, he is laying the foundations that will enable him and his daughter Sofia to travel south to Italy even faster in the future. Or Giulitta and Irmi, who starred in the new employer videos. Their loyalty and dedication make them the exact embodiment of what ÖBB stands for.
With its new brand image, ÖBB is also reflecting another trend of our times: social networks like Facebook, Instagram and YouTube are becoming increasingly important and are a key source of information for many. ÖBB enables people to tell others about their train journeys on social media and demonstrate how much travelling by rail makes sense. The many stories that are presented make the ÖBB brand even stronger and show the company just like it is – making sense.

An authentic image

The journey towards the new brand began at the heart of the company. More than **800 ÖBB employees** came together to spend many hours devising the new brand image. From summer 2016 onwards, they **grappled with key questions** and contributed in interviews, in workshops and online.

Makes sense. For climate-friendly mobility, for networked modes of transport and for the infrastructure that lays the foundations for a better world.

Strong brand, real people

EMPLOYEES. What makes ÖBB a unique employer? It was time to ask ourselves a few questions: what position are we in at the moment? Where do we want to go? What makes us us?

ÖBB is facing a major generation change: more than a quarter of our colleagues will be leaving the company in the coming years – mainly due to their age. ÖBB will need to recruit 10,000 new motivated employees. And this has to be done on a long-term basis and in such a way that each and every one of them likes to go to work because a meaningful job is waiting there.

Future of ÖBB

As a logical step on this path, the “Future of ÖBB” programme, was launched in 2017. Here, people found out what ÖBB is all about and how the company will present itself as an employer both internally and externally in the future. In the

JOBS THAT MAKE SENSE. Presenting as an employer both internally and externally

end, one thing was obvious: jobs at ÖBB are jobs with meaning. Our employees are already working every day to ensure that our children and grandchildren will have a better life in future. And there is the right job for everyone – from logistics to IT to construction. At the same time, ÖBB offers countless opportunities for professional and personal development.

A clear positioning

These findings ultimately flowed into the new company brand and employer branding. Because only a company that knows where it stands and where it wants to go can position itself clearly and find the right talents. In October 2019, the new ÖBB brand presence was launched throughout Austria – even more emotional, more human and more genuine than before. With the strong employer brand promise – "ÖBB. Genuine diversity. Genuine passion. Genuine performance. Makes sense." – and the new brand message "Today. For tomorrow. For us.", ÖBB hopes to bring the brightest minds aboard.
In view of the generation change, in a second step a campaign focusing on ÖBB as an employer was launched. Who could convey the meaning of our jobs better than the employees themselves? Colleagues from ten different professional groups show what it is like to work for ÖBB in spots, on advertisements and posters as well as on social media and the company blog. They talk about their daily work, honestly and authentically, conveying the values, the active corporate culture, the mission and the image of ÖBB.

Rounding out the picture

In addition to these ten particularly visible employees in our advertising, we have taken many other steps. They are perhaps less prominent, but still they show how comprehensive the reorientation of the brand has been. For example, the homepage, job advertisements and also our appearance at job and career fairs were adapted to the new brand. Here, seemingly little things such as sustainable give-aways that take account of environmental protection considerations play just as important a role as the adapted "candidate journey & experience" – the process that interested persons go through when applying for a job.
And, of course, it is not only about addressing potential new employees. The communication of the new brand is also a central topic internally. The brand promise "ÖBB. Genuine diversity. Genuine passion. Genuine performance. Makes sense." is brought to life in our internal media. For example, portraits of employees and their meaningful jobs can be read regularly in the employee magazine, on the intranet, on social media and the ÖBB blog.
So much for campaigns and communication. But writing about values only makes sense if they are also lived. At ÖBB, there are many jobs, mainly in railway-specific areas, that are not available anywhere else. This is precisely where the transfer of knowledge between the generations is important and the role played by knowledge and experience acquired over many years becomes apparent. This is also reflected in the values of ÖBB's everyday corporate culture, which by no means only looks for young, new talents but also appreciates the many years of work experience of older colleagues. Nothing else would make sense. <

For a future that has meaning

ÖBB is an **economic engine, international corporation, reliable business partner, driver of innovation and protector of the environment.** But above all it is an **attractive employer,** if the future is simply to make sense.

Enthusiastic about the railway

PASSENGER TRANSPORT.

We are bringing more and more people onto the rails every year! With the timetable change from 2018 to 2019, ÖBB has extended its offer by about one million train kilometres.

In 2019, 228.4 million people travelled with ÖBB's local and regional trains on a network that is becoming denser every year. That is almost four million more passengers than in 2018, thanks in part to the many new additions to the timetable. Even if there are already so many trains on the tracks in some sections that a shortening of transit frequencies is hardly possible, there is still potential elsewhere: for example in the Lower Austrian regional railway sector, in the Vienna suburban railway, at weekends and in the evening hours. For example, at the end of 2019 the suburban railway on the line Vienna Floridsdorf – Wiener Neustadt started its night operation on weekends and before public holidays, and also the Vienna suburban line S45 runs between Vienna Hütteldorf and Vienna Handelskai in the night hours.

More comfort in local and regional transport

The number of people who travel by train also depends on the type of wagons. On the one hand, passengers definitely appreciate modern clean trains. On the other hand, because the right trains simply offer more space and allow people to get on and off more quickly. 165 new Cityjets are already in service and offer practical low-floor entrances, significantly more seats, additional comfort, a modern passenger information system, power outlets and free WiFi. And the expansion of the vehicle fleet continues: a total of 200 new Cityjets will be on the rails in the next few years and in Vorarlberg, Cityjets TALENT 3 will be on the way from spring onwards: these are ÖBB’s longest E-traction vehicles, containing around 300 seats, which is 100 more than the previous models. But capacity alone is not everything. The Cityjet eco is making rail travel more environmentally friendly, step by step, even on non-electrified sections. Equipped with an electro-hybrid battery drive, the railcars developed by Siemens Mobility and ÖBB offer a CO_2-neutral ride on lines that are not yet electrified. Since August 2019, the prototype has been in pilot operation in the Eastern Region, in Upper Austria, Carinthia and Styria, and is virtually silent and emission-free. This trial operation will show whether and on which routes serial operation would really make sense.

Transport service agreements: the backbone of ÖBB

Almost 100 days of negotiations and over 2,000 pages of contracts: in 2019, intensive negotiations were held on the new transport service agreements. It was possible to conclude contracts for **local transport covering the next ten years,** only in the Eastern Region there was a so-called one-year “emergency award” for the timetable 2020. Plans for a direct award for another nine years were announced.

Growth in long-distance transport

Whether on the Railjet, Nightjet, Eurocity, Intercity or the ICE: about 38 million passengers travelled on ÖBB's long-distance trains in 2019. Long-distance transport is an important supplement to the Austrian local and regional transport. In addition, there are numerous international connections that make environmentally friendly travel by rail far beyond Austria's borders increasingly comfortable. With 19 of our own Nightjet lines and 8 lines operated by partners, ÖBB is the largest international provider of night trains in Europe (status as at April 2020). These constantly increasing numbers also show that this kind of travel is in demand.

ÖBB is Europe's largest provider of night trains today, offering a total of 27 lines in Europe: 19 of its own and 8 with partners.

Nightjet: done yesterday for tomorrow

The fact that the 2020 Nightjet

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PASSION FOR THE RAILWAY. In 2019, more than 266.6 million passengers travelled on ÖBB trains. About 228 million in local transport and 38 million in long-distance transport. This makes Austrians once again the most dedicated rail passengers in the EU

FAMILY-FRIENDLY. The seven-part Nightjets will consist of two seating carriages, three couchette coaches and two sleepers

network with Brussels and Amsterdam could be extended by two new destinations at the same time was due to the strategic decisions of the past years: in 2016 the brand Nightjet was introduced, in 2018 the connection Vienna – Berlin was added as a new destination. The conclusion of the framework agreement with Siemens in summer 2018 to build new, modern day and night trains also set the course for the future. Under this framework agreement, 13 next generation Nightjets have already been ordered. Production has been underway since 2019, and from the second half of 2022 they will gradually come onto the rails, offering passengers travel comfort at the cutting edge. The next-generation seven-part Nightjets will consist of two seating carriages, three couchette coaches and two sleepers. While the couchette coaches offer not only the usual compartments but also MiniSuites which have been thought out down to the last detail and offer more privacy, travelling in the sleepers will be even more comfortable thanks to their private toilets and shower facilities.

Transport service contracts for long-distance transport

In **long-distance transport** most of the lines could be contractually fixed for **ten years**. One particular success is the awarding of the "InterRegio Concept", which will be implemented after the Koralm Tunnel opens. The contract for these InterRegio transport services runs until the end of 2034.

Highlights under the sun

But ÖBB's trains also cover long distances during the day. In summer 2018, eight Railjets of the new generation were ordered.
From 2023, the low-floor sets will operate on the Brenner route and offer more than 500 seats. In addition to open-plan coaches, there will again be individual compartments with more privacy, double seats can easily be converted into a kind of sofa.
After all, state-of-the-art types of waggons also play an important role if ÖBB wants to even surpass its current passenger record of more than 266 million people in the future. <

From 2023, new Railjets will be on the Brenner route – low-floor train sets with more than 500 seats in open-plan coaches as well as compartments for more privacy.

POWER ON LAND. The Postbus is the sole means of public transport in more than 600 communities

Guaranteeing mobility

POSTBUS. You can always rely on the ÖBB Postbuses. Every year they carry more than 204 million passengers safely to their destination, and they are always on the spot, especially in rural areas.

It is obvious every day just how indispensable ÖBB's Postbuses are. Early in the morning, when thousands of passengers want to go to work or school, and in the evening, when they are on their way home again. Where otherwise there would be no public transport service, they make sure that people do not have to depend on cars.
With about 2,300 vehicles which are on the road in about 1,800 communities in Austria, the Postbuses transport – and sustainably so – 204 million passengers, i.e. almost half of all ÖBB's passengers. Compared to a car, the bus is four times better for our climate.

Market leader defies competition

With a market share of almost 50 per cent, ÖBB-Postbus is by far the most important public mobility provider on the road. Except for city transport operations, there is no competitor with more than ten per cent. Nevertheless, ÖBB-Postbus needs to constantly compete for new transport service agreements. Every year, about ten per cent of the lines in Austria are put out to tender. This not only ties up important personnel resources, each tender is always a battle of quality against the cheapest price. Although individual tenders were also lost in 2019, ÖBB-Postbus was able to win back more contracts overall – a gratifying result.

Innovator in climate and technology

There is no doubt that ÖBB-Postbus is a pioneer of climate-conscious mobility on the road. As early as October 2018 – for the first time in Austria – a hydrogen-powered bus was on the road for Vienna Airport Lines on the Vienna – Airport route. A second test operation followed in Graz and Klagenfurt in summer 2019. Further tests are planned.
ÖBB-Postbus is also one of the first to use battery-powered e-buses in regular service. Since February 2020, four electric buses have been running in Vorarlberg.
Per year and bus, alternative drives can save more than 110 tonnes of CO_2. ÖBB-Postbus is also constantly innovating in the field of bus technology. It is the first company in Austria to use “”assisted reality glasses” (data glasses) for the acceptance of new vehicles, for which it has already received several prizes and awards.

Postbus shuttle makes everyone mobile

In order to ensure efficient and affordable mobility everywhere in Austria, ÖBB-Postbus is also testing new forms of mobility. With the “Postbus shuttle”, a product was developed that is demand-oriented, flexible and digital. The vehicles – usually minibuses – can be booked via app or telephone. And instead of a fixed timetable, travel requests are bundled using intelligent software. In the implementation, ÖBB-Postbus is relying on cooperation with local companies to integrate the new offer into existing tariff offers. <

To the furthest corner

With about **2,300 vehicles which are on the road in about 1,800 communities** in Austria, the Postbuses transport – and sustainably so – 204 million passengers. Compared to a car, **the bus is four times better for our climate.**

We always focus on safety

SAFETY ON TRACK. 2019 shows a positive balance for operational safety at ÖBB. However, in order to ensure safety in the long term, it is necessary to continuously develop our safety culture.

THE FOCUS, apart from the development of new tech-

Following a series of safety-relevant events at the end of 2017/the beginning of 2018, the ÖBB Group had its safety performance carefully examined by external experts for railway safety and safety culture as part of a Group-wide "Safety on Track" programme. The analysis work of the "Safety on Track" programme was completed in June 2019. The final report contains recommendations that can be summarised in three main fields of action:

1. Further develop the safety strategy and strengthen safety control at the group level
2. Further develop safety and support systems for train and shunting operations
3. Further develop the safety culture and occupational safety in the group

Initiatives already taken to improve safety

Some of the recommendations could already be implemented even while the current "Safety on Track" programme was running, others were prioritised and accelerated. One of these was, for example, the topic of "concentration and attention" and measures which support the observance of signals by train drivers. Now they have the option of using a reminder function on their tablets for signals indicating caution. In addition, a warning system was developed which supports train drivers and, in particular, sounds an alarm when they approach a signal indicating a stop. The rollout of this app will be completed by the end of 2020.

Another important measure that has been launched is the special evaluation of the workplace of ÖBB train drivers. With the help of state-of-the-art methods such as visual field analysis, video and voice evaluation as well as heart rate measurements, information about peak loads and possible distractions can be gained.

The vehicles are also being technically upgraded. By the end of 2020, the electric trains are expected to be fully equipped with intermittent automatic train running controls (PZB 90); all the necessary prerequisites have already been put in place for the entire fleet. This is a standard for intermittent train protection, a system for controlling and influencing rail-bound vehicles. By 2023, EUR 25 million will be invested in more than 1,000 additional 500 Hz magnets to improve speed monitoring when approaching a main signal showing a stop.

Safety always

Three codes of conduct

- I work **attentively** and follow **the rules.** I always set a good example and am a **role model** for others.
- I **pay attention** to myself and to my **colleagues.** I openly discuss **unsafe actions** or situations.
- I actively contribute to **learning from mistakes:** that means **recognising and correcting the causes,** so that we become better.

Safety needs a safety culture

A positive safety attitude forms part of a broader corporate culture. It is based on values and codes of conduct that are shaped by awareness, attitudes and beliefs, and becomes

In order to expand the already high level of safety even further, the system must be risk-based and constantly developed further.

nologies, is always also on safety awareness, the behaviour of people and thus the culture of safety

evident through the actions and decisions taken.
As a result of the “Safety on Track” programme, eight projects were therefore launched in 2019 with the aim of strengthening the safety culture in the company. In the area of management and safety, these included the “Management responsibility communication on safety” and the “Safety walks”, in which managers regularly inspect the working environment together with the employees on site, discuss the work processes and question them with regard to their safety.
One important point in this context is the handling of errors and deviations so that they can systematically learn from them. No fewer than four group-wide projects are dedicated to this topic: “Error culture”, “Home customs”, “Near misses, findings and hazards” and “Consequence management”. In addition, the projects “Optimisation of document control”, “Revision of the key performance indicator system” and “Harmonisation of personal protective equipment” are dedicated to the topic of safety.

“Safety always” as a new value

With the first group-wide Safety Day in November 2019, the value “Safety always” and the three associated codes of conduct were implemented in the Group. The nine key elements of ÖBB's safety culture help managers and employees to live the codes of conduct:

- Be a role model
- Pay attention
- Follow the rules as you work
- Wear protective gear
- Keep things in order
- Pay attention to each other
- Discuss unsafe actions
- Identify and eliminate causes
- Learn from mistakes

It takes a few years to change and develop a corporate culture; it requires continuity and perseverance and must be supported by all employees. It is essential that all our managers promote safety in their area of responsibility even more, and lead by example. This is the only way to really change the behaviour of their colleagues. By making “Safety always” a corporate value, we guarantee that the topic of “safety” is integrated into all existing communication channels and management tools and thus permanently reaches all ÖBB employees.
The desired change in behaviour is supported and accompanied by a targeted internal campaign “Safety always”. In 2020/2021, there will also be regional, group-wide Safety Days.
The overriding goal is to further improve the already high safety level of the railway system. And ÖBB wants to be among the top five safest railways in Europe by 2025. <

What we are building today for tomorrow

INFRASTRUCTURE. ÖBB-Infrastruktur is providing Austria with an ever stronger and denser rail network and creates the necessary infrastructure for tomorrow's mobility. An overview of the highlights 2019.

Milestones on the southern line: 200 kilometres of modernised railway line, 170 kilometres of new tracks, 80 new tunnels and 150 new bridges: the southern line can be called ÖBB's infrastructure project of the century. The upgrade of the Pottendorfer Line will create significantly more capacity for commuters coming to the capital from the south. This project will make the southern line between Vienna and Wiener Neustadt four-track. This will not only increase the volume of traffic, but also shorten travel times – and relieve the burden on the A2 and A3 motorways between Wiener Neustadt, Eisenstadt and Vienna. Current figures show how important this is: 40 per cent of all the commuters to Vienna from the surrounding area travel to the city from the south – but only 20 per cent of them use public transport. This makes the Pottendorfer Line an important factor in climate protection.
Work progressed according to plan in 2019: the supplementary route to the existing southern line has been in operation on two tracks between the Vienna city limits (Hennersdorf) and Münchendorf since the end of 2019.
The next upgrade stage of the Pottendorfer Line is the Ebreichsdorf section. Preparatory construction work has been underway since August 2019, with the main work starting in 2020.

Green link between northern and southern Europe

It is currently Europe's largest infrastructure project and will one day be the longest underground rail link in the world: 2019 was halfway point for the 230 kilometre-long tunnel network of the Brenner Base Tunnel. 115 kilometres have already been excavated, and work is now continuing at full speed with eleven excavations. As the heart of the longest core network corridor which the EU has determined within the trans-European transport network, the Brenner Base Tunnel will in future connect northern and southern Europe.
As one of the most important environmental protection measures in Europe, the construction of the Brenner Base Tunnel will have paid for itself in terms of emissions after 18 years, with an estimated service life of 200 years.

Metre by metre through the mountain

Another of the three major tunnelling projects will soon be celebrating its mid-term anniversary: around 45 per cent of the total length of the 27 kilometre-long Semmering Base Tunnel has now been excavated, with 14 excavations being worked on simultaneously. In 2019, the go-ahead was given for the last building block: the portal section and the Mürzzuschlag railway station. And because ÖBB-Infrastruktur is expecting significantly more rail customers at the Mürzzuschlag railway station after the southern line has been completed, the existing Park&Ride facility will be expanded to 370 parking spaces. In the course of the reconstruction work, a modern maintenance base with a track hall, rescue train location and service buildings will also be created. Once the Semmering Base Tunnel is in operation, the journey time between Vienna and Graz will be reduced by 30 min- >

Railway station initiative

Throughout Austria, intensive work was carried out on the conversion and upgrade of various stations and stops. **More than 15 could be completed, and more than 15 new projects were launched** – from the railway station Lienz or Schwaz to the adding of a police station at the Praterstern railway station in Vienna.

Milestones on the southern line: 200 kilometres of modernised railway line, 170 kilometres of new tracks, 80 new tunnels and 150 new bridges.

UNDER THE SEMMERING. In the meantime about 45 per cent of the total length of the 27-kilometre-long Semmering Base Tunnel has been excavated, and work is being done on 14 tunnels simultaneously (symbolic picture)

THE BRENNER. This is currently Europe’s largest infrastructure project and will one day be the longest underground railway connection in the world

utes – making the line more attractive for both passenger and freight transport.

Koralm Railway 100 per cent under construction

The 130 kilometre-long Koralm Railway between Graz and Klagenfurt has been under construction since 2019 – large sections have already been completed and are partly in use. The heart of the new high-performance line is the 33 kilometre-long twin-tube Koralm Tunnel. From Carinthia, the last remaining tunnel boring machine is working in three shifts to reach the second breakthrough, while on the Styrian side the inner lining is being put in at full speed. Outside the megatunnel, the Koralm Railway is also looking more and more concrete: in 2019 the shell of many sections of the Koralm Railway in Lower Carinthia could be completed– including, for example, the St. Kanzian tunnel chain. The shell construction of the second longest tunnel system of the Koralm Railway, the Granitztal Tunnel, is also nearing completion. Once this project of the century is completed, passengers will be able to travel from Graz to Klagenfurt in only 45 minutes.

Faster connection for two EU capitals

A further project will also ensure a faster connection: work on the (in sections) double-track extension of the railway line between Vienna and Bratislava. In previous years, the S80 was already extended to Aspern North, Vienna's largest urban development area. In 2019, ÖBB-Infrastruktur worked, among other things, on modernising the Raasdorf railway station, the construction of the Untersiebenbrunn stop was also started and the first overpass – L5 near Raasdorf – was opened for traffic. <

Half time at the Brenner

2019 was half time for the **230-kilometre-long Brenner Base Tunnel network. 115 kilometres have already been excavated.** With eleven drives, the work is now continuing at full speed. As one of the **most important environmental protection measures in Europe,** the construction of the Brenner Base Tunnel will have **paid for itself in terms of emissions after 18 years,** with an estimated **service life of 200 years**.

One of the most important climate protection measures in Europe is the construction of the Brenner Base Tunnel with a service life of about 200 years.

CAR SHARING. A flexible and inexpensive way to get from the station to your individual destination

Road and rail are growing closer

THE LAST MILE. There are almost 300 ÖBB rental cars available, in 28 cities – and the number is constantly increasing. ÖBB also continues to connect the mobility chain in the country with many new Park&Ride spaces.

Combining car and train travel in a way that makes sense: this is one of the recipes for success when it comes to inspiring even more customers to use the railway. After all, not only the train journey itself should be comfortable and time-saving, but also the "last mile" to and from the station. ÖBB is therefore constantly expanding its car sharing offer at the stations and the number of Park&Ride spaces.

2,000 parking spaces more per year

ÖBB's multi-storey car parks are booming: at the beginning of 2019, there were already 116,000 Park&Ride spaces at a total of 850 locations, 67,000 of which were for multi-lane and 49,000 for single-lane vehicles. On average, 2,000 parking spaces will be added each year, and if all goes according to plans, considerably more will be added in 2020, because of the strong demand. According to the current framework plan for 2018 to 2023, ÖBB-Infrastruktur AG will invest a total of almost EUR 140 million in Park&Ride facilities.

Trend towards e-cars

But when it comes to getting to the station or to the final address from the destination station in a flexible, comfortable and inexpensive way, ÖBB's Rail&Drive offer is also a good reason for more and more passengers to choose rail.
At 32 locations in 28 cities, it is already possible to book an ÖBB rental car at favourable conditions; a total of almost 300 vehicles are available. In the next few years, the offer is to be extended to 50 locations and 400 vehicles.
For particularly environmentally conscious travellers who want their trip to be CO_2-neutral even on the last metres, 24 e-vehicles are already available at 12 locations, in almost all state capitals, as well as at stations such as Bischofshofen, Leoben and Amstetten. And their share of the total vehicle fleet will continue to rise. Depending on the location, customers can choose between a BMW i3, a VW e-Golf, a Renault Zoe or a Nissan Leaf.

Focus on electric mobility

This focus on electric mobility is one of the advantages of ÖBB's car rental offer. And in contrast to other car sharing providers, Rail&Drive can be found all over Austria – not only at major transport hubs, but also at smaller stations and in tourist towns. In 2019, ÖBB Rail&Drive won the Greenpeace Eco-Check, an Austria-wide ranking of car sharing and rental car providers. The success criteria included the use of e-vehicles, charging the cars with 100 per cent green electricity and the fact that customers are informed about the vehicles' emissions on the website. <

Rail&Drive in the fast lane

Already almost **9,500 Rail&Drive customers** use ÖBB's car sharing offer. They have about **300 vehicles at 32 locations in 28 cities** at their disposal – 24 of them are e-vehicles, at 12 locations.

Makes sense.

For a good climate in freight traffic

FREIGHT TRAFFIC. "The future belongs to rail freight transport" – ÖBB-Rail Cargo Group is convinced of that. After all, with its rail logistics solutions it ensures supplies for industry as well as trade, and thus the population.

Entire containers full of textile goods come to Europe from China, bringing with them the need to leave the smallest possible ecological footprint during transport and still move the goods as quickly as possible. This means that market requirements as well as business models and needs of the industry are constantly changing. ÖBB-Rail Cargo Group takes this as an opportunity to develop new logistics solutions, jointly and individually with and for its customers. In their interest, the international presence in Europe and on the land-bridge to Asia is being successively expanded. Thus, ÖBB-Rail Cargo Group offers not only high-quality rail transports but also easy access to multimodal end-to-end logistics solutions across all industries. With this broad and flexible professional base, it ensures the sustainable success for its customers.

Bringing even more on track – together

In the home markets Austria and Hungary, ÖBB-Rail Cargo Group is successfully defending its position as market leader. In doing to, it makes a central contribution to climate protection and transit relief. In order to protect the climate and achieve the climate protection targets of the 2016 Paris Agreement, the trans-European initiative "Rail Freight Forward" (RFF) was founded at the end of 2018. This coalition of European rail freight carriers has set itself the goal of increasing the modal share of rail freight transport in Europe to 30 per cent by 2030. Since the transport sector is one of the biggest sources of CO_2 pollution and the greenhouse effect, shifting freight traffic to rail is the fastest and most efficient way to combat the ever increasing CO_2 emissions and pollution. However, a lot of work still needs to be done before we will achieve this: on the one hand, the rail transport companies have to do their homework and become faster, more modern and more customer-focussed. But apart from fair competitive conditions and a cost transparency between rail and road, we still need a Europe-wide coordinated, efficient infrastructure. In addition, fair transport policy conditions must be created, such as tax relief for traction and clear toll rules for road transport that apply throughout Europe. Put simply, in the foreseeable future it must become as easy to drive a train across Europe as it is to drive a truck. Through RFF, railway undertakings, infrastructure managers and political decision-makers in all European countries are involved in the actions to achieve the desired modal shift.

Rail Freight Forward

To protect the climate and to achieve the **climate protection goals of the Paris Agreement of 2016,** the trans-European initiative "Rail Freight Forward" was founded at the end of 2018. This coalition of European freight railways has set itself the goal of increasing the **modal share of rail freight transport in Europe to 30 per cent** by 2030.

In order to pave the way for this increase in the transport mix, ÖBB-Rail Cargo Group has also worked intensively in many areas in 2019 to offer both future and existing customers incentives to switch to rail: with online shipment tracking, new connections in Europe and to Asia, and by equipping the freight car fleet with silent brakes and sensor technology ÖBB-Rail Cargo Group is consolidating well-tried and new partnerships throughout Austria and the neighbouring countries. And this is not only good for the company and its customers – the environment also benefits from less noise, less fine dust and the significant CO_2 savings. >

The Rail Cargo Group sees the new framework conditions as an opportunity to develop individual logistics solutions for its customers.

SWITCHING TO RAIL. With new incentives such as online tracking and tracing, new connections in Europe and to Asia and by equipping the freight car fleet with silent brakes and sensor technology, ÖBB-Rail Cargo Group is consolidating well-tried and new partnerships

STRONG PARTNER. The Rail Cargo Group operates its traction stock in twelve countries. An important transhipment centre: the Vienna South Terminal

Sustainability: partnerships that give you a sigh of relief

The Upper Austrian raw and building materials specialist Bernegger GmbH, for example, had more than 660,000 tonnes of raw materials, which the company extracts from its lime and dolomite mines as well as its gravel and ballast plants, transported by the ÖBB-Rail Cargo Group within two years. These quantities would otherwise have been transported by road. The live ticker on ÖBB-Rail Cargo Group's homepage provides real-time information on how many tonnes of CO_2 all logistics customers have been able to save since the beginning of the year. Thanks to the rail freight services that went through and within Austria with the partners of ÖBB-Rail Cargo Group, the annual savings in Europe are about 1.4 million tonnes of CO_2.

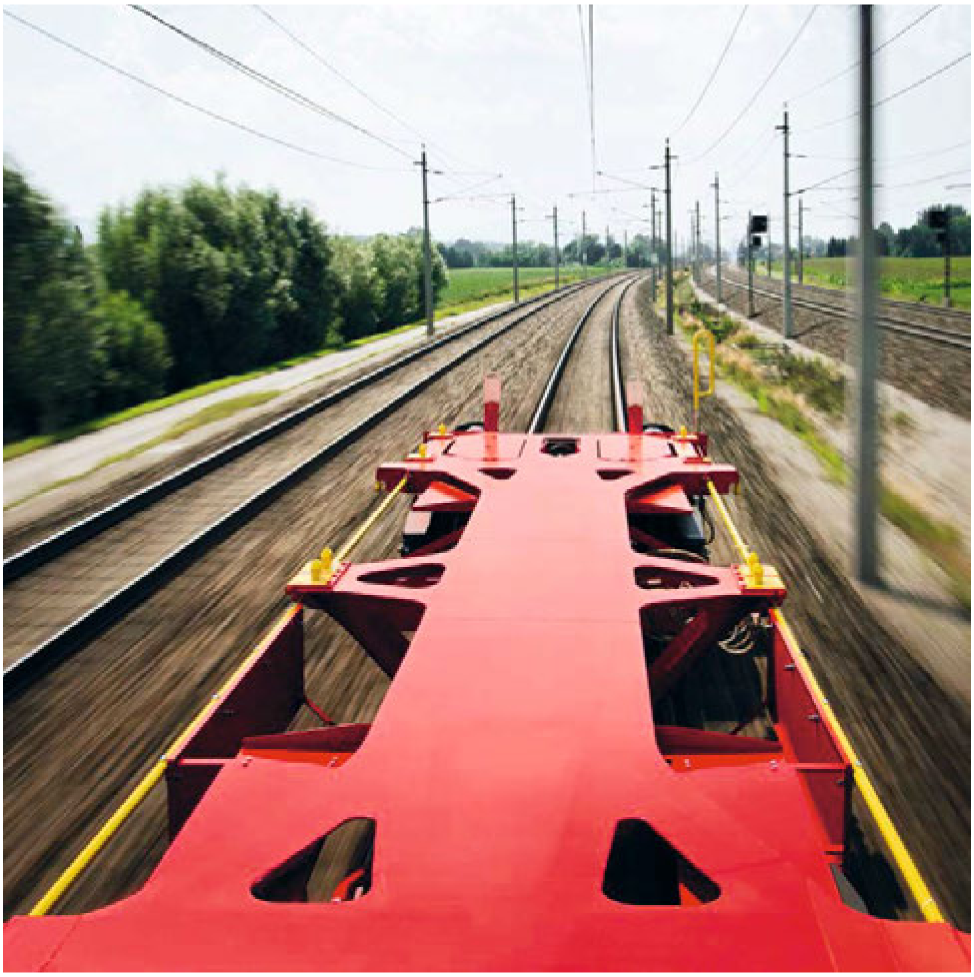
Innovation: smart move

The railway is also ideal for the sensitive foodstuffs that Kärntnermilch regularly delivers to a major customer in Vorarlberg. After all, yoghurt and milk do not forgive delays. When it comes to tracking and tracing goods, the railway is no longer inferior to trucks in any way. Almost 5,000 freight wagons and thus half of the total stock of ÖBB-Rail Cargo Group are already equipped with SmartCargo devices and, in addition to GPS data, provide important information on impact detection and mileage. The collected data is part of an even bigger project: for more than a year, the internal processes have been under scrutiny and it is being analysed what can be digitalised, adapted and made more efficient. Because this is how meaningful logistics solutions of tomorrow are developed today. With its digitalisation programme, ÖBB-Rail Cargo Group is on the way from fax to booking platform, so to speak.

Light innovation for heavy old metal

For the Styrian scrap dealer Kuttin GmbH the environmental issue is omnipresent. While a truck with 80 cubic metres of loading volume can be loaded with a maximum of 24 tonnes of material, a railway wagon with 80 cubic metres can hold 65 tonnes. Every month, the company has 8,000 to 12,000 tonnes transported by rail in an environmentally friendly and

The all-round service package for our customers includes not only Group-owned traction stock but also executing the complete customs clearance and ...



TRANSANT. The innovative platform ensures a wide range of versatile uses with its modular design

effective manner. This shows also how important capacities can be in competition. Not least for this reason, ÖBB-Rail Cargo Group created TransANT, a revolutionary platform concept that sets new standards. The modular lightweight construction offers a loading advantage of up to four tonnes, which is due, among other things, to the 20 per cent lighter undercarriage. The platform is available in different lengths and the modular boxes are available in various industry-specific designs – after all, ÖBB-Rail Cargo Group is active in more than ten sectors, from automotive to steel. The project will come full circle when especially environmentally conscious companies like Kuttin benefit from innovations like the TransANT in the future: if more goods are on the rails, this means less emissions. And the platform, which won the Austrian National Award for Mobility, is also convincing in terms of energy efficiency: compared to a conventional wagon for transporting a 40-foot container, a TransANT of the same size saves around 75 kWh/100,000 train-kilometre and an additional EUR 109/100,000 train-kilometre in electricity costs.

International: unlimited logistics services

For customers in the consumer goods sector, the smooth handling of their transports across many national borders is particularly important. This is made possible by the dense network of locations and subsidiaries of the ÖBB Rail Cargo Group. The all-round service package for the customer includes not only own traction but also taking care of the complete customs clearance. ÖBB-Rail Cargo Group operates its own locomotives in a total of twelve countries, with Poland joining in 2019.

Consumer goods

For customers in the consumer goods sector, the **smooth handling of transports across many national borders** is particularly important. This is made possible by a dense network of locations and subsidiaries of the ÖBB Rail Cargo Group.

Products and services: connection to the world

The fact that the steady upgrade of our intermodal connections is worthwhile is demonstrated by the many individual TransFER connections, which use standard gauge and broad gauge on their way from Europe to Asia, thus creating connections to the most important intermodal nodes – with the decisive advantage of leaving a small ecological footprint. Therefore, ÖBB-Rail Cargo Group combines the advantages of rail and road as well as water and air in one transport chain. There were many concrete examples in 2019: for example the TransFER Vienna – Scandinavia, which has been offering a direct connection to the Scandinavian region since April 2019, or the intermodal connection TransFER Vienna – Melzo in Northern Italy or TransFER Wels – Vienna – Budapest since September 2019. <

“Continue the positive trend”

ANDREAS MATTHÄ, ARNOLD SCHIEFER. “The positive evaluations we have re-

INTERVIEW. CEO Andreas Matthä and CFO Arnold Schiefer look back on the 2019 financial year with mixed feelings, but presenting positive earnings before taxes in all areas.

Despite the current situation, which is difficult to assess, the railway has been riding a wave of success in recent years. How was 2019 from an economic point of view?
MATTHÄ: In passenger transport, we were indeed on a wave of success in 2019: we were able to record another increase in passenger numbers, generated good earnings and clearly exceeded our targets in this area. Unfortunately, the situation is quite different in the freight transport sector. In 2019 we will also have a plus in profit before taxes there – unlike our German colleagues, who will have a significant minus to cope with – but the cargo sector was nevertheless under great pressure last year due to the declining economy and industrial production in Germany. Overall, we have positive earnings before taxes in 2019 in all areas, but with mixed feelings. And we have an uncertain outlook for this year because of the consequences of the coronavirus crisis, which no one can foresee at the moment.

Let’s talk more about passenger transport. What part does the climate debate played in this success?
MATTHÄ For many years already, Austrians have been the most enthusiastic railway riders in the European Union. And, according to a Europarameter study, they are also the most satisfied rail customers in the EU. These positive evaluations and the record numbers of passengers we have seen over the last few years are ultimately a strong confirmation of ÖBB's performance. The broad public debate about climate protection has certainly reinforced this effect.

How much more can you handle? Some lines already seem to be more than fully utilised?
MATTHÄ: In 2019 and also in 2020 until the coronavirus crisis started, we were already close to capacity limits in some regions. We are assuming that the trend towards public transport will resume after the crisis, so we need to start thinking now about how to add additional capacity. We are doing this in a three-stage system. The first stage are trains that offer more seating capacity, i.e. double-decker trains and longer train sets. The second stage is the new train control system ETCS, which allows trains to run faster and closer together. And the third stage will be infrastructure measures to enable an even greater modal shift from road to rail in the medium term.

“Since no one can foresee yet what the consequences of the coronavirus crisis will be, the outlook for this year is still uncertain.” ANDREAS MATTHÄ

The greatest growth in 2019 was achieved in long-distance trans-

ceived and the record numbers of passengers are ultimately a strong confirmation of ÖBB's performance"

MATTHÄ: We have around 267 million passengers, of which more than 230 million are commuters. Taking this fact into account, we also invested a great deal in local and regional transport last year, especially in a modern vehicle fleet – for example with the Cityjet and with new bi-level push-pull trains. Together with the transport associations that order local transport services from us, we were able to offer a broader range of services and better connections on many commuter routes.

Makes sense.

port. What contribution did the Nightjet make?
MATTHÄ: With the night train, we have clearly focused on the right niche and we also benefited from the climate debate. From April onwards in particular, we saw a leap in bookings last year, with growth of more than ten per cent, and even over 20 per cent for certain destinations.

On 20 January 2020, the Nightjet made its first trip to Brussels. Were you also able to convince the EU officials to use the railway?
MATTHÄ: Although the 11 a.m. arrival time is not yet satisfactory, the train has nevertheless been in great demand. Before the coronavirus crisis, the Nightjet to Brussels was already fully booked until the summer. The premiere trip with the Members of the European Parliament was symbolically very important because it also made it clear how relevant European standards and European cooperation are for the railways. We need more Europe in the railways, and then Europe will also get more rail, and that means more climate protection.

But the greatest potential for climate protection lies more in local transport ...

The challenge is still the last mile. Are there new ideas for solutions here?
MATTHÄ: We are constantly testing new offers such as the Postbus shuttle and we are expanding our Rail&Drive car sharing service. Furthermore, ÖBB-Personenverkehr and ÖBB-Postbus are working on climate-friendly overall mobility packages for cities and communities. We want to combine cycling, car sharing, e-cars and e-scooters with bus and train. I believe that this concept will also be interesting for other cities in the future.

And what future does ÖBB-Postbus have in this package?
SCHIEFER: An important role! Unfortunately, however, in many regions we still have a lowest bidder principle, which puts the Postbus under severe economic pressure. In this respect, the results achieved in 2019 are respectable but not satisfactory.

Nevertheless, CO_2 plays a role with the Postbus as well?
SCHIEFER: Our goal is still to ensure that the entire transport sector is CO_2-neutral by 2030. This also applies to the Postbus, where we are testing both hydrogen buses and electric buses. This is an asset that we want to expand, but we are still in discussion with the transport associations who are our clients for public transport.

"Our goal is still that the entire transport sector is CO_2-neutral by 2030."
ARNOLD SCHIEFER

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ARNOLD SCHIEFER. “We focus on what we do best – passenger and freight transport by rail and the Postbus”

Let's talk about freight traffic. What did the trend look like in this area in 2019?
MATTHÄ: Rail freight transport is a difficult topic throughout Europe. In 2019, especially in Germany, we also had to contend with declining industrial production combined with sharply rising factor costs on the railway. This has exacerbated the competitive disadvantage vis-à-vis the road. I do not yet dare to guess how the coronavirus crisis will affect freight traffic in 2020.

Nevertheless: what is the reason why a trend like that of passenger transport is not happening with freight transport?
MATTHÄ: The bottom line is that the road is much too cheap – especially the transit trucks, which are subsidised to one third by us taxpayers. But there are also home-made problems like inconsistent operating rules and non-compatible technical systems in Europe, which benefit the road and do not protect the railways. Getting more freight off the roads and onto the railways requires efforts by all parties involved – the EU, the Member States and the railway companies. We need to work together more so that in future it will be just as easy to drive a freight train across Europe as it is to drive a truck.

However, you have separated yourself from the general cargo traffic that is taking place on the road ...
SCHIEFER: We as a company that is closely related to the state are disadvantaged everywhere where private competitors find “more flexible remuneration models”. Therefore we have decided to concentrate on what we do best. And that is passenger and freight transport by rail, and the Postbus.

What will it take to make rail more attractive for freight?
SCHIEFER: In Austria we have a higher modal split at 30 per cent than in the rest of Europe with 17 per cent. One reason for this is that we promote single wagon transport. That means that we go to companies, even if we only pick up one or two wagons there. If we were to promote this single wagon transport a little more, we could have a very high ecological leverage for very little money.

“As a company closely related to the state, we are at a disadvantage where private competitors find more flexible remuneration models.” ARNOLD SCHIEFER

What about customers? Does anybody care about the ecological footprint in logistics?

ANDREAS MATTHÄ. "If we do not bring freight transport, at least over long distances, onto the railways, we will never be able to reach the climate goals"

MATTHÄ: Many companies do not yet see an advantage to transports with low CO_2 emissions. In their sustainability report, they can then indeed report zero CO_2 for their logistics by rail, but that is not yet enough of a purchase argument. But I believe that this will come, that it must come.
SCHIEFER: Austria and the EU will hopefully not depart from their climate goals because of the coronavirus crisis. So the question will remain what we have to pay in penalties if we do not achieve the climate goals. And whether it would not make more sense to invest money in a shift to rail instead of paying up to EUR 6 billion for not reaching climate targets.
MATTHÄ: If we do not get freight transport onto the railways, at least for long distances, we will never be able to reach the climate targets. This will require an EU-wide master plan for "rail transport".

Can you do something about this, as spokesperson for the Community of European Railways?
MATTHÄ: In any case, I will make an effort and begin the dialogue with the EU Commission. But the railways must also do their part, must cooperate more closely on technical issues despite competition. We must adapt our technical and operational regulations and understand that our biggest competitor does not travel by rail but by road. We can only win together – or lose to the truck.

In any case, the generation change at ÖBB is in full swing. In 2019, ÖBB hired 3,800 new employees ...
SCHIEFER: On the other hand, we must say that we also lost about 3,000 colleagues due to retirements. Taking the usual turnover into account, that means about net 500 to 800 new employees. Our doors are still open for new applicants.

In which areas is there the greatest need?
SCHIEFER: As with almost all companies in Austria, we are mainly urgently looking for new employees in the technical professions. But there are also many other jobs that open up because colleagues retire. And we have an apprenticeship training programme that is quite unique. In our apprentice facilities, we are always training around 1,500 apprentices.

What makes ÖBB attractive as an employer?
SCHIEFER: We have about 35,000 interesting jobs, so there is something for everyone. Our 25 apprenticeship professions alone are a mix of traditional and new apprenticeships and cover a wide range of disciplines: automation technology, electronics and mechatronics as well as freight forwarding, app development and e-commerce. And everyone has the chance to change or develop within the company. On the other hand, we have to learn that when someone joins ÖBB, they do not sign an employment contract for all eternity, but might leave us again after a few years because they believe they have better chances elsewhere. At least this is what they believe.

This cultural change is the content of "Nordstern", what else will change?
SCHIEFER: Above all it is about the fact that we learn to question ourselves regularly. That means also – and that is very important to me – leaving out things that do not belong to our core business. Because this is the only way to efficiently optimise our processes and digitalise them in a meaningful way. A bad process remains a bad process, even if you make it digital. This requires a change in the mind-set of employees in many areas.

How is ÖBB's digitalisation coming along?
MATTHÄ: Digitalisation affects the entire Group, all areas of ÖBB – i.e. the customer area as well as the

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"The transit truck is subsidised to one third by us taxpayers." ANDREAS MATTHÄ

ARNOLD SCHIEFER. "The point is that we learn to question ourselves regularly. This also includes leaving out things that are not part of our core business"

operating technology, infrastructure maintenance or the control and utilisation of freight trains. With predictive maintenance, for example, we want to move away from route inspections at fixed intervals to an ongoing condition check. But the entire train control system is also becoming increasingly automated in order to bring as much capacity as possible onto the line. And in freight transport, our TransANT platform concept is an innovation that has not been seen in this form for 30 years.

What is so special about TransANT?
MATTHÄ: Together with voestalpine, we have developed a new, flexible and digitalised freight wagon. We have succeeded in reducing the cargo weight by 20 per cent, and the modular boxes allow individual, customer-specific designs down to the single wagon. The use of GPS tracking enables our customers to plan even more efficiently and achieve significant cost savings. ÖBB-Rail Cargo thus brings a new standard to the freight transport market and is certainly a role model for others.

ÖBB is a role model with quite a few innovations. How much do you see yourself as an enabler for the equally successful domestic railway industry?
MATTHÄ: It is true that ÖBB is very well regarded in Europe and we are therefore a good reference. The Austrian railway industry is one of the absolute top exporters worldwide and I am pleased that we can contribute to this. Nevertheless, as far as the speed of innovation is concerned, there is always room for improvement.

If the budget increase for infrastructure investments announced in the government programme remains, what will the money be used for?
SCHIEFER: In the long term there are three main topics. The first is called ecologisation. For us, it's mainly about the further electrification of secondary lines. The next topic is making local transport more attractive by further expanding the capacity of our rapid transit trains. And thirdly, we must create more capacity for freight transport by rail in order to relieve Austria of the transit by heavy goods vehicles. In 2019 we were able to invest EUR 2 billion in the upgrade of the railway infrastructure. We plan to invest EUR 2.4 billion in 2020 in line upgrades, new trains and station modernisation. However, in order to provide the capacities for the target network in 2040, further investments will be needed in the longer term.

What do you think about the 1-2-3 Austria Ticket? Is it what you wished for a year ago at this point?
MATTHÄ: The 1-2-3 Austria ticket is in any case a clear political announcement to make the public rail transport system cheaper and thus more attractive. Experience shows that cheaper tickets lead to more passengers. More passengers for the railway means more climate protection. A decisive factor for success will be that urban transport and transport associations are also integrated, resulting in a model similar to the general season ticket in Switzerland. We know from this that the idea is well received.

Since last year, ÖBB has had a fourth corporate value with "Safety always". What led to this?
MATTHÄ: Although safety is a matter of course for us, it is nevertheless important to emphasise this very clearly. Safety is a very precious good for ÖBB and we have to take care of it. Nobody who boards a train worries about whether or not it is safe. Rail travel is safe. And in Austria it is also punctual.
SCHIEFER: But we have not only formulated a value with "Safety always", but have also backed it with desired codes of conduct. Because the safety of our customers is just as important to us as is the safety of our employees.

"A bad process is a bad process, even if you go digital." ARNOLD SCHIEFER

ANDREAS MATTHÄ. "We deliver a service that makes sense: sustainable, comfortable mobility and environmentally friendly, reliable transport"

The ÖBB brand has also been freshened up. How is the new advertising line being received?
MATTHÄ: Our advertising line summarises the most important factors associated with ÖBB. These are climate protection and responsibility for Austria, that we are trustworthy and authentic and that we provide a service that makes sense: sustainable, comfortable mobility and environmentally friendly, reliable transport. This sense of purpose also helps us in our positioning as an employer in the search for the best in the market.

A traditional closing question that is also an outlook: what was your favourite rail journey in 2019? And your personal "ÖBB highlight" last year?
MATTHÄ: My favourite journey is still the one with the night train to Venice – arriving in Santa Lucia in the morning and then drinking my first espresso. That's really something special. But I also like to use the night trains to Hamburg and Berlin for business trips. And thanks to my new position as Chairman of the European Railway Association, I will also be travelling more frequently to Brussels on the Nightjet in future.

And yours, Mr. Schiefer? What is your favourite railway destination?
SCHIEFER: As a native of Upper Austria, I love to travel by train to Seewalchen at Attersee. There is a place to swim and my holiday flat. In summer, that is the most beautiful place in the world for me. <

"We need more Europe in the railways, then Europe will also get more rail, and that means more climate protection."
ANDREAS MATTHÄ

FACTS & FIGURES

2,373 mil.

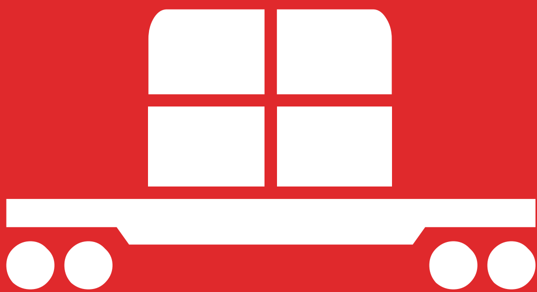
The ÖBB-Rail Cargo Group, subgroup of ÖBB Holding, generated total revenues of EUR 2,372.7 million and an EBT of EUR 5.1 million in 2019 (page 70).

9,340

In 2019, **the ÖBB-Rail Cargo sub-group employed 9,340 people** (as at Dec 31, page 85).

140.1 mil.

In 2019, the **ÖBB-Rail Cargo** sub-group **invested EUR 140.1 million** in a modern vehicle fleet and digitalisation. In the previous year this figure came to EUR 79.1 million (page 77).



151,274

In 2019, **151,274 trucks were transferred to the railways in an environmentally friendly manner with the "rolling highway";** of these, 124,873 trucks were transported over the Brenner Pass (page 92) and 23,942 trucks along the Wels – Maribor route.

105.3 mil.

The Rail Cargo Group **transported 105.3 million tonnes of goods in 2019.** This was a decrease of 7%. Of this amount, 83.6 million tonnes were by conventional wagonload transport, 16.3 million tonnes by unaccompanied combined transport and 5.4 million tonnes on the "rolling highway" (page 65).

7,500 km

– from Budapest to Xi'an – is the **longest route** that the Rail Cargo Group regularly serves.

Corporate Governance

CORPORATE GOVERNANCE REPORT*

ÖBB Group wants to strengthen the trust of its customers, its employees, and the general public with its policy of transparent, quick and detailed information. As a company that operates on the capital markets and attracts a great deal of public interest, ÖBB Group aligns the organization and communication of its corporate governance to international standards and best practices, and – since April 11, 2014 – also to the Federal Public Corporate Governance Code (Public-Corporate-Governance Kodex des Bundes, B-PCGK) (prior to that, to the Austrian Corporate Governance Code).

The Board of Management of ÖBB-Holding AG's pursues a corporate strategy that is geared to the interests of the owner, the Republic of Austria, as well as the company's customers and employees. It reports regularly to the Supervisory Board on business developments and submits to it for approval certain business transactions of ÖBB-Holding AG or its Group companies in accordance with the law, the Articles of Association and the Rules of Procedure. The strategic orientation of the ÖBB Group is closely coordinated with the Supervisory Board.

FEDERAL PUBLIC CORPORATE GOVERNANCE CODE (B-PCGK)

Pursuant to Item 15 of the Federal Public Corporate Governance Code (B-PCGK) 2017, all companies subject to the Code are required to prepare their own Corporate Governance Report and publish it on the Internet, whereby the parent company of the Group may prepare an overall Group report for all Group companies. ÖBB Group prepares such an overall Group report in accordance with the Group's organizational structure in four chapters.

1. ÖBB-Holding AG including the following subsidiaries:
   a. ÖBB-Finanzierungsservice GmbH
   b. ÖBB-Werbung GmbH
   c. ÖBB-Business Competence Center GmbH
   d. Q Logistics GmbH
   e. European Contract Logistics – Serbia d.o.o.
   f. European Contract Logistics, Potjedje za spedicijo, prevoznistvo in trgovino d.o.o.
   g. European Contract Logistics-Czech Republic s.r.o.
   h. iMobility GmbH

2. ÖBB-Infrastruktur AG including the following subsidiaries:
   a. ÖBB-Immobilienmanagement GmbH
   b. Rail Equipment GmbH and Rail Equipment GmbH & Co KG
   c. Mungos Sicher & Sauber GmbH and Mungos Sicher & Sauber GmbH & Co KG
   d. Güterterminal Werndorf Projekt GmbH
   e. ÖBB-Projektentwicklung GmbH
   f. Gauermanngasse 2–4 Projektentwicklung GmbH & Co KG
   g. Elisabethstraße 9 Projektentwicklung GmbH & Co KG

3. ÖBB-Personenverkehr AG including the following subsidiaries:
   a. Österreichische Postbus AG
   b. ÖBB-Postbus GmbH
   c. Rail Tours Touristik Gesellschaft m. b. H.
   d. FZB Fahrzeugbetrieb GmbH
   e. ČSAD AUTOBUSY České Budějovice a.s.

4. Rail Cargo Austria AG including the following subsidiaries:
   a. Rail Cargo Logistics – Austria GmbH
   b. Rail Cargo Logistics – Environmental Services GmbH
   c. Rail Cargo Logistics GmbH
   d. Rail Cargo Wagon – Austria GmbH
   e. Rail Cargo Operator – Austria GmbH
   f. ÖBB-Technische Services-GmbH
   g. ÖBB-Produktion GmbH
   h. Rail Cargo Logistics – Czech Republic s.r.o.
   i. Rail Cargo Logistics s.r.o.
   j. Rail Cargo Operator – ČSKD s.r.o.
   k. Rail Cargo Terminal – Praha s.r.o.
   l. Rail Cargo Carrier – Czech Republic s.r.o.
   m. Rail Cargo Carrier – Germany GmbH
   n. Rail Cargo Hungaria Zrt.
   o. Rail Cargo Logistics – Poland Sp. z.o.o.
   p. Rail Cargo Logistics – Germany GmbH
   q. Rail Cargo Logistics – Bulgaria EOOD
   r. Rail Cargo Terminal – Sindos s.a.
   s. Rail Cargo Logistics – Romania Solutions S.r.l.
   t. Rail Cargo Logistics Uluslararası Taşımacılık Lojistik ve Ticaret Limited Şirketi
   u. Rail Cargo Logistics – Croatia d.o.o.
   v. Rail Cargo Logistics – Italy S.r.l.
   w. Rail Cargo Terminal – S. Stino S.r.l.
   x. Rail Cargo Terminal – Desio S.r.l.
   y. Rail Cargo Operator – Port/Rail Services GmbH
   z. Rail Cargo Operator – Hungaria Kft.
   aa. Rail Cargo Carrier d.o.o.
   bb. Rail Cargo Carrier – Croatia d.o.o.
   cc. Rail Cargo Carrier – Italy S.r.l.
   dd. Rail Cargo Carrier – Bulgaria EOOD
   ee. Rail Cargo Carrier – Slovakia s.r.o.
   ff. Rail Cargo Carrier – Romania S.r.l.
   gg. Rail Cargo Carrier – PCT GmbH
   hh. Technical Services Hungaria Járműjavító Kft.
   ii. Rail Cargo Logistics – Hungaria Kft.
   jj. Rail Cargo Terminal – Bilk Zrt.
   kk. Ooo Rail Cargo Logistics – RUS
   ll. Rail Cargo Carrier Kft.
   mm. Ts-Mav Gepeszet Services Kft.
   nn. ÖBB Stadler Services GmbH
   oo. Rail Cargo Logistics Železniška Špedicija d.o.o.
   pp. Technical Services Slovakia S.R.O.

These companies are all included as affiliated companies in the Consolidated Financial Statements of ÖBB-Holding AG. The respective Consolidated Financial Statements are published on the websites of ÖBB-Holding AG and ÖBB-Infrastruktur AG.

* The following pages contain an excerpt from the Corporate Governance Report. The full report is available on our website at konzern.oebb.at/cg2019.

DECLARATION OF CONFORMITY / DEVIATIONS

The B-PCGK is applied in the ÖBB Group and is complied with as described in this report.

WS Service GmbH has not implemented the B-PCGK in the area of ÖBB-Infrastruktur AG. This was particularly the case as WS Service GmbH agreed to apply the "governance structure" of the minority shareholder analogously.

The ČSAD AUTOBUSY České Budějovice a.s. as well as individual companies in the area of Rail Cargo Austria AG based abroad have not yet implemented the B-PCGK. B-PCGK has been systematically implemented in this regard since 2016 on an ongoing basis, unless national regulations prevent this.

To the extent that deviations from the Code rules are mentioned, they result primarily from the organizational structure of the ÖBB Group and were explained accordingly.

Unless existing employment contracts (without a consent clause) from the period prior to the implementation of the B-PCGK stand in the way of an implementation, the total remuneration of the members of management is reported individually – broken down into non-performance-related and performance-related components – by name.

The application of the B-PCGK is an essential building block for the ÖBB Group with regard to strengthening the trust of the owner, business partners, customers, employees and the public in the company.

Board of Management and Supervisory Board of
ÖBB-Holding AG m.p.

Rule	Description	K/C*	Group company	Deviation / Comments
8.3.3.1	Liability insurance for management and supervisory body	C	All with supervisory body	The two-tier trigger policy is not applied.
11.2.1.2	Supervisory body’s joint composition of women and men	C	Österreichische Postbus AG, ÖBB-Business Competence Center GmbH, ÖBB-Technische Services-GmbH, ÖBB-Produktion GmbH, Mungos Sicher & Sauber GmbH, Rail Cargo Logistics-Austria GmbH, ÖBB-Immobilienmanagement GmbH, ČSAD AUTOBUSY České Budějovice a.s as well as some foreign companies of the Rail Cargo Austria sub-group	At Österr. Postbus AG, ÖBB-Business Competence Center GmbH, ÖBB-Technische Services-GmbH, ÖBB-Produktion GmbH, Mungos Sicher & Sauber GmbH, Rail Cargo Logistics-Austria GmbH, ÖBB-Immobilienmanagement GmbH and ČSAD AUTOBUSY České Budějo-vice a.s., as well as some foreign companies of the Rail Cargo Austria sub-group, this is not fulfilled (reporting date Dec 31, 2019/ Basis shareholder representatives).
11.2.2.3	If a member of the supervisory body misses more than half of the meetings in a financial year, this information should be included in the Corporate Governance Report.	C	Rail Cargo Logistics – Austria GmbH	At Rail Cargo Logistics – Austria GmbH two members did not attend (excused) more than half of the meetings of the Supervisory Board in 2019.
11.6.6	A member of the supervisory body shall not at the same time be a member of the shareholders' meeting.	C	All, except ÖBB-Holding AG	The same personnel is permitted under stock corporation law and is a recognised and customary management tool for groups of companies. In this sense, the members of the Board of Management of ÖBB-Holding AG are also Supervisory Board members in the subsidiaries and their members of the Board of Management are in turn Supervisory Board members in their subsidiaries. The members of the Supervisory Board are thus also members of the respective shareholders' meeting at the same time. Approvals are granted by the other two members of the Board of Management/ management or authorised signatories, so that no self-approval takes place.

* The Code contains mandatory rules marked K and recommendations marked C. The report shall contain a statement by the management as to whether this Code has been complied with and, if mandatory rules or recommendations have been deviated from, the reasons for such deviation.

PROMOTION OF WOMEN IN MANAGEMENT POSITIONS, ON EXECUTIVE BOARDS AND SUPERVISORY BODIES OF ÖBB

ÖBB actively promotes equal opportunities for men and women, and have had both an Equal Opportunities Policy and a Diversity Officer since 2011. 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. An Equal Opportunities Board supports the work of the regional Equal Opportunities Officers and ensures their continuous ongoing training.

Numerous steps are being taken to reach the strategic goal of increasing the proportion of women to 16 per cent by 2023. Women's networking meetings, coaching offers, targeted personnel development, reintegration programmes after maternity leave, flexible working time models such as flexitime, teleworking, parental leave and paternity leave, workshops for managers and employees as well as mentoring programmes promote opportunities for personal development.

Women now account for more than 25 per cent of ÖBB akademie's continuing education programmes; 41 per cent of Supervisory Board mandates (AGs and GmbHs) were held by women as at the reporting date. On the reporting date of the previous year, this figure was 37.5 per cent.

ÖBB-HOLDING AG

BOARD OF MANAGEMENT

Name	Year of birth	Initial appointment	End of term
Ing. Mag. (FH) Andreas Matthä	1962	May 24, 2016	June 30, 2021
Arnold Schiefer	1966	April 1, 2019	March 31, 2024
Mag. Josef Halbmayr MBA	1955	Nov 1, 2008	March 31, 2019

WORK PRINCIPLES AND ALLOCATION OF RESPONSIBILITIES

The Rules of Procedure govern the allocation of responsibilities and collaboration of Board of Management members. Additionally, the Rules of Procedure specify the information and reporting obligations of the Board of Management, as well as all actions that require the approval of the Supervisory Board. The latter include the material transactions of key subsidiaries. Notwithstanding the overall joint responsibility of the Board of Management, the Supervisory Board has allocated responsibilities to the individual members of the Board of Management as follows:

Ing. Mag. (FH) Andreas Matthä	Mag. Arnold Schiefer
Group strategy, corporate development and organisation, Group communications, Group law and Board of Management secretariat, systems engineering and Group production, corporate affairs	Group accounting, financial statements and taxes, Group controlling, Group finance, strategic Group HR management, strategic Group IT management, strategic Group purchasing
Compliance, Group auditing	

Ing. Mag. (FH) Andreas Matthä is Chairman of the Board of Management.

REMUNERATION OF THE MANAGEMENT (in kEUR)

The remuneration system is comprised of fixed and variable salary components. Variable remuneration is paid out in the following year as target achievement can only be ascertained once the annual financial statements have been finalized. Accordingly, the figures represent the variable remuneration for the financial year 2018 that was paid to management in 2019.

	Fixed remuneration	Variable remuneration	Total remuneration
Ing. Mag. (FH) Andreas Matthä	446	213	658
Arnold Schiefer	364	0	364
Mag. Josef Halbmayr, MBA	130	260	390

SUPERVISORY BOARD

Supervisory Board activities are governed primarily by the Stock Corporation Act [Aktiengesetz], the Articles of Association of ÖBB-Holding AG, the Rules of Procedure of the Supervisory Board, and the B-PCGK.

MEMBERS OF THE SUPERVISORY BOARD

Name	Year of birth	Initial appointment	End of term
Mag. Gilbert Trattner Chair since Dec 7, 2018	1949	April 6, 2018	Annual General Meeting 2020
Dr. Kurt Weinberger First Vice Chair	1961	June 29, 2015	Annual General Meeting 2020
Mag. Christian Weissenburger Second Vice Chair since July 10, 2019	1959	June 24, 2019	March 16, 2020
DI Herbert Kasser Second Vice Chair since March 20, 2020	1964	March 16, 2020	Annual General Meeting 2020
Mag. Wolf Dieter Hofer	1968	April 1, 2019	Annual General Meeting 2020
Dr. Cattina Maria Leitner	1962	Feb 9, 2018	Annual General Meeting 2020
DI Dr. Monika Forstinger	1963	Feb 9, 2018	Annual General Meeting 2020
Dr. Barbara Kolm	1964	Feb 9, 2018	Annual General Meeting 2020
Karl Ochsner	1974	Feb 9, 2018	Annual General Meeting 2020
Mag. Andreas Reichhardt Second Vice Chair from Feb 28, 2018 until June 3, 2019	1968	Feb 9, 2018	June 3, 2019
Mag. Arnold Schiefer Chair from Feb 28, 2018 until Dec 7, 2018	1966	Feb 9, 2018	March 31, 2019
Roman Hebenstreit Employee representative, Third Vice Chair	1971		Indefinite
Mag. Andreas Martinsich Employee representative	1964		Indefinite
Günter Blumthaler Employee representative	1968		Indefinite
Mag. Olivia Janisch Employee representative	1976		Indefinite

Audit Committee:
Dr. Kurt Weinberger (Chair)
Mag. Gilbert Trattner (Vice Chair) since April 1, 2019
Mag. Arnold Schiefer (Vice Chair) until March 31, 2019
Dr. Barbara Kolm
Karl Ochsner (until Feb 15, 2019)
Roman Hebenstreit
Mag. Andreas Martinsich

SUPERVISORY BOARD REMUNERATION

By resolution of the Ordinary Annual General Meetings, the shareholder representatives on Supervisory Boards of ÖBB Group companies in Austria are entitled to the following amounts and elements of remuneration. Members of management and employees of ÖBB Group companies are excluded from this remuneration. The remuneration owed to civil servants who are members of the Supervisory Board is paid into the account of the Federal Ministry of Finance. Employee representatives do not receive Supervisory Board remuneration.

Remuneration	Attendance fee
• EUR 14,000 annual base fee per member of the Supervisory Board • Chair: 100% additional fee • Vice Chair: additional fee 50% (only at ÖBB-Holding AG)	EUR 800 per Supervisory Board member for each meeting of the Supervisory Board, Executive Committee or another committee

In addition, members of a Supervisory Board shall be reimbursed for the actual expenses incurred in connection with the exercise of their function against corresponding proof.

Number of meetings 2019 (Supervisory Board, Executive Committee, committees): 14

FACTS & FIGURES

3,380 mil.

The ÖBB-Infrastruktur sub-group generated total revenues of EUR 3,380.2 million and an EBT of EUR 38.3 million in 2019 (page 71).

18,734

In 2019, **the ÖBB-Infrastruktur sub-group employed 18,734 people** (as at Dec 31, page 85).

2,130 mil.

The **ÖBB-Infrastruktur sub-group invested EUR 2,129.7 million in 2019.** The main focus of investment in 2019 included the major tunnel projects Semmering Base Tunnel, Koralm Tunnel and Brenner Base Tunnel (page 78).

156.4 mil.

In total, the **trains have covered 156.4 million km on Austria's rails.** This is an increase of 1% compared to the previous year. 135.1 million km of the total mileage are accounted for by ÖBB's trains (page 66).

20

stations and stops were extensively modernised or completely rebuilt last year, such as Frohnleiten and Öblarn (Styria), Hall and Sillian (Tyrol), Villach-Landskron and Görtschach-Förolach (Carinthia), Steyr-Münichholz (Upper Austria), Bisamberg, Langenlebarn (Lower Austria) and Parndorf Ort (Burgenland, page 80).

1,830 GWh

Last year, ÖBB required 1,830 GWh **traction current** for the drive of its trains. As a result, the **electricity requirement was reduced by around 1%.** 722 GWh of the electricity required was purchased from ÖBB's own power stations, which is an increase of 6% (page 66).

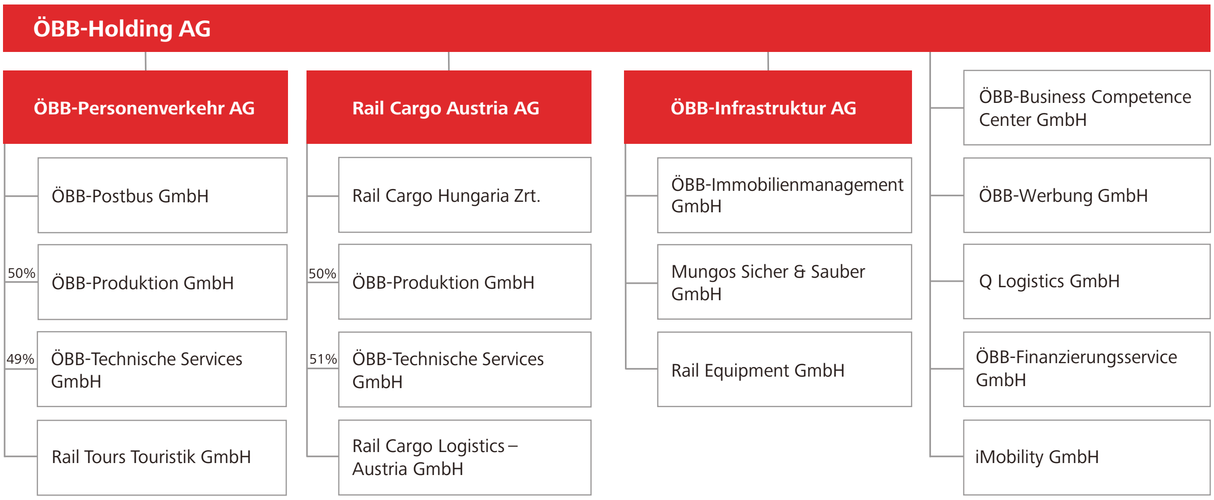
Group Management Report

Group Management Report

This Management Report complements the Consolidated Financial Statements of Österreichische Bundesbahnen-Holding Aktiengesellschaft, Vienna, (hereinafter referred to as "ÖBB Group") whose preparation is mandatory pursuant to Article 244 of the Austrian Commercial Code (UGB) and which are submitted to the Commercial Court Vienna under Company Register number FN 247642 f. The Consolidated Financial Statements as at Dec 31, 2019 were prepared pursuant to Article 245a (2) of the Austrian Commercial Code (UGB) in accordance with the International Financial Reporting Standards ("IFRS/IAS") issued by the International Accounting Standards Board ("IASB"), the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") and the interpretations of the Standards Interpretation Committee ("SIC"), which entered into force and were adopted by the European Union as at Dec 31, 2019. In addition, a subsidiary of Österreichische Bundesbahnen-Holding Aktiengesellschaft (hereinafter referred to as ÖBB-Holding AG), the company ÖBB-Infrastruktur Aktiengesellschaft (hereinafter ÖBB-Infrastruktur AG), is obligated to prepare sub-group Consolidated Financial Statements pursuant to Article 245 (3) of the Austrian Commercial Code (UGB) because it has issued bonds listed for trade in a regulated market. The sub-group financial statements of ÖBB-Infrastruktur AG are filed with the Commercial Court Vienna under Company Register number FN 71396 w.

A. Group Structure and Investments

ÖBB Group structure



As at: Dec 31, 2019
This organisational chart includes a selection of major companies of the ÖBB Group.

The Austrian Federal Railways are structured in accordance with the Federal Railways Structure Act (Bundesbahnstrukturgesetz). ÖBB-Holding Aktiengesellschaft has been at the top of the holding structure since 2005; as parent company it is responsible for the strategic orientation of the entire Group.

The Republic of Austria holds 100% of the shares in the Company. The share rights are exercised by the Federal Minister for Climate Action, Environment, Energy, Mobility, Innovation and Technology (BMK).

ÖBB-Holding AG owns all shares in the three subsidiaries ÖBB-Personenverkehr AG, Rail Cargo Austria AG and ÖBB-Infrastruktur AG. These three joint stock corporations and their subsidiaries are referred to hereafter as ÖBB-Personenverkehr sub-group, Rail Cargo Austria sub-group and ÖBB-Infrastruktur sub-group. ÖBB-Business Competence Center GmbH provides intra-group services (Shared Services), particularly in the areas at human resources, information and communication technology, purchasing and procurement, and accounting. ÖBB-Werbung GmbH is the in-house service provider for marketing activities and is externally responsible for the marketing of all ÖBB advertising space. Until Dec 31, 2019, Q Logistics GmbH appeared on the market as a direct subsidiary of ÖBB-Holding AG, offering general cargo, partial and full load traffic as well as warehouse logistics solutions. The operating business was sold on the reporting date, which means that, as at Dec 31, 2019, Q Logistics GmbH is a subsidiary without operating business. ÖBB-Finanzierungsservice GmbH implements liquidity management between ÖBB-Holding AG and the companies in which ÖBB Holding AG has an indirect or direct investment and provides financing services in the ÖBB Group. The business line of iMobility GmbH is the development and operation of a mobility internet platform.

The main tasks of **ÖBB-Holding AG** are to exercise share rights and ensure the uniform strategic orientation of the ÖBB Group. This includes the overall coordination of the preparation and implementation of the companies' corporate strategies as well as ensuring the transparency of the public funds employed. In addition, ÖBB-Holding AG is responsible for all measures to guarantee the internal allocation of personnel within the Group.

The **ÖBB-Personenverkehr** sub-group is the leading provider of mobility services on the rail and bus markets in Austria. It is responsible for designing and implementing the portfolio of products and services, coordinating the service provision process, marketing and sales, and for financing passenger transport services. Together with its subsidiary ÖBB-Postbus GmbH, ÖBB-Personenverkehr AG offers a perfectly coordinated portfolio of train and bus services.

Rail Cargo Austria AG is the internationally operating freight transport subsidiary. It operates together with its subsidiaries and investment companies under the umbrella brand of the Rail Cargo Group (RCG). The home markets are Austria and Hungary. In addition, RCG operates in eleven European countries with Group-owned traction stock. The goal is to remain the market leader in Austria and to further expand the strong market position as No. 2 in European rail freight transport. Rail Cargo Austria AG is a specialist for rail transport with additional forwarding services and as such guarantees an environmentally friendly, reliable and cost-effective transport and logistics system, combined with professional and tailor-made services.

ÖBB-Produktion GmbH and ÖBB-Technische Services GmbH are subsidiaries jointly owned by ÖBB-Personenverkehr AG and Rail Cargo Austria AG that provide services in the fields of rail-bound vehicle traction and maintenance.

The **ÖBB-Infrastruktur** sub-group operates the rail infrastructure in Austria, including 1,048 stations and stops (freight and passenger transport). This infrastructure is used both by non-Group railway undertakings (EVU) and by companies of the ÖBB-Personenverkehr and Rail Cargo Austria sub-groups.

Sections of this management report will deal separately with the growth of the sub-groups and their market environment.

Number of investments by sub-group

	Sub-group			
	ÖBB-Personenverkehr	Rail Cargo Austria	ÖBB-Infrastruktur	ÖBB Group incl. others *)
Investments >50%	6	43	20	79
thereof abroad	*1*	*36*	*0*	*40*
Investments 20-50%	3	10	3	16
thereof abroad	*0*	*7*	*1*	*9*
Investments <20%	2	4	3	8
thereof abroad	*2*	*4*	*2*	*7*
Total	**11**	**57**	**26**	**103**
thereof abroad	***3***	***47***	***3***	***56***

*) Only companies over which a direct influence can be exercised.

The **Overview of Investments in the Notes to the Consolidated Financial Statements** (see Note 35) lists all investments of ÖBB Group. The above table only gives a summary by sub-group and country.

Outside Austria, ÖBB Group holds investments in 56 companies in 18 countries whose registered offices are located in the following countries:

B. General Conditions and Market Environment

Please note that in particular the statements under "General conditions and market environment" and "Economic Report and Outlook" 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. For further information on the coronavirus crisis, please refer to the following chapter B.1.

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 at the lowest level since 2009 and thus also 0.4 percentage points below the forecast from the first quarter of 2019.

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.[1]

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
	USA	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.

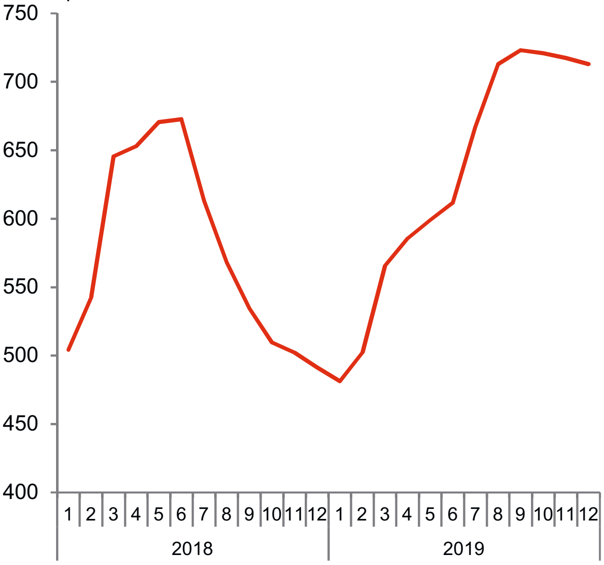
A major factor for the cooling of the economy in 2019 was the weakening of world trade. Growth rates of container handling in international seaports have fallen continuously since 2018. The main reasons for this were the decline in Chinese domestic demand and the ongoing trade conflict with the US in 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[2].

The price trend is also an important early indicator for the economy. After an inflation rate of 2.0% in 2018, the highest value since 2012, inflation fell by 0.5% in 2019.[3] However, inflation expectations for the eurozone remain subdued at 1.2% for both 2019 and 2020, after 1.8% in 2018.[4] 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, the key rate will remain at 0% at least until mid-2020 following the last decision of the ECB Governing Council in September 2019.[5] 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.[6]

[1] IMF.
[2] Trending economic factors (steel) and macrotrends (copper).
[3] IMF.
[4] European Commission.
[5] OeNB.
[6] ECB.

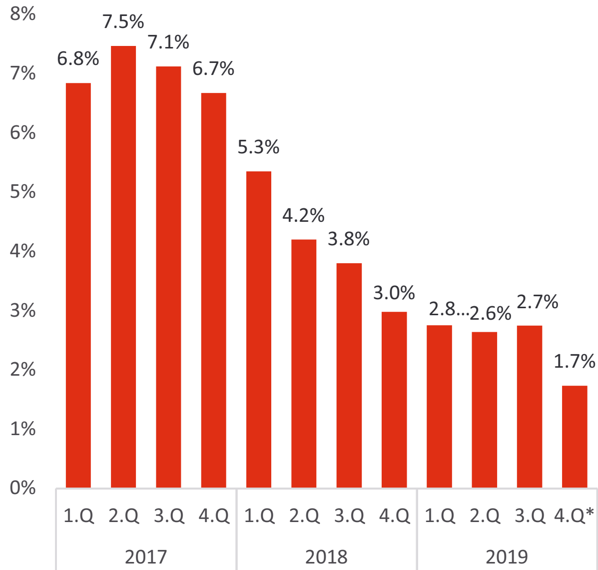
Development of worldwide container transport

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



Source: Baltic Exchange, Harper Petersen & Co

RWI/ISL Container Throughput Index (change in %)



* Preliminary estimate.
Source: RWI and ISL

European economic development

The economic slowdown already started in 2018 and continued into 2019. At 1.2%, growth in 2019 was at its lowest level since 2014. The forecast for 2020 is also cautious. 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%.[7]

Economic development in core RCG markets from 2018 to 2020 (change in % (real) compared to the previous year)

	Gross domestic product		Industrial production	
	2018	2019	2018	2019
Austria	2.4	1.7	4.0	2.0
Hungary	5.1	4.7	3.8	5.6
Germany	1.5	0.6	0.9	-3.1
Italy	0.7	0.2	0.5	-0.9
Romania	4.1	4.0	5.0	-2.8
Czech Republic	2.9	2.6	3.1	0.4
Slovenia	4.2	2.9	4.9	3.0
Bulgaria	3.3	3.5	1.1	1.9
Croatia	2.6	2.9	-1.0	0.0
Slovakia	4.0	2.7	4.5	2.5
Poland	5.2	4.0	5.8	4.2
Greece	1.9	1.7	1.7	1.0

Source: Oxford Economics, WIFO

The main reason for this development was the weak growth of 0.6% in Germany in 2019, which represents a decline of one percentage point compared to the previous year. The export-oriented industry in Europe's largest economy, above all automobile and machinery production, was particularly affected by the decline in world trade. This is also illustrated by the industrial production index for the development of value added in industry. It showed a minus of 3.1% for 2019.[8]

[7] Finanz.at
[8] Oxford Economics.

The UK's exit from the EU (Brexit) has been now been carried out. However, there is still uncertainty surrounding the shape of the UK's future relations with the EU. This in turn is having a negative impact on German industry, as is weak growth with important trading partners within the EU.

In addition to weak sales in important industrial sectors, the low price of steel and American protective tariffs on steel had a negative impact on the European steel industry. Overcapacities from China, Russia and South Korea ended up in Europe, putting pressure on producers based here.[9]

In total, the medium-term forecast for German industry remains cautious.[10] This also affects suppliers and raw material producers in Germany and other EU countries. With the exception of Croatia and Bulgaria, growth in all core markets of ÖBB's rail freight traffic[11] in 2019 was lower than in the previous year. In Italy, the third largest economy in the EU (excl. UK) and sixth most important destination for German exports, the economy almost stagnated in 2019.[12]

In autumn 2019, weak growth and an inflation rate that remained below the 2% target prompted the ECB to resume its bond purchase programme and maintain low interest rates – for an indefinite period.

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.

In particular, the downturn in the 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.

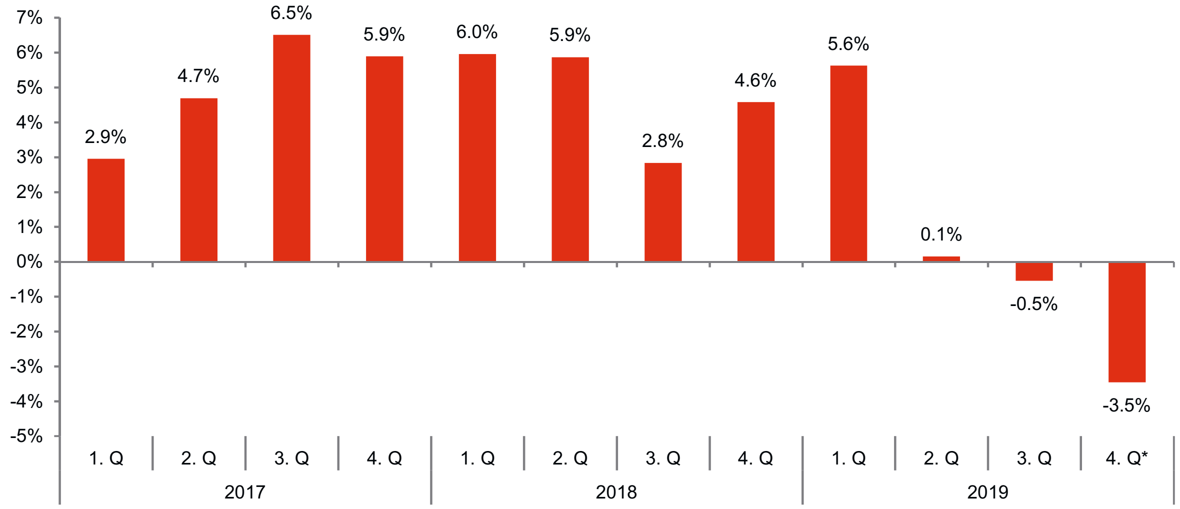
Key data and forecasts for the economic situation in Austria

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

Source: WIFO.

[9] Handelsblatt and Industriemagazin.
[10] Handelsblatt.
[11] Markets in which Group-owned traction stock is used: Austria, Hungary, Germany, Italy, Slovenia, Romania, Czech Republic, Croatia, Bulgaria, Slovakia and Greece.
[12] Destatis.

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 Treasury (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.[13] 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.[14]

Coronavirus crisis

Due to the coronavirus crisis that broke out in Austria in March 2020, this month saw daily passenger declines of up to 70% with corresponding declines in revenue. Rail passenger transport is currently essentially only possible within the Austrian national border because of the border closures and strict entry regulations. Almost all night trains were also discontinued in March 2020. Ski bus services were discontinued about one month earlier than planned. In regional bus services, some transport associations switched to holiday timetables in March 2020. In air transport, Laudamotion and Austrian Airlines have ceased operations and schools and universities have been closed.

In terms of volume, the effects of the crisis on freight traffic were initially felt primarily in maritime container transport operations, where the Rail Cargo Group recorded a sharp decline of up to 50%. As the crisis continued, there were increasing signs of temporary plant shutdowns in the industry, and the first volumes were cancelled by customers. As in 2019, the main focus was on the automotive sector. The Rail Cargo Group must assume that there will be a chain reaction in the near future with significant cargo declines in all segments. Potential for additional volumes was seen above all with transports to/from Italy, here primarily in the consumer goods sector and in continental container transport operations.

[13] OeNB.
[14] Handelsblatt.

Aside from this, the consequences for construction projects cannot yet be foreseen.

The concrete effects of the coronavirus on the 2020 financial statements cannot yet be assessed. The current forecasts for economic growth are subject to the reservation that the actual economic impact of the coronavirus for the year 2020 as a whole is not yet foreseeable. The decisive factor will be how long the delivery problems and trade difficulties caused by the virus, particularly in industry, passenger transport and freight traffic, will ultimately last. From today's perspective, however, it seems realistic that the company's net assets, financial position and result of operations will be negatively affected by the coronavirus crisis.

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 environment. 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 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. Parallel to this, numerous activities to reduce CO_2 emissions were initiated and continued – such as the expansion of the “ÖBB Rail&Drive” car sharing offer, the presentation of the CO_2 savings of each passenger on each rail journey, the use of electric buses in Vorarlberg by ÖBB-Postbus and the digitalisation and modernisation of freight wagons.

Corporate affairs activities in Austria in 2019 focused on the areas of energy, goods transport and bus transport. Among other things, the objectives were to reduce the railway’s tax burden relating to energy, to reduce the distortion of competition between rail and road and to stabilise the position of ÖBB-Postbus GmbH in the face of an extreme drop in prices in the fully liberalised bus market.

At the European level, the political framework conditions were marked by significant systemic changes. The ongoing negotiations about 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 prepared position papers, among others on the topics of “Exemptions for night trains from the Passenger Rights Regulation”, ”More freight on the railways”, ”Cross-border passenger transport market” and the “European research programme Horizon Europe” and made them available to stakeholders, opinion leaders and advocacy groups in Austria and at the EU level. Seven position papers were prepared at the national level for Postbus on the respective tendering practices in the transport associations.

Managing topics in Austria

For bus and rail in Austria, different topics and legislative proposals were dealt with, such as the amendment of the Railways Act (EisbG), tax reform and the law on the expansion of renewable energies. Other topics included the necessary upgrade of the capacities of the rolling highway on the Brenner Pass to cushion the impact of a tightened sectoral driving ban and the promotion of whisper brakes for freight wagons. The work programme also focused on securing and expanding the promotion of land transport and the implementation of the EU Directive on public procurement of clean vehicles (Clean Vehicles Directive).

Bus transport is the backbone of public transport in rural areas. Accordingly, ÖBB is committed to uniform quality standards. These include the anchoring of the best bidder principle in tenders, the unification of technical and legal standards for buses as well as an independent support programme for alternative forms of propulsion including a uniform charging infrastructure. Likewise on the agenda was the creation of the legal framework for micro-public transport offers.

In September 2019, elections were held in Austria, 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).

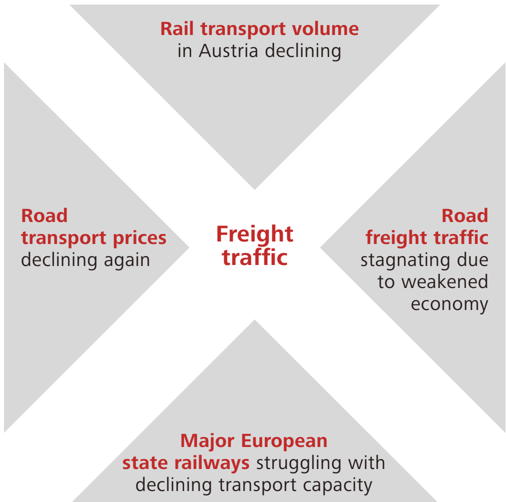
Managing topics in Brussels

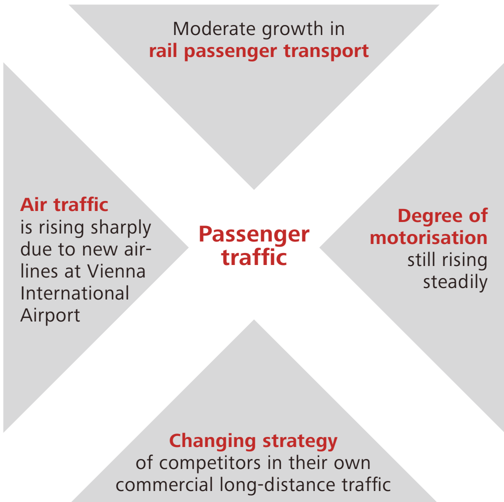
Following the EU elections in May, Corporate Affairs activities at the EU level focused on maintaining contacts with the new or re-elected Members of the European Parliament (MEPs). The focus was on the dialogue with members of the Transport and Environment Committees and MEPs with an affinity for railways 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 and 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 the collective action through position papers, formulated amendments and stakeholder discussions were 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 the Railway Industry (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





Passenger transport market environment

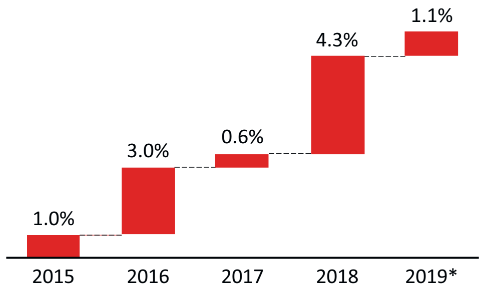
In 2019, the performance in passenger transport as a whole (rail, motorised individual transport, bus, tram and underground) increased by 1.1% – strong growth, albeit somewhat less than in the previous year (2.4%). The reason for this development is rail passenger transport: at 4.3%, passenger transport by rail saw extraordinary growth in 2018. The reasons for this are the 2.6% increase in ÖBB's transport performance as well as the development on the private railway market: at the end of 2017, the competitor WESTbahn switched to a half-hourly interval and thus approximately doubled its offer. With RegioJet, another competitor in long-distance transport entered the Austrian market at the time around the 2017 timetable change.[15]

[15] WESTbahn, RegioJet.

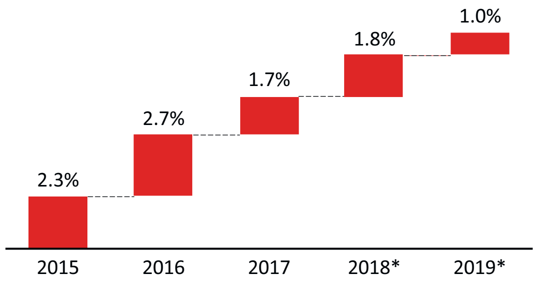
In 2018, the expansion of competitors' services led to a decline in ÖBB's market share from 88.4% to 86.5%.[16] In 2019, this share is expected to have stabilised. At the end of 2019, WESTbahn reduced its offer by about one third.[17]

Development of passenger transport performance on the rail and roads in Austria

Rail passenger traffic (change in %)



Motorised private traffic (change in %)



* Preliminary estimates.
Source: European Commission, Statistik Austria, UIC, ÖBB, ASFINAG, own calculations.

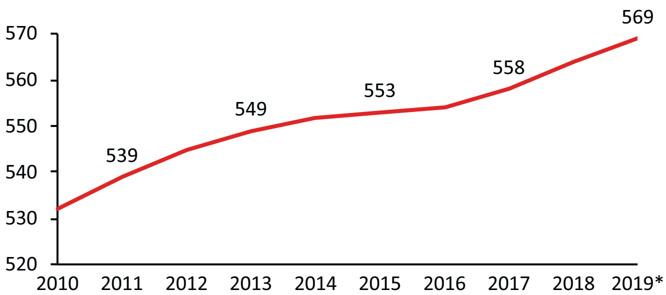
Initial data from European state railways, such as from ÖBB, show a rise in passenger traffic: SBB's passenger transport performance increased by an impressive 6.2% in the first half of 2019. ČD's passenger transport also showed strong a growth of 6.8%. Only DB recorded a slight decline in passenger transport performance in the first half of the year. This is due to the development of local rail transport by DB Regio and Arriva, which are having to contend with tender losses.[18]

Motorised private transport has been increasing for years with comparatively constant growth rates. Parallel to this, the number of passenger cars is continuously increasing and is growing faster than the Austrian population. Thus, the degree of motorisation has been rising for years.

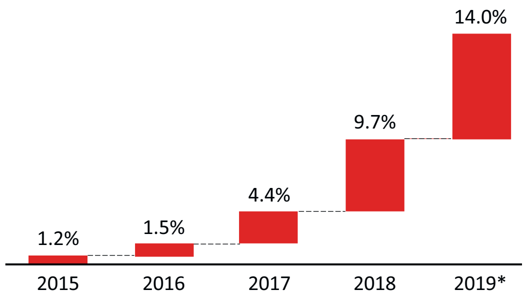
Air traffic has undergone an extraordinary development in recent years: while annual growth rates of 1.2% and 1.5% were generated in 2015 and 2016, the number of air passengers has seen rapid growth in the last three years. In 2017, passenger numbers rose by 4.4%, in 2018 by almost 10% and, according to initial estimates, in 2019 by almost 14%. Vienna International Airport is primarily responsible for this growth with growth rates of between 13% and 25% from the fourth quarter of 2018 to the third quarter of 2019.[19] For the railways, air traffic is both a competitor and a growth driver. On the one hand, short-haul flights are strong competition for rail. On the other hand, there is new growth potential for rail services as airport shuttles and mobility providers for foreign guests.

Other key indicators for passenger transport in Austria

Degree of motorisation (number of passenger cars per 1,000 inhabitants)



Passengers (excluding transit passengers – change in %)



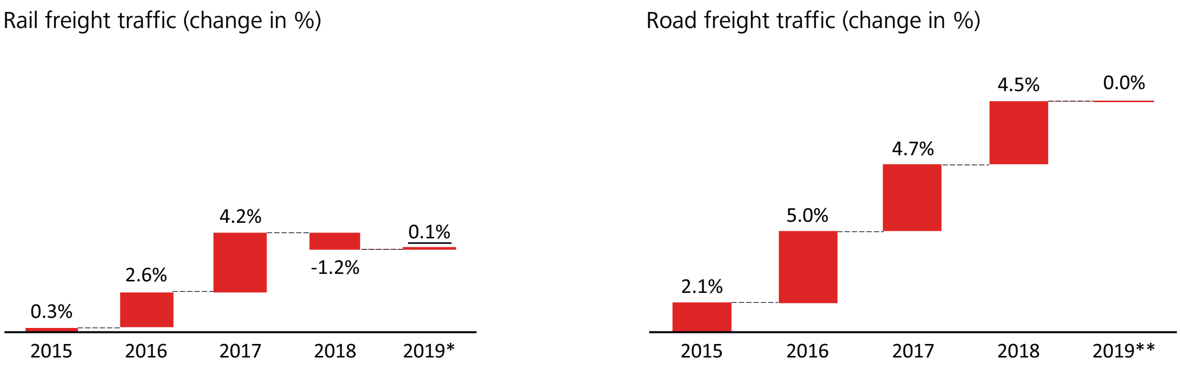
[16] Rails -Control.
[17] WESTbahn.
[18] SBB, ČD, DB.
[19] Statistik Austria.
[20] Statistik Austria.

Freight transport market environment

The development of freight traffic in Austria in 2019 was marked by the cooling of the economy, which is now becoming increasingly apparent. Above all, the decline in industrial production in Germany – especially in the steel and automobile industries – had a negative impact on Austrian rail freight transport. According to the data for the first three quarters of 2019, rail freight transport performance stagnated in terms of tonne-kilometres. In contrast, the transport volume of Austrian rail freight traffic in tonnes showed a decline of 2%.[21]

The economic slowdown has and will also have an impact on road freight traffic. According to an initial estimate, this showed the weakest growth in 2019 since 2013. Overall, however, the trend that has been apparent for years will continue: since 2014, road transport performance has increased by over 17%, whereas growth on the railways has only been 6% during this period. This has led to a continuous decline in the modal share of rail freight carriers in Austria in recent years. In 2018 the modal share will fall below the 30% mark for the first time. In this context, it should be emphasised that Austria is among the leaders in the EU with a railway modal share of 29% of freight traffic performance. However, from a realistic perspective, a continuation of the negative trend due to distorted competitive conditions between rail and road can be expected.

Development of freight transport volumes on the road and railways in Austria



* only Q1 to Q3, ** preliminary estimate.
Source: BMK, Statistik Austria, ASFINAG, ÖBB own calculations.

Private freight railways had already increased their market shares in Austria in 2018. Rail Cargo Group's market share of the railways' productive freight transport performance fell to below 70% for the first time in 2018. An initial assessment shows that this trend has continued in 2019 and the market share has fallen to around 68%. Competition takes place almost exclusively in block train services. However, the single-wagon transport for area service, which is essential for rail freight transport as a whole, is almost exclusively provided by ÖBB.[22]

An international comparison confirms the trend of declining rail freight transport performance: DB Cargo's transport performance in the first half of 2019 fell by 1.8% and that of SBB Cargo by 2.5%. Particularly dramatic was the decline of 6.4% at ČD Cargo in the first half of 2019 and 12.4% at PKP Cargo in the first three quarters of 2019.[23]

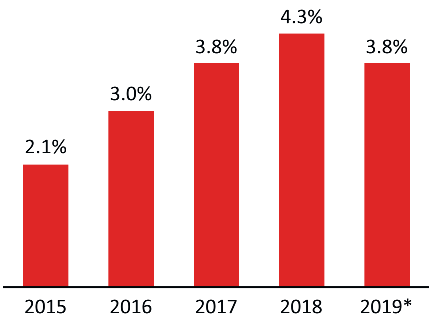
A look at the road: the development of the number of trucks corresponds to the trend in road freight traffic: after increasing growth rates in recent years, the truck stock in 2019 grew less strongly than in the previous year for the first time since 2015.[24]

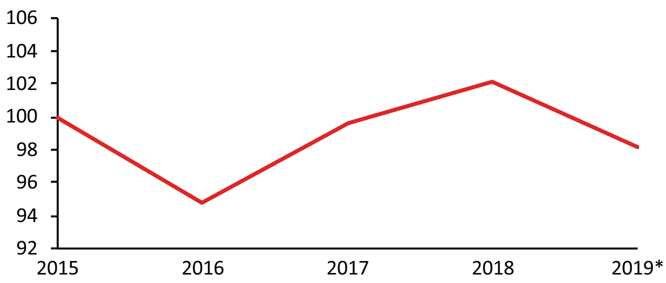
The economic slowdown was also reflected in the development of road transport prices: after a record low at the beginning of 2017, road transport prices had risen again in 2018, but this was followed in 2019 by another drop in road transport prices due to the lower price of diesel.[25]

[21] Statistik Austria.
[22] Schienen-Control, own estimate for 2019.
[23] DB, SBB, PKP Cargo, ČD Cargo.
[24] Statistik Austria.
[25] Tim Consult.

Parameters of freight transport in Austria (change in % compared to the previous year)

Truck stock (change in %) Road transport prices (Index 2015 = 100)





* Preliminary estimates.
Source: Statistik Austria, Tim consult, own calculations.

Market Environment Rail Infrastructure

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.[26] 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.[27] Preparations are also underway for the renewal of the Karawanks Tunnel. Both are branches of the Alps-Western Balkans corridor.[28] In September 2019, the eleventh European freight corridor, known as the Amber Corridor, was officially put into operation.[29] This corridor connects the Slovenian port of Koper with Hungary, Slovenia and Poland and runs largely parallel to the Baltic-Adriatic Corridor.[30] 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.[31]

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.[32] 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.[33]

[26] BMK.
[27] DVZ, Slovenia Times.
[28] European Commission.
[29] Railway Gazette.
[30] Ports Europe.
[31] Railway Pro.
[32] Deutsche Welle, Railfreight.com, Railway Pro, Industry Europe.
[33] Kurier.

Vienna receives 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 about 25 min. For the high-ranking long-distance traffic between Austria and Slovakia, travel time reductions of up to 40 min. should even be possible.[34]

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. In return, however, the possibilities for railways to compete with short-haul flights will be further improved. The train path selection procedure for this project was started in 2019.[35]

From December 2020, the railway line between Munich and Zurich will be able to be operated electrically throughout.[36] In the already electrified Austrian part of the line, the double-track expansion 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.[37]

C. Economic Report and Outlook

In the consolidated income statement, the expenses and income from the discontinued operation are shown in a separate line. In accordance with IFRS 5, the previous-year figures in the consolidated income statement have been adjusted so that the following notes to the Consolidated Income Statement relate only to continuing operations.

C.1. Revenues

Structure of revenues by sub-group in EUR million	2019	2018	Change	Change in %	
ÖBB-Personenverkehr sub-group	2,278.4	2,202.1	76.3	3%	
Rail Cargo Austria sub-group	2,308.2	2,304.3	3.9	0%	
ÖBB-Infrastruktur sub-group	1,023.5	1,049.2	-25.7	-2%	*)
ÖBB-Holding AG and other companies	1,289.9	1,289.9	0.0	0%	
less consolidation of sub-groups	-2,494.9	-2,497.9	3.0	0%	
Group revenue acc. to Consolidated Financial Statements	**4,405.1**	**4,347.6**	**57.5**	**1%**	*)
Other income (consolidated)	2,540.0	2,378.2	161.8	7%	*)
Total income	**6,945.1**	**6,725.8**	**219.3**	**3%**	
Total revenue per employee in thousands EUR	**162**	**160**	**2**	**1%**	

*) adjusted values, see Note 3 in the Notes to the Consolidated Financial Statements

Although the average number of employees increased from 41,982 to 42,982, the figure "Total income per employee" rose year on year to [38]EUR 162 thousand, (PY: EUR 160 thousand). At EUR 1,249.3 million (PY: EUR 1,260.6 million), foreign sales accounted for 28% (PY: 29%) of consolidated sales.

Revenue of the ÖBB-Personenverkehr sub-group

Overview	2019	2018	Change	Change in %
Revenue in EUR million	2,278.4	2,202.1	76.3	3%
of which traffic service orders of the federal government	*756.0*	*714.2*	*41.8*	*6%*
of which traffic service orders of the countries and communities	*388.3*	*396.0*	*-7.7*	*-2%*
Other income in EUR million	23.7	25.1	-1.4	-6%
Total income in EUR million	2,302.1	2,227.2	74.9	3%

The sales revenue for the 2019 financial year amounted to EUR 2,278.4 million (PY: EUR 2,202.1 million). That is an increase of 3%. The foreign share of consolidated revenue amounted to EUR 213.8 million (PY: EUR 208.2 million), which was about 9% as in the previous year. Revenue generated abroad therefore increased by EUR 5.6 million or 3%.

[34] BMK.
[35] ORF.
[36] Neue Züricher Zeitung.
[37] Deutsche Bahn.
[38] Total income per employee: Total income/average number of employees (headcount)

Approximately EUR 756.0 million (PY: EUR 714.2 million) of revenues resulted from transport service orders by the Federal Government, EUR 388.3 million (PY: EUR 396.0 million) from transport service orders by federal states and municipalities.

Passengers in million	2019	2018	Change	Change in %
Long-distance railway transport	38.2	36.9	1.3	4%
Short-distance railway transport	228.4	224.5	3.9	2%
Total railway	**266.6**	**261.4**	**5.2**	**2%**
Bus	210.2	212.8	-2.6	-1%
Total	**476.8**	**474.2**	**2.6**	**1%**

The ÖBB-Personenverkehr sub-group was able to increase the number of rail passengers to 266.6 million passengers (PY: 261.4 million persons) and increase total income by 3%. Passenger numbers in the bus corporate sector recorded a slight decrease to 210.2 million passengers (PY: 212.8 million passengers).

Revenue of the Rail Cargo Austria sub-group

Overview	2019	2018	Change	Change in %
Net tonnes transported (millions, consolidated)	105.3	113.0	-7.7	-7%
Revenue in EUR million	2,308.2	2,304.3	3.9	0%
thereof public services contracted by the federal government	*83.3*	*86.2*	*-2.9*	*-3%*
Other income in EUR million	64.5	43.1	21.4	50%
Total income in EUR million	2,372.7	2,347.4	25.3	1%

Total income of the Rail Cargo Austria sub-group rose to EUR 2,372.7 million (PY: EUR 2,347.4 million). At EUR 998.5 million (PY: EUR 1,029.8 million), the foreign share of consolidated revenue amounted to 43%. (PY: 45%). Revenue generated abroad therefore decreased by EUR 31.3 million or 3%. In the previous year they rose by EUR 108.3 million or 12%.

In total, Rail Cargo Austria sub-group revenue increased to EUR 2,308.2 million (PY: EUR 2,304.3 million). Approximately EUR 83.3 million or 4% of revenues (PY: EUR 86.2 million or 4%) were compensation paid by the Federal Government for the execution of public service contracts. EUR 437.5 million (PY: EUR 414.5 million) is attributable to the Technical Services division.

The volumes in tonnes constitute important performance indicators for the transport business in the Rail Cargo Austria sub-group.

In the year under review, the Rail Cargo Austria sub-group recorded a slight decline in consolidated freight traffic volume from 113.0 million tonnes in the previous year to 105.3 million tonnes.

	Conventional full-load transport		Unaccompanied combined transport		Combined road/ railway transport		Total	
Net tonnes transported in mil.	2019	2018	2019	2018	2019	2018	2019 *)	2018
Rail Cargo Austria AG excl. abroad	54.8	58.2	14.1	14.5	5.4	5.9	74.3	78.6
Rail Cargo Austria AG abroad	17.0	19.7	5.4	5.3	0.4	0.5	22.8	25.5
Rail Cargo Hungaria Zrt.	27.7	30.0	2.5	2.0	0.0	0.0	30.2	32.0
Rail Cargo Carrier – Bulgaria EOOD	0.0	0.0	0.4	0.4	0.0	0.0	0.4	0.4
Rail Cargo Carrier – Croatia d.o.o.	1.8	1.3	0.0	0.1	0.0	0.0	1.8	1.4
Rail Cargo Carrier – Czech Republic s.r.o.	2.1	2.0	1.0	0.7	0.0	0.0	3.1	2.7
Rail Cargo Carrier – Germany GmbH	3.0	2.8	0.7	0.7	0.0	0.0	3.7	3.5
Rail Cargo Carrier – PCT GmbH	0.0	1.2	0.0	0.0	0.0	0.0	0.0	1.2
Rail Cargo Carrier – Italy s.r.l.	1.7	2.0	1.9	1.5	0.4	0.5	4.0	4.0
Rail Cargo Carrier – Romania s.r.l.	0.7	0.9	0.5	0.4	0.0	0.0	1.2	1.3
Rail Cargo Carrier – Slovakia s.r.o.	0.1	0.0	0.6	0.5	0.0	0.0	0.7	0.5
Rail Cargo Carrier – Slovenia d.o.o.	2.0	2.1	0.3	0.4	0.0	0.0	2.3	2.5
Total not consolidated	**110.9**	**120.2**	**27.4**	**26.5**	**6.2**	**6.9**	**144.5**	**153.6**
less intra-group transports	-27.3	-29.4	-11.1	-10.2	-0.8	-1.0	-39.2	-40.6
Total consolidated	**83.6**	**90.8**	**16.3**	**16.3**	**5.4**	**5.9**	**105.3**	**113.0**

*) Q Logistics GmbH and its subsidiaries, which cannot be considered part of the Rail Cargo Austria sub-group, transported a further 1.7 million net tonnes.

ÖBB-Infrastruktur sub-group revenue

Overview	2019	2018	Change	Change in %	
Train-kilometers (millions)	156.4	154.4	2.0	1%	
Total gross tonnage-kilometers (millions)	78,698.0	78,190.7	507.3	1%	
Self-generated traction power from ÖBB power plants	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%	*)
Other income in EUR million	2,356.7	2,254.7	102.0	5%	*)
Total income in EUR million	3,380.2	3,303.9	76.3	2%	

*) adjusted values, see Note 3 in the Notes to the Consolidated Financial Statements

The sales revenues of the sub-group amounted to EUR 1,023.5 million (PY: EUR 1,049.2 million). Of this amount, 714.0 million are accounted for by EUR million (PY: EUR 742.9 million) to companies of other sub-groups of the ÖBB Group. Revenue is mainly generated in Austria. Only revenues in the amount of EUR 27.3 million (PY: EUR 21.6 million) were generated with companies from abroad. This revenue mainly relates to the supply of energy and the infrastructure usage charge.

Compared to the previous year, the train kilometre performance rose to 156.4 million train kilometres (PY: 154.4 million train kilometres).

Development of train-kilometers by type of transport in mil.	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%***

In the financial year 2019 the total gross tonnage kilometres (TGT km) increased by 507.3 million TGT km. While in the 2018 financial year, external railway operators accounted for 16.0 billion TGTkm or 20% of the total, in 2019, they accounted for 17.0 billion TGTkm, which corresponds to 22% of the total.

Development of gross tonnage-kilometers by type of transport in mil.	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%***

Revenue is also generated from power and real estate.

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%
Consumption of traction power from the overhead contact line	1.830	1.847	-17	-1%

In the 2019 financial year, power plants owned by ÖBB-Infrastruktur sub-group generated 722 GWh (PY: 678 GWh) of traction power.

Development of the rentable areas:

Floor space incl. rentable exterior spaces in thousand 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 previous year, the floor space of buildings including rentable exterior spaces amounted to 2.7 million m², of which about one-fourth is rented out to third parties. The remaining space is used by the ÖBB-Infrastruktur sub-group, is rented out within the Group, or consists of public and vacant spaces.

Traffic services ordered/contributions by the federal government, federal provinces, and communities

Traffic services ordered/ contributions by the federal government, federal provinces and communities in EUR million	ÖBB-Personenverkehr	Rail Cargo Austria	ÖBB-Infrastruktur
Traffic/public services contracted by the federal government	756.0	83.3	-
	(PY: 714.2)	(PY: 86.2)	-
Transport service orders with provinces and communities	388.3	-	
	(PY: 396.0)	-	
Infrastructure operations	-	-	530.4
	-	-	(PY: 494.4)
Repair and investment	-	-	1,461.5
	-	-	(PY: 1,382.9)
Total	**1,144.3**	**83.3**	**1,991.9**
	(PY: 1,110.2)	**(PY: 86.2)**	**(PY: 1,877.3)**

The ÖBB-Personenverkehr sub-group has concluded transport service contracts for local and long-distance passenger transport by rail with the Federal Government as well as with the federal states and municipalities. In return, the ÖBB-Personenverkehr sub-group received EUR 756.0 million from the Federal Government in 2019 (PY: EUR 714.2 million) as well as from the federal states and municipalities EUR 388.3 million (PY: EUR 396.0 million). The increase in compensation was mainly due to the additional orders for services, additional compensation for Cityjet deployment and the contractual netbacks of existing services.

The Rail Cargo Austria sub-group receives contributions for the provision of rail freight services in the production forms of single-wagon transport, unaccompanied combined transport and rolling highway. The basis for the contributions is the "Aid programme for the provision of rail freight transport services in certain production forms in Austria" notified by the EU. Payments in the year under review amounted to EUR 83.3 million (PY: EUR 86.2 million).

The increased contributions by the federal government to ÖBB-Infrastruktur AG is mainly related to investment activities. On behalf of the Republic of Austria, ÖBB-Infrastruktur AG is executing a construction programme of historic dimensions.

The government grants are laid down in the grant agreement 2016 to 2021 and again in the framework plan 2016 to 2021. Accordingly, the share of federal grants for expansion investments and reinvestments (with the exception of the Brenner Base Tunnel) amounted to 75% of annual investment expenditure until 2016 and 80% for the years 2017 et seq and come 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. In year 2019, this government contribution amounts to EUR 892.4 million (PY: EUR 821.7 million). For infrastructure maintenance (inspection, maintenance, disposal and repair), the federal government provided EUR 569.1 million (PY: EUR 561.2 million).

In addition, the Federal Government is providing a grant of EUR 530.4 million (PY: EUR 494.4 million) for the operation of the infrastructure. This grant will continue to be paid insofar and for as long as the revenues that can be generated (from the users of the rail infrastructure) under the respective market conditions do not cover the expenses incurred (despite economical and efficient management). The amount declined year on year due to performance improvements and deferrals.

C.2. Result of operations

Result of operations of ÖBB Group

The ÖBB-Personenverkehr sub-group was able to exceed the previous year's result despite an expansion of services by competitors in Austria. This is due in particular to increased passenger revenues and higher fees collected from those ordering additional services. The increase in domestic passenger revenues is the result of continuously growing travel demand and consistent yield management. The positive development of passenger revenue from international traffic is primarily attributable to the increase in customers due to the expansion of night-time travel. The total income of ÖBB-Postbus GmbH stagnated due to tenders. In the European rail freight market, a flattening of the economic situation was noticeable in 2019. Transport volumes declined in the second half of the year in particular. Despite these general conditions, the Rail Cargo Austria sub-group recorded a revenue level almost identical to that of 2018, with the increase in revenue from the fully consolidated technical services having a positive effect. In contrast, revenue in Rail Cargo Logistics declined – mainly due to significant declines in the second largest customer. However, the Rail Cargo Austria sub-group was unable to match the previous year's result in 2019. The reasons for this were the ongoing cut-throat competition in the core business and the associated pressure on margins, which in turn is generated by high factor cost increases. The ÖBB-Infrastruktur sub-group shows a decline in earnings compared to the previous year. This is mainly due to the significantly lower results from the disposal of real estate.

Overview	2019	2018	Change	Change in %
EBIT[39] in EUR million	755.0	804.4	-49.4	-6%
EBIT margin[40] in %	10.9%	12.0%	-1.1%	-9%
EBITDA[41] in EUR million	1,945.6	1,875.0	70.6	4%
EBT in EUR million	168.5	168.1	0.4	0%
Return on equity[42] in %	6.4%	6.6%	-0.2%	-3%
Return on assets[43] in %	2.4%	2.7%	-0.3%	-11%

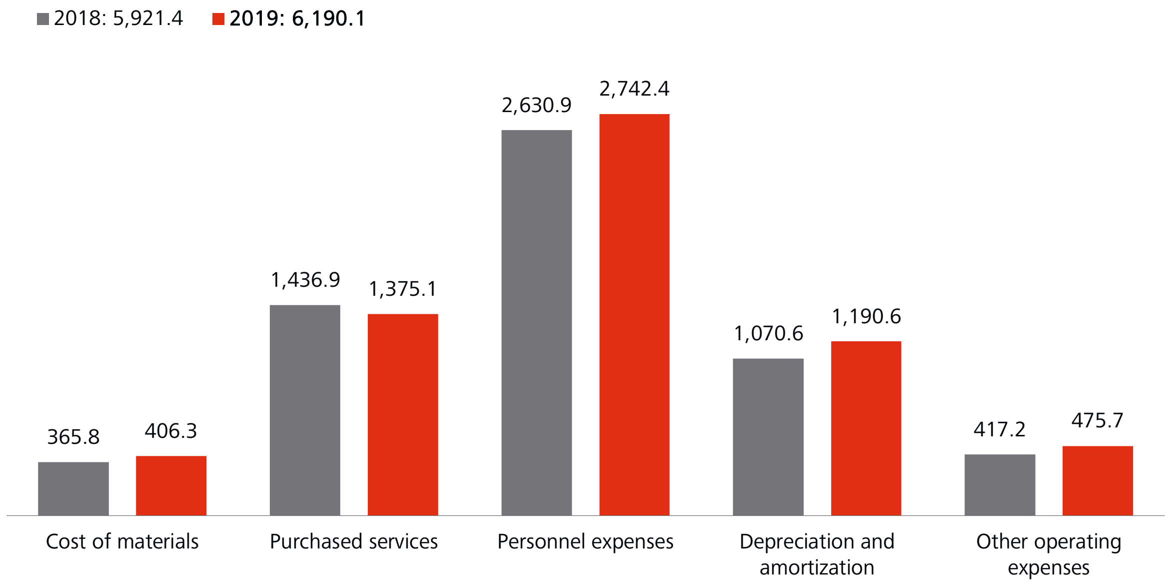
Total income increased slightly over the previous year to EUR 6,945.1 million (PY: EUR 6,725.8 million). The EBIT of the ÖBB Group fell to EUR 755.0 million in the year under review (PY: EUR 804.4 million). As a result, the EBIT margin deteriorated from 12.0% of the previous year to 10.9%. EBITDA rose by 4% to EUR 1,945.6 million in the year under review (PY: EUR 1,875.0 million). After a result of EUR 168.1 million in the previous year, an EBT of EUR 168.5 million was recorded. This equates to an increase of EUR 0.4 million compared to the previous year. The return on equity was 6.4%. (PY: 6.6%), the return on total assets 2.4% (PY: 2.7%).

Structure of the Consolidated Income Statement in EUR million	2019	in % of total income	2018	in % of total income	Change	Change in %	
Revenue	4,405.1	63%	4,347.6	65%	57.5	1%	*)
Other own work capitalized	421.2	6%	373.4	6%	47.8	13%	
Other income and increase/ decrease of inventories	2,118.8	31%	2,004.8	30%	114.0	6%	*)
Total income	**6,945.1**	**100%**	**6,725.8**	**100%**	**219.3**	**3%**	
Cost of materials	406.3	6%	365.8	5%	40.5	11%	
Purchased services	1,375.1	20%	1,436.9	21%	-61.8	-4%	
Personnel expenses	2,742.4	40%	2,630.9	39%	111.5	4%	
Amortization (incl. impairment)	1,190.6	17%	1,070.6	16%	120.0	11%	
Other operating expenses	475.7	7%	417.2	6%	58.5	14%	
Total expenses	**6,190.1**	**89%**	**5,921.4**	**88%**	**268.7**	**5%**	
EBIT	**755.0**	**11%**	**804.4**	**12%**	**-49.4**	**-6%**	
Financial result	-586.5	-8%	-636.3	-10%	49.8	8%	
EBT	**168.5**	**2%**	**168.1**	**3%**	**0.4**	**0%**	

*) adjusted values, see Note 3 in the Notes to the Consolidated Financial Statements

[39] EBIT corresponds to earnings (not including earnings of investments accounted for using the equity method) on the Consolidated Income Statement.
[40] EBIT margin: EBIT/total income.
[41] EBITDA: EBIT + depreciation and amortisation.
[42] Return on equity: EBT/shareholders' equity.
[43] Return on total assets: EBIT/total capital.

Development of operating expenses in EUR million



Total expenses rose in the financial year 2019 by EUR 268.7 million to EUR 6,190.1 million (PY: EUR 5,921.4 million).

Personnel expenses rose comopared to the previous year by 4% to EUR 2,742.4 million (PY: EUR 2,630.9 million) and remain the largest expense category. The average personnel expense per employee amounted to EUR 64 thousand (PY: EUR 65 thousand). The payroll ratio[44] – the share of personnel expenses in total income – remained almost constant at 40% (PY: 39%). More information on the personnel structure and the development of the number of employees is provided in Chapter D.2. Personnel Report.

The cost of materials rose to EUR 406.3 million (PY: EUR 365.8 million). This item includes expenses for externally purchased traction current of EUR 101.1 million (PY: EUR 92.1 million) and expenses for liquid fuels amounting to EUR 80.9 million (PY: EUR 79.6 million).

Purchased services totalled EUR 1,375.1 million (PY: EUR 1,436.9 million), making this the second largest expense category. This item primarily comprises fees for rented vehicles, transport services and infrastructure usage charges for third-party railways. It also comprises other services received consisting primarily of goods and services that cannot be capitalized in connection with repairs, maintenance, cleaning, and other services in the freight forwarding sector. The ratio of aggregated cost of materials and purchased services to total income was unchanged year on year at 26% (PY: 27%). Depreciation expenses rose by EUR 120.0 million to EUR 1,190.6 million (PY: EUR 1,070.6 million).

Reductions were recorded in rental, property lease, license and other leasing expenses (-63% to approx. EUR 12.6 million), in expenses for information technology and office supplies (-2% to approx. EUR 35.8 million) and in taxes and fees (-1% to approx. EUR 48.5 million). In contrast, there was an increase in other miscellaneous expenses (40% to EUR 264.7 million), commissions (9% to EUR 14.2 million)and operating costs (4% to around EUR 99.9 million). Other operating expenses increased overall by EUR 58.5 million or 14% in total to EUR 475.7 million (PY: EUR 417.2 million).

For the financial year 2019, the ÖBB Group reports a negative financial result of EUR 586.5 million (PY: EUR 636.3 million). Interest expenses amount to EUR 618.7 million (PY: EUR 647.4 million).

[44] Payroll ratio: Personnel expenses/total income.

Results of operations of ÖBB-Personenverkehr sub-group

Overview	2019	2018	Change	Change in %
Revenue in EUR million	2,278.4	2,202.1	76.3	3%
Total income in EUR million	2,302.1	2,227.2	74.9	3%
Total expenses in EUR million	-2,162.6	-2,101.0	-61.6	-3%
EBIT in EUR million	139.6	126.3	13.3	11%
EBIT margin in %	6.1%	5.7%	0.4%	7%
EBITDA in EUR million	327.0	282.5	44.5	16%
Financial result in EUR million	-39.5	-35.4	-4.1	-12%
EBT in EUR million	100.1	90.9	9.2	10%
Return on equity in %	8.5%	9.1%	-0.6%	-7%
Return on assets in %	3.4%	3.4%	0.0%	0%

In the year under review, the ÖBB-Personenverkehr sub-group was able to increase revenue by 3% to EUR 2,278.4 million (PY: EUR 2,202.1 million).

Personnel expenses of the sub-group in financial year 2019 increased by EUR 13.1 million to EUR 415.9 million (PY: EUR 402.8 million). The average personnel expense per employee amounts to EUR 59 thousand (PY: EUR 57 thousand). As in the previous year, personnel expenses accounted for 18% of total income. The cost of materials totalled EUR 125.9 million (PY: EUR 119.5 million). Among other things, this includes expenses for traction current amounting to EUR 43.7 million (PY: EUR 38.4 million) and expenses for liquid fuels amounting to EUR 46.6 million (PY: EUR 45.7 million). The purchased services decreased by 2% compared to the previous year to EUR 1,207.7 million (PY: EUR 1,230.6 million). This item includes vehicle rental fees of EUR 95.3 million (PY: EUR 89.4 million), transport performance of EUR 495.4 million (PY: EUR 445.8 million) and infrastructure usage charges for third-party railways of EUR 292.0 million (PY: EUR 347.8 million). The ratio of aggregated cost of materials and purchased services to total income was 57% (PY: 61%).

Results of operations of Rail Cargo Austria sub-group

Overview	2019	2018	Change	Change in %
Revenue in EUR million	2,308.2	2,304.3	3.9	0%
Total income in EUR million	2,372.7	2,347.4	25.3	1%
Total expenses in EUR million	-2,345.9	-2,294.3	-51.6	-2%
EBIT in EUR million	26.8	53.1	-26.3	-50%
EBIT margin in %	1.1%	2.3%	-1.2%	-52%
EBITDA in EUR million	154.7	123.9	30.8	25%
Financial result in EUR million	-21.7	-29.6	7.9	27%
EBT in EUR million	5.1	23.5	-18.4	-78%
Return on equity in %	3.0%	15.6%	-12.6%	-81%
Return on assets in %	1.2%	2.8%	-1.6%	-57%

The Rail Cargo Austria sub-group recorded a decline in EBIT to EUR 26.8 million in the year under review (PY: EUR 53.1 million). This corresponds to a deterioration of EUR 26.3 million. With an increase in total income to EUR 2,372.7 million (PY: EUR 2,347.4 million), an EBIT margin of 1.1% is calculated after 2.3% in the previous year. The financial result recorded an increase from EUR -29.6 million in the previous year to EUR -21.7 million. This is accompanied by EBT for 2019 of EUR 5.1 million (PY: EUR 23.5 million). The return on total assets was 1.2%. (PY: 2.8%) and EBITDA of EUR 154.7 million (PY: EUR 123.9 million).

The total expenses of the Rail Cargo Austria sub-group of EUR 2,345.9 million were 2% higher than in the previous year (PY: EUR 2,294.3 million). The largest expense category is the cost of purchased services. These fell by 5% to EUR 1,370.9 million in the year under review (PY: EUR 1,440.1 million). This item includes expenses for transport performance, infrastructure usage charges including public services and personnel leasing, rent for rail and road vehicles, and other services. Personnel expenses increased in the reporting year to EUR 466.8 million (PY: EUR 435.0 million), and the average personnel expense per employee increased from EUR 49 thousand in the previous year to EUR 50 thousand. The ratio of personnel expenses to total income was 20% (PY: 19%). In total, the ratio of cost of materials and purchased services to total income was 66% (PY: 69%) of total income.

Results of operations of ÖBB-Infrastruktur sub-group

Overview	2019	2018	Change	Change in %	
Revenue in EUR million	1,023.5	1,049.2	-25.7	-2%	*)
Total income in EUR million	3,380.2	3,303.9	76.3	2%	
Total expenses in EUR million	-2,805.0	-2,700.8	-104.2	-4%	
EBIT in EUR million	575.2	603.1	-27.9	-5%	
EBIT margin in %	17.0%	18.3%	-1.3%	-7%	
EBITDA in EUR million	1,386.0	1,379.8	6.2	0%	
Financial result in EUR million	-536.9	-557.8	20.9	4%	
EBT in EUR million	38.3	45.3	-7.0	-15%	
Return on equity in %	2.7%	3.2%	-0.5%	-16%	

*) adjusted values, see Note 3 in the Notes to the Consolidated Financial Statements

Total income of the ÖBB-Infrastruktur sub-group amounted to EUR 3,380.2 million in the reporting year (PY: EUR 3,303.9 million). With an average headcount of 18,359 employees (PY: 18,137), this represents income per employee of EUR 184 thousand (PY: EUR 182 thousand). This results in an increase in total income of EUR 76.3 million or 2% compared to the year 2018.

The ÖBB-Infrastruktur sub-group achieved 2019 EBIT of EUR 575.2 million (PY: EUR 603.1 million) with an EBIT margin of 17.0% (PY: 18.3%).

The ÖBB-Infrastruktur sub-group recorded a negative financial result of EUR 536.9 million in the year under review (PY: EUR 557.8 million). EBT 2019 amounted to EUR 38.3 million (PY: EUR 45.3 million).

The total expenses of the sub-group recorded a drop in 2019 of 4% to EUR 2,805.0 million (PY: EUR 2,700.8 million).

The largest expense item in 2019 is personnel expenses, which increased by 3% to EUR 1,217.4 million (PY: EUR 1,182.8 million). The average personnel expense per employee amounted to EUR 66 thousand (PY: EUR 65 thousand). The ratio of personnel expenses to total income of the sub-group was thus unchanged compared to the previous year at 36%.

Because it has operational responsibility, depreciation and amortisation represent the second largest expense item of this sub-group. Due to the increased investment activity in previous years, this item recorded an increase from 4% to EUR 810.8 million (PY: EUR 776.7 million).

As in the previous year, the cost of materials and purchased services accounted for 13% of total income.

C.3. Net assets and financial position

Net assets and financial position of the ÖBB Group

Overview	Dec 31, 2019	Dec 31, 2018	Change	Change in %
Total assets in EUR million	31,254.4	29,709.9	1,544.5	5%
PP&E-to-total-assets ratio[45] in %	90%	90%	0%	0%
PP&E-to-net-worth ratio[46] in %	9%	9%	0%	0%
PP&E-to-net-worth ratio II[47] in %	92%	93%	-1%	-1%
Working capital[48] in EUR million	-47.6	-260.8	213.2	82%
Equity ratio[49] in %	8.5%	8.5%	0.0%	0%
Cash-effective change of funds in EUR million	-158.5	-43.8	-114.7	>100%

[45] PP&E ratio: Property, plant and equipment/total assets.
[46] PP&E-to-net-worth ratio: equity/property, plant and equipment.
[47] PP&E-to-net-worth ratio II: (equity + non-current borrowings) / property, plant and equipment.
[48] Working capital: inventories (excl. real estate recovery projects and prepayments made on orders) + trade accounts receivable – trade accounts payable.
[49] Equity ratio: Equity / total capital.

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
Property, plant and equipment	25,575.6	26,808.7	90%	28,245.8	90%	1,437.1
Other non-current assets	1,507.6	1,577.3	5%	1,721.3	6%	144.0
Current assets	1,267.8	1,323.9	5%	1,287.3	4%	-36.6
Total assets	**28,351.0**	**29,709.9**	**100%**	**31,254.4**	**100%**	**1,544.5**
Shareholders' equity	2,305.9	2,528.7	9%	2,644.8	9%	116.1
Financial liabilities	23,549.3	24,146.3	81%	25,342.7	81%	1,196.4
Other liabilities	2,495.8	3,034.9	10%	3,266.9	10%	232.0

Assets

Mainly due to investment in property, plant and equipment, the ÖBB Group’s total assets increased by 5% to EUR 31,254.4 million in the year under review (PY: EUR 29,709.9 million).

As of the reporting date, the ratio of property, plant and equipment to total assets (PP&E ratio) was 90%, as in the previous year. These assets were primarily financed with borrowings through loans and bond issues.

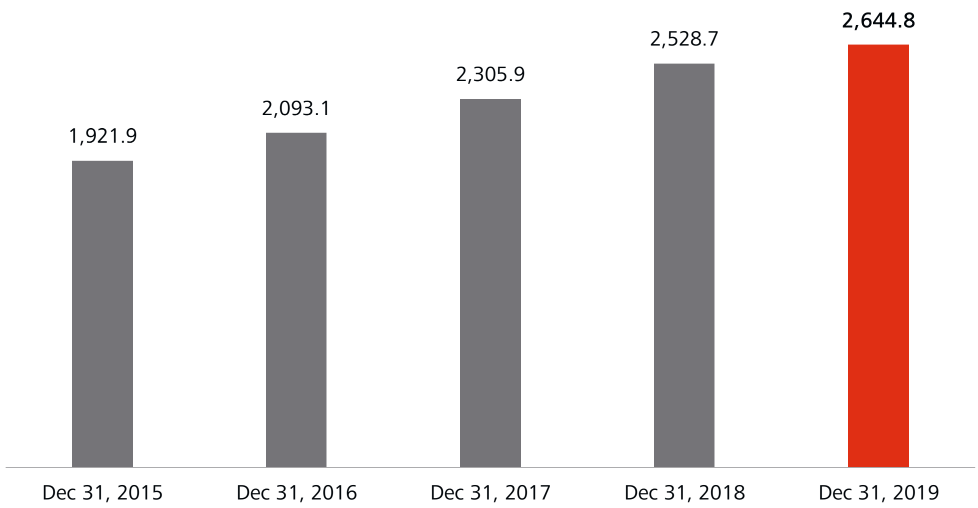
As at Dec 31, 2019, the PP&E-to-net-worth ratio was 9% as in the previous year. Taking non-current liabilities into account, the PP&E-to-net-worth ratio II is 92% (PY: 93%).

Working capital amounts to EUR -47.6 million (PY: EUR -260.8 million).

Total liabilities and shareholders’ equity

As at Dec 31, 2019, the ÖBB Group had an equity ratio of 8.5%, as in the previous year. On the liabilities side, the increase in the total assets is mainly due to the increase in financial liabilities.

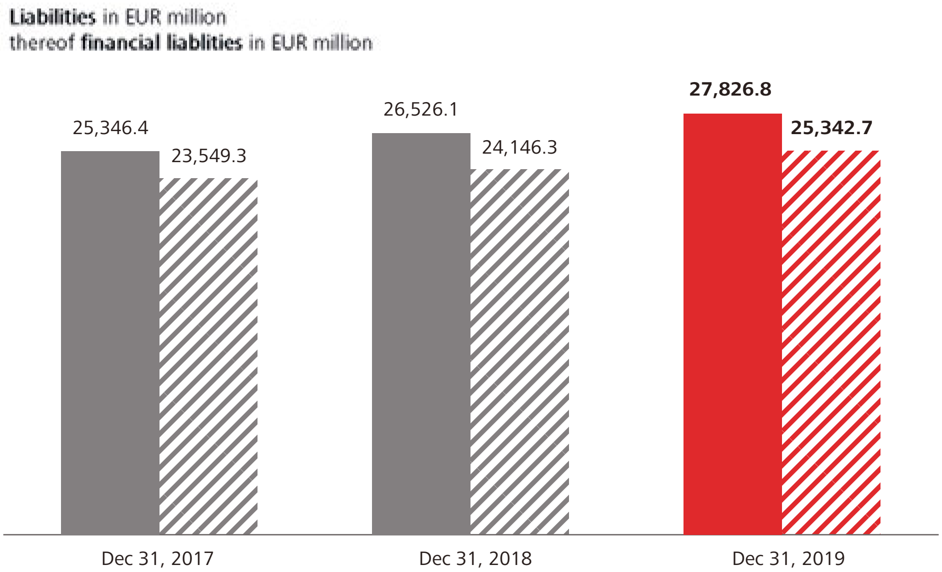
Development of shareholders' equity in EUR million



As at Dec 31, 2019, the ÖBB Group’s liabilities amounted to EUR 27,826.8 million (PY: EUR 26,526.1 million). Until 2015, ÖBB Group financed debt mainly by issuing its own bonds on the capital market. These bonds are accounted for by ÖBB-Infrastruktur AG in the amount of EUR 12,722.8 million (PY: EUR 14,260.0 million).

Since 2017, the ÖBB Group has been raising the necessary financing primarily through loans from the Republic of Austria that are provided by the Austrian Treasury (OeBFA) rather than by issuing its own bonds on the capital markets. According to Eurostat criteria, ÖBB-Konzern 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 upgrade of the financing instruments of ÖBB-Infrastruktur AG.

The financial liabilities of ÖBB Group comprise all liabilities from bonds and liabilities to banks and EUROFIMA Europäische Gesellschaft für die Finanzierung von Eisenbahnmaterial AG (European Company for the Financing of Railroad Rolling Stock). Overall, financial liabilities in the reporting year increased by 5% or EUR 1,196.4 million to EUR 25,342.7 million (PY: EUR 24,146.3 million).



The terms of the liabilities are summarised in the following table:

Terms of the liabilities in EUR million	Total	thereof current	in %	thereof non-current	in %
Financial liabilities	25,342.7	2,519.7	10%	22,823.0	90%
Trade payables	879.8	879.8	100%	0.0	0%
Other liabilities	1,604.3	1,564.1	97%	40.2	3%

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 year under review, the free cash flow[50] decreased to EUR -895.2 million (PY: EUR -585.1 million). The change in cash and cash equivalents in the Fund developed from EUR -43.8 million to EUR -158.5 million.

Abstract from the Group Cash Flow Statement in EUR million	Dec 31, 2019	Dec 31, 2018	Change
Cash flow from operating activities	1,493.4	1,634.0	-140.6
Cash flow from investing activities	-2,388.6	-2,219.1	-169.5
Free cash flow	-895.2	-585.1	-310.1
Cash flow from financing activities	736.7	541.3	195.4
Cash-effective change of funds	-158.5	-43.8	-114.7

The detailed Consolidated Statement of Cash Flows is included in the Notes to the Consolidated Financial Statements.

[50] Cash flow from operating activities + cash flow from investing activities.

Net assets and financial position of the ÖBB-Personenverkehr sub-group

Overview	Dec 31, 2019	Dec 31, 2018	Change	Change in %
Total assets in EUR million	4,066.4	3,774.8	291.6	8%
PP&E-to-total-assets ratio in %	70%	72%	-2%	-3%
PP&E-to-net-worth ratio in %	41%	38%	3%	8%
PP&E-to-net-worth ratio II in %	123%	117%	6%	5%
Equity ratio in %	29%	27%	2%	7%

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	3,003.8	3,241.6	86%	3,437.3	85%	195.7
Current assets	466.4	533.2	14%	629.1	15%	95.9
Total assets	**3,470.2**	**3,774.8**	**100%**	**4,066.4**	**100%**	**291.6**
Shareholders' equity	912.5	1,032.5	27%	1,181.0	29%	148.5
Non-current liabilities	1,954.6	2,153.7	57%	2,334.7	57%	181.0
Current liabilities	603.1	588.6	16%	550.7	14%	-37.9

The total assets of the ÖBB-Personenverkehr sub-group rose in the year under review by EUR 291.6 million to EUR 4,066.4 million (PY: EUR 3,774.8 million). As of the reporting date, the ratio of property, plant and equipment to total assets (PP&E ratio) was 70% (PY: 72%). As of the same date, the PP&E-to-net-worth ratio was 41% (PY: 38%), and the PP&E-to-net-worth ratio II was 123% (PY: 117%). Working capital amounted to EUR -6.0 million (PY: EUR -122.2 million). After an increase in equity by EUR 148.5 million to EUR 1,181.0 million (PY: EUR 1032.5 million), the equity ratio was 29% (PY: 27%).

The ÖBB-Personenverkehr sub-group's total liabilities increased from a total of 2% to EUR 2,624.8 million (PY: EUR 2,570.2 million). Financial liabilities in the reporting period increased by EUR 72.4 million or 3% to EUR 2,268.3 million (PY: EUR 2,195.9 million).

Net assets and financial position of the Rail Cargo Austria sub-group

Overview	Dec 31, 2019	Dec 31, 2018	Change	Change in %
Total assets in EUR million	2,172.9	1,927.1	245.8	13%
PP&E-to-total-assets ratio in %	41%	36%	5%	14%
PP&E-to-net-worth ratio in %	19%	22%	-3%	-14%
Equity ratio in %	8%	8%	0%	0%

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	1,146.9	1,139.2	59%	1,346.3	62%	207.1
Current assets	743.4	787.9	41%	826.6	38%	38.7
Total assets	**1,890.3**	**1,927.1**	**100%**	**2,172.9**	**100%**	**245.8**
Shareholders' equity	147.8	151.0	8%	171.9	8%	20.9
Non-current liabilities	1,015.3	909.1	47%	1,123.7	52%	214.6
Current liabilities	727.2	867.0	45%	877.3	40%	10.3

The total assets of the sub-group increased by EUR 245.8 million or 13% to EUR 2,172.9 million (PY: EUR 1,927.1 million) compared to the previous year. The share of property, plant and equipment in total assets (PP&E ratio) at the reporting date was 41% (PY: 36%). The PP&E-to-net-worth ratio was 19%. (PY: 22%). Working capital amounted to EUR 316.9 million (PY: EUR 279.0 million). The increase in equity, by EUR 20.9 million to EUR 171.9 million (PY: EUR 151.0 million), produced an equity ratio as at Dec 31, of 8%, as in the previous year.

The sub-group's liabilities increased by EUR 214.5 million or 13% to EUR 1,910.5 million (PY: EUR 1,696.0 million). Financial liabilities increased to EUR 1,519.0 million (PY: EUR 1,282.5 million).

Net assets and financial position of the ÖBB-Infrastruktur sub-group

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 in %	93%	93%	0%	0%
PP&E-to-net-worth ratio in %	6%	6%	0%	0%
PP&E-to-net-worth ratio II in %	89%	90%	-1%	-1%
Equity ratio in %	6%	6%	0%	0%

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**
Shareholders' 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

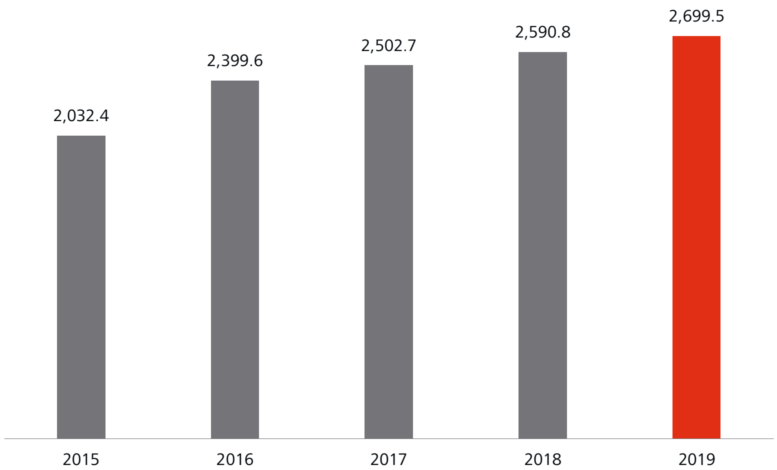
As at Dec 31, 2019, the total assets of the ÖBB-Infrastruktur sub-group show an increase of 5% to EUR 25,296.7 million (PY: EUR 24,166.2 million). As in the previous year, the PP&E ratio was 93%. As of the reporting date, the PP&E-to-net-worth ratio was unchanged compared to the previous year, at 6%. Taking non-current liabilities into account, the PP&E-to-net-worth ratio II is 89% (PY: 90%). Working capital amounted to EUR -325.9 million (PY: EUR -473.3 million). After a decrease in equity of EUR -6.6 million to EUR 1,420.4 million (PY: EUR 1,427.0 million), the equity ratio remained 6%, as in the previous year.

The liabilities of the ÖBB-Infrastruktur sub-group increased in the year under review by a total of 5% to EUR 23,454.4 million (PY: EUR 22,406.4 million). With financial liabilities increasing by 4% to EUR 21,556.8 million (PY: EUR 20,673.3 million), this category accounted for 92% of all liabilities, unchanged from the previous year.

C.4. Capital expenditure and financing measures

Overview	2019	2018	Change	Change in %
Capital expenditure in EUR million	2,699.5	2,590.8	108.7	4%
Capital expenditure ratio of total income[51] in %	36%	35%	1%	3%
Capital expenditure ratio of carrying amounts[52] in %	9%	10%	-1%	-10%

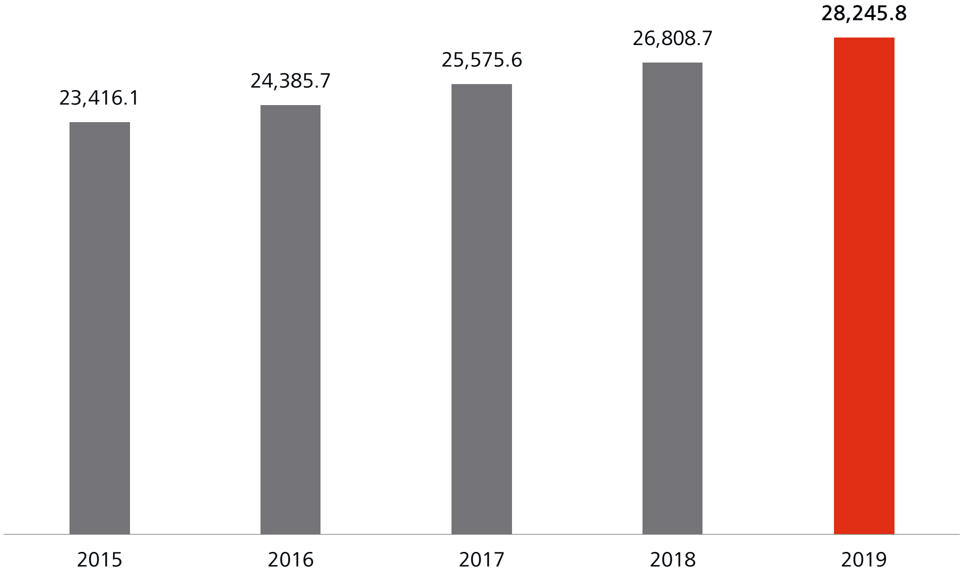
Capital expenditure in EUR million



[51] Capital expenditure ratio: investment in property, plant and equipment/total income.
[52] Capital expenditure ratio: investment in property, plant and equipment/carrying amount of PP&E as at Jan 1.

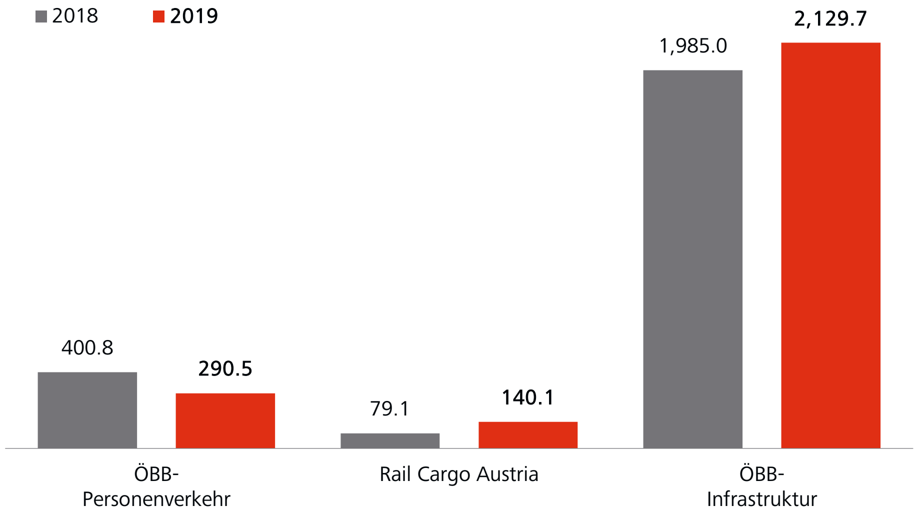
In the year under review, the ÖBB Group made investments in property, plant and equipment and in intangible assets with a total volume of EUR 2,699.5 million (PY: EUR 2,590.8 million). They are defined as additions to non-current assets at acquisition cost. The amount shown was calculated taking into account capital expenditures in the context of business acquisitions and corresponds to a PP&E capital expenditure ratio of 36% (PY: 35%) of total income or 9% (PY: 10%) of carrying amounts as at Jan 1. The calculation is based on gross investments before deduction of investment grants.

Tangible assets in EUR million



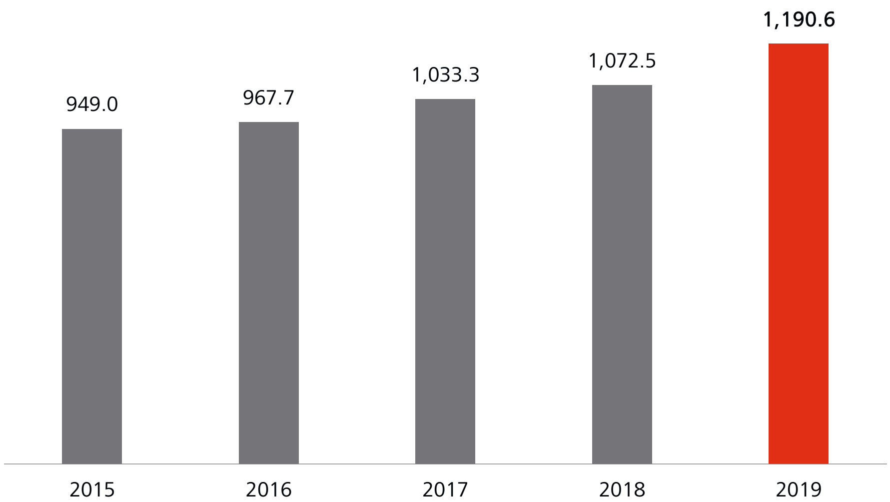
Of the capital expenditures amounting to EUR 2,699.5 million (PY: EUR 2,590.8 million), ÖBB-Infrastruktur sub-group accounted for the lion's share of all investment and financing measures, with EUR 2,129.7 million (PY: EUR 1,985.0 million) ÖBB-Infrastruktur. The property, plant and equipment of this sub-group with its carrying amount of EUR 23,575.5 million (PY: EUR 22,537.4 million) amounts to 83% (PY: 84%) of the total property, plant and equipment of the ÖBB Group. The latter comes to a total of EUR 28,245.8 million (PY: 26,808.7 million).

Overview of capital expenditure by sub-group
in EUR million (before consolidation at group level)



Depreciation expenses rose by EUR 120.0 million to EUR 1,190.6 million (PY: EUR 1,070.6 million).

Development of depreciation and amortization of ÖBB Group in EUR million



Capital expenditure of ÖBB-Personenverkehr sub-group

Overview	2019	2018	Change	Change in %
Capital expenditure in EUR million	290.5	400.8	-110.3	-28%
Capital expenditure ratio of total income in %	13%	18%	-5%	-28%
Capital expenditure ratio of carrying amounts in %	11%	16%	-5%	-31%

In the year under review, capital expenditure on intangible assets and property, plant and equipment in the ÖBB-Personenverkehr sub-group amounted to EUR 290.5 million (PY: EUR 400.8 million). This corresponds to a capital expenditure ratio of 13% (PY: 18%) of total income or 11% (PY: 16%) of total income as measured by the carrying amounts as at Jan 1.

Capital expenditure	Amount in EUR million
Short-distance traffic investments	248.4
Long-distance traffic investments	26.3
Technical equipment and machinery	7.3
Other property, plant and equipment investments	8.2
Intangible assets	0.3
Total capital expenditure	**290.5**

Capital expenditure of Rail Cargo Austria sub-group

Overview	2019	2018	Change	Change in %
Capital expenditure in EUR million	140.1	79.1	61	77%
Capital expenditure ratio of total income in %	6%	3%	3%	100%
Capital expenditure ratio of carrying amounts in %	20%	11%	9%	82%

In the year under review, the Rail Cargo Austria sub-group had a capital expenditure of EUR 140.1 million for intangible assets and property, plant and equipment (PY: EUR 79.1 million). This volume corresponds to a capital expenditure ratio of 6%. (PY: 3%) of total income or 20% (PY: 11%) measured against the carrying amounts as at Jan 1.

Capital expenditure	Amount in EUR million
Property, plant and equipment	**138.7**
Rolling stock	45.7
Workshops	52.4
Other property, plant and equipment	40.6
Intangible assets	**1.4**
Total	140.1

Capital expenditure of ÖBB-Infrastruktur sub-group

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 in %	57%	56%	1%	2%
Capital expenditure ratio of carrying amounts in %	9%	9%	0%	0%

In total, the ÖBB-Infrastruktur sub-group invested EUR 2,129.7 million (PY: EUR 1,985.0 million), equivalent to capital expenditure ratio of 57% (PY: 56%) of total income and, just as in the previous year, 9% of the carrying amount as at Jan 1.

The property, plant and equipment held by ÖBB-Infrastruktur sub-group with a carrying amount of EUR 23,575.5 million (PY: EUR 22,537.4 million) account for about 88% (PY: 84%) of all property, plant and equipment owned by ÖBB Group.

Areas of investment focus in 2019

In 2019, the ÖBB-Infrastruktur sub-group set the following investment priorities:
- Upgrade of the Southern Line
- Four-track upgrade of the Western Line
- Construction of the Brenner Base Tunnel
- Construction of freight terminals
- Numerous local transport projects in large urban areas
- Railway stations
- Upgrading tunnel safety on existing lines
- Noise protection measures
- Railway crossings; technical safety, removals, contingency 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 communications

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 boring 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 railway station Mürzzuschlag 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 area "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 the railway construction approval 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.

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 (provision of accessibility Nötsch – Hermagor)	2.5	2019
	Gerasdorf Station	5.0	2020
	Gröbming Station	0.6	2019
	Guntramsdorf-Kaiserau Station	0.3	2019
	Hall in Tyrol Station	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
	Seefeld in Tyrol Station*)	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 – junction 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 work on existing line	16.1	2020
	Vienna Blumental - Wampersdorf; two track expansion of the Pottendorf line [4)]	60.7	2023
	Wampersdorf - Wiener Neustadt; beautification 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 conversation [6)]	18.8	2027
	Süßenbrunn - Bernhardsthal; expansion of existing line	11.0	2029
Pyhrn-Schober route	Wels - Passau; expantion of existing line	13.5	2020
	Linz Central Station - Summerau; beautification	9.0	2023
	Linz - Selzthal; selective two track expansion and station conversation	1.4	2026
Brenner route	Brenner Base Tunnel	240.0	2028
	National border near Kufstein - Radfeld junction; four track expansion Unterinntal valley	5.2	Planning

Arlberg route	Wolfurt; terminal, expansion *)	3.9	2018
	St. Margrethen - Lauterach; development for local transport and beautification	8.1	2021
	Bregenz - Bludenz; expansion of local transport(Rine valley concept)	0.7	2029
Programs	Noise protection	6.1	
	Park & ride	14.8	
	Line electrifications	15.7	
	Safety and operation management systems	90.8	
	Measures for customer satisfaction (mobile network, data networks, WiFi)	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. Corporate strategy

The mobility sector is in a state of upheaval. The progressive deregulation and increased competition are putting familiar market structures under pressure. Structural changes and needs as well as new technologies and customer requirements lead to a new understanding of passenger and freight mobility, which in turn leads to new demands on the infrastructure.

Many developments must be anticipated already today. This requires answers to important strategic issues: What could mobility look like in the coming decades, and how will it be used? How will competition and the market develop? How will consumers behave, and which technologies will become more important in the future?

As Austria’s largest mobility service provider, ÖBB is continuously examining trends and future developments in order to make sure it keeps this role as Austria’s largest mobility service provider in the coming years and continues its success.

Progressive deregulation and increased competition are putting the traditional market structures under pressure

The railway reform and international efforts are intended to introduce more competition into passenger and freight traffic.

The market entry of competitors has fundamentally changed passenger transport in Austria. The deregulation forced by the European Union means stronger competition and thus pressure on margins and the threat that ÖBB may lose market shares in the future. In scheduled bus transport, this deregulation is already well advanced, local transport tenders are highly competitive and long-distance bus transport continues to expand in Europe.

In view of new mobility offers and their regulation, the debate on the relationship between the state and the market in the entire local public transport sector is also intensifying. The degree of freedom of railway undertakings in the design of local passenger transport services has decreased significantly in recent years. Today, the public transport authorities regulate considerably more matters than in the past.

The Rail Cargo Group, too, is increasingly losing volume and margins on the domestic market due to the slowing economy and stagnating industrial production, despite its strong market position. This is being countered with increased commitment to the international market, especially by means of attractive shuttle connections to the major North Sea and Mediterranean ports as well as in Central Asia and to China. Promoting land transport is relevant for maintaining the high modal share in Austria. Internationalisation with an orientation towards the East, South-East and Far East as well as a clear focus on sectors create an attractive range of products and services for our customers.

The aim is to use modern infrastructure to take advantage of the opportunity to meet the growing demand with adequate supply and to position the railway more strongly in relation to the road.

New technologies and requirements

New technologies are changing the market conditions and familiar working methods as well as the resulting demands on employees and customers. Connectivity and new technologies allow new services to be implemented and are breaking up traditional processes. Technologies of the future will have a significant influence on the transport system in the long term. New technologies serve in particular to increase customer orientation and improve the service offering, but are also used to optimise efficiency in rail operations as well as internal processes. It is therefore our responsibility to be fit for the digital age. The basis for this is a comprehensive digitisation and IT strategy on the basis of the overall Group strategy. The targets are data management, integration capability and mindset. The Workplace 4.0 and flexible working models as well as job profiles of the future represent the first steps towards "smart work". Open Innovation has enabled the corporate group to open up to the outside world and actively bring innovation into the company. This path forward will be pursued even more strongly in the future. Further information on this topic can be found in chapter D.2. Personnel Report.

Our goals

ÖBB intends to be the best provider of mobility services in Europe, and to play an active role in shaping this transformation. The declared aim is therefore to become a competitive mobility service provider and reliable logistics partner that provides the best service and top quality for our customers.

We must therefore meet the requirements of the market, society, customers and employees with the highest possible quality and safety, and at the same time become more productive and use resources more efficiently.

ÖBB is already Austria's leading climate protection company. And in the future, ÖBB wants to make a significant contribution towards meeting the climate targets and to further reduce CO_2 emissions in the transport sector, among its other goals.

The "North Star" transformation programme was launched a year ago with the aim of ensuring a successful future for a strong ÖBB. The program is based on four cornerstones: "Competitiveness and Profitability", "Innovation & Digitisation", "Corporate Culture and Organisation" and "Security & Operational Excellence". On this basis, "North Star" is intended to provide orientation in the implementation of concrete measures in order to steer the transformation and ensure its long-term success.

ÖBB motivates people to use bus and rail transport. with an attractive range of products and services that are easily accessible and available through digital channels.

The goal is to establish ÖBB as a platform, partner and service provider and to offer mobility as a holistic concept. There will be even more forms of mobility in future, and the railway will play an important role in the overall mix. The greatest challenge will be coordinating rail services with all the other modes of transport in the course of this integrated mobility, while still taking advantage of our role to the full. Customers' service expectations also continue to rise, while new and attractive offers are being provided on the road and in air traffic.

Innovation and digitisation are significant drivers of the changes that lie ahead in the coming years. In order to ensure our survival for the future, extensive investments are therefore being made: in modern vehicle fleets, the development of smart solutions for GPS ticketing and in digitisation of customer services. For the company and its employees, however, this also means learning new technologies and working methods in order to ensure customers' loyalty to our company through attractive offers.

Investments in innovation and digitisation are being evaluated as part of "North Star" with the aim of making the company fit for the future.

ÖBB's operations are based on efficiency, profitability, and flexibility. This will ensure its economic success.

Increasing our competitiveness and efficiency is essential: by 2029 at the latest the entire ÖBB Group will be facing full competition as a result of the deregulation of passenger transport. It is important to prepare for this. In other divisions, such as in freight traffic, the market pressure is already clearly noticeable. At the same time, the offer must also remain attractive and affordable – that is our responsibility towards millions of customers.

ÖBB is consistently pursuing a path of identifying potential for savings through the "North Star" programme wherever it makes sense, without, though, compromising the high quality standards.

ÖBB combines performance with passion and inspires as a top employer.

ÖBB will be taking on 10,000 new employees by 2023. ÖBB wants, and needs, to attract the right people to the corporate group in order to successfully ensure the transition towards a new generation of employees and the joining of new colleagues. In the course of this major generation change, the many years of experience and know-how of colleagues must be passed on to this next generation in an orderly transfer of knowledge. At the same time, this change will be used to initiate positive changes in processes and structures. With the right skills and qualifications we must ensure that all areas are optimally staffed.

ÖBB builds trust through safety, punctuality and reliability, and works continually to increase operational excellence and safety in rail transport.

ÖBB is continuously working on increasing operational excellence and safety in railway operations. The requirements are constantly being further developed, because security is the top priority. Accidents led to comprehensive safety measures throughout ÖBB. In addition, safety, punctuality and energy efficiency are also a focus of the “North Star” programme.

ÖBB is Austria’s largest climate protection company.

The ÖBB Group bears a special responsibility towards future generations as the largest mobility provider in Austria. ÖBB’s rail transport services save Austria about 3.5 million tonnes of CO2 emissions per year. This means that the railway continues to be the most environmentally friendly of all motorised means of transport. Rail transport services stand for an efficient use of resources, for the use of 100% traction current from renewable energy and for a reduction of emissions (noise, pollutants,...). This results in concrete measures to better cope with the consequences of climate change. In addition, ÖBB recognises its responsibilities towards people, the environment and society (securing jobs; economic growth; regional value creation; interactions with marginalised social groups, etc.). Further information on this topic can be found in Chapter D.4. Environmental Report.

Today. Tomorrow. For us.

This new promise gets to the heart of ÖBB’s core message. Whatever ÖBB works on today makes sense for tomorrow and for all of us.

ÖBB is an economic engine, international corporation, reliable business partner, driver of innovation and protector of the environment. Yet above all it is an attractive employer. In total, there are more than 40,000 employees who represent the face of ÖBB and are the key to the company’s success. ÖBB is aware of its responsibility towards Austria, society, and the environment. It is already working every day to ensure that our children and grandchildren will have a better life in future. The aspiration is to offer the best possibilities for customers, for the country, the economy and the environment at all times. In this context, ÖBB wants to continue to be the solution that makes the most sense for the environment and the most sense as a means of transport for all travellers.

C.6. Other important events and outlook

Environmental conditions and challenges

As Austria’s largest mobility service provider, ÖBB is continuously dealing with trends and future developments. How ÖBB will face these environments and which strategic goals can be derived and pursued, respectively, is described in more detail in further chapters of the Management Report.

The main environmental conditions are:
- Progressive deregulation and increased competition are changing the current 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 (more on this in Chapter D.4.).

Outlook

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

In order to live up to its own standards, the entire ÖBB Group is undergoing a transformation process. The aim is continuous change, to become 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.

Results guidance

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.

The market environment in both passenger and freight traffic is challenging. Despite difficult conditions and high capital expenditures planned, the ÖBB Group continues to resolutely pursue its objective of increasing earnings and to earn capital costs in the ÖBB-Personenverkehr (passenger transport) and Rail Cargo Group sub-groups.

Capital expenditures on property, plant and equipment and intangible assets will total EUR 22.3 billion in the planning period.

D. Non-financial performance indicators

D.1. Real estate management

ÖBB owns around 23,000 pieces of real estate, making it one of Austria's largest property owners. ÖBB-Immobilienmanagement Gesellschaft mbH is a wholly-owned subsidiary of ÖBB-Infrastruktur AG. It operates as a comprehensive real estate service provider primarily within the ÖBB Group.

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 covers commercial and technical facility management. This includes responsibility for virtually every superstructure owned by ÖBB Group, including railway stations. Its area of responsibility also includes the creation of quality standards and test systems relevant to structural engineering. Across Austria, a team of around 800 employees ensures professional and efficient management of this extensive services portfolio.

In the 2019 financial year the ÖBB-Infrastruktur sub-group was able to contribute EUR 50.3 million (PY: EUR 77.7 million) to profits (revenues less carrying amounts and provisions) from the sale of properties.

D.2. Personnel report

The ÖBB Group is one of the largest employers in Austria with a wide range of job profiles. As at Dec 31, 2019, there were 41,904 (PY 41,641) active employees (excluding apprentices) across the group. This is a slight increase in the number of employees compared to the previous year and results from the measures taken to counteract the imminent generation change. ÖBB Group ranks among Austria's largest training institutions. At the close of 2019, there were 1,805 (PY: 1,770) apprentices in training. In addition, there were a further 174 (PY: 127) apprentices in the Allgemeine Privatstiftung für berufliche Bildung (a private foundation for vocational training). The average age of employees in Austria (excl. apprentices) was 44.6 years (PY: 46.1 years). The percentage of women (including apprentices) was 13.0% (PY: 12.8%).

The employee structure at ÖBB Group

Number of employees (headcount)	Dec 31, 2019	Dec 31, 2018	Reporting date	Change in %	Average 2019	Average 2018
Employees	13,370	13,059	311	2%	13,553	12,776
thereof from discontinued operations		*477*			*462*	*500*
Workers	8,968	7,885	1,083	14%	8,498	7,466
thereof from discontinued operations		*215*			*203*	*233*
Tenured employees	19,566	20,697	-1,131	-5%	20,167	21,210
thereof from discontinued operations		*322*			*207*	*351*
Total (excl. apprentices)	**41,904**	**41,641**	**263**	**1%**	**42,218**	**41,452**
thereof from discontinued operations		***1,014***			***872***	***1,084***
Apprentices *)	1,805	1,770	35	2%	1,661	1,636
thereof from discontinued operations		*24*			*25*	*22*
Total (incl. apprentices)	**43,709**	**43,411**	**298**	**1%**	**43,879**	**43,088**
thereof from discontinued operations		***1,038***			***897***	***1,106***
thereof abroad	***4,286***	***4,274***	***12***	***0%***	***4,362***	***4,219***

*) In addition, 174 apprentices were employed by the Allgemeine Privatstiftung für berufliche Bildung (a private foundation for vocational training) in the 2019 financial year.

Number of employees (FTE)	Dec 31, 2019	Dec 31, 2018	Reporting date	Change in %	Average 2019	Average 2018
Employees	13,058.4	12,753.5	304.9	2%	13,230.3	12,482.7
thereof from discontinued operations		*457.6*			*441.7*	*479.3*
Workers	8,860.1	7,787.1	1,073.0	14%	8,396.7	7,382.6
thereof from discontinued operations		*211.7*			*200.1*	*229.1*
Tenured employees	18,942.1	20,038.7	-1,096.6	-5%	19,520.2	20,662.8
thereof from discontinued operations		*318.7*			*204.2*	*348.4*
Total (excl. apprentices)	**40,860.6**	**40,579.3**	**281.3**	**1%**	**41,147.2**	**40,528.1**
thereof from discontinued operations		***988.0***			***846.0***	***1,056.8***
Apprentices *)	1,805.0	1,770.0	35.0	2%	1,660.6	1,636.4
thereof from discontinued operations		*24.0*			*25.4*	*21.8*
Total (incl. apprentices)	**42,665.6**	**42,349.3**	**316.3**	**1%**	**42,807.8**	**42,164.5**
thereof from discontinued operations		***1,012.0***			***871.4***	***1,078.6***
thereof abroad	***4,257.4***	***4,249.0***	***8.4***	***0%***	***4,331.4***	***4,194.8***

*) In addition, 174 apprentices were employed by the Allgemeine Privatstiftung für berufliche Bildung (a private foundation for vocational training) in the 2019 financial year.

Tenured employees are ÖBB staff members who are subject to the "General terms and conditions for employment with Austrian Federal Railways" (AVB). They occurred before Jan 1, 1995 and are non-cancellable due to the General terms and conditions of employment with Austrian Federal Railways. This term is usually understood to refer also to the former postal officers at Postbus. This category of employees will shrink over the next few years due to an impending wave of retirements.

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

ÖBB-Holding AG
and other companies
8,430

Rail Cargo Austria
sub-group
9,340

ÖBB-Personenverkehr
sub-group
7,205

ÖBB-Infrastruktur
sub-group
18,734

The ÖBB-Infrastruktur sub-group was the most personnel-intensive business unit as at Dec 31, 2019. It accounted for 43% of all employees including apprentices.

Strategic direction

Together with all the sub-groups of the ÖBB Group, Strategic HR Management sees itself as a generalist strategic consultant and sparring partner for Board members and executives. Furthermore, Strategic HR Management is a professional service provider for our employees in cooperation with the HR experts from ÖBB-Business Competence Center GmbH (BCC). In line with the principle of "We before me", it acts as the shared HR management of the ÖBB Group rather than as the sum of HR management departments in its individual companies.

As part of a transformation towards shared lean HR management, the service portfolio is being thoroughly scrutinised in order to find items that can be left out or done differently. Implementing digital technologies allows us to reduce administrative tasks. That opens up spaces to work more creatively and proactively.

Along the two pillars of personnel development and recruiting as well as personnel management, Strategic HR Management is preparing for the future and the upcoming generation change. The levers for this are lean administration, simplification of governance rules, employee and management self-services and digitisation/automation.

Strategic HR-Management makes an essential contribution to the internal and external perception of the ÖBB Group - among employees as well as potential applicants - and helps make ÖBB an attractive employer.

Attractive employer

In addition to changing external environmental conditions, internal company developments in particular make it necessary to take action. Around a quarter of the workforce will be leaving the company – for retirement purposes alone. We need to attract approximately 10,000 new employees to ÖBB over the next few years while ensuring that we retain existing colleagues with the company.

Employer branding

The roll-out of the new employer branding took place in 2019, with the focus on positioning ÖBB as a meaningful employer – with jobs and responsibilities that make sense. ÖBB will be looking for between 12,000 to 15,000 new employees over the next five years as a result of the upcoming generation change. A marketing focus that has been ongoing since 2019 is on employer branding. The aim of this campaign is to position ÖBB as an attractive employer on the labour market in order to attract sufficiently well-qualified applicants to ÖBB.

Equality and diversity management in the ÖBB Group

Within the ÖBB Group, an institutionalised system of regional equal opportunities officers is in place. It is entrusted with the compliance with the Austrian Equal Treatment Act and ensures the equal treatment of all employees. Diversity management also adds strategic emphases to increase diversity within the company. The ÖBB Group was awarded the DIVÖRSITY Award (diversity award) for very large companies and the DIVÖRSITY Award for Diversity & Innovation in 2019.

Diversity Charter 2023

It is a strategic goal to increase the share of women in the entire Group to 16.3 per cent by 2023. Numerous measures have been put in place, such as cooperation and training programmes, (cross-sectoral) networking programmes and coaching opportunities for women.

These programmes are succeeding: the overall proportion of women has increased by 0.2% in comparison to the previous year's reporting date and is now 13.0%. Amongst apprentices the proportion has increased by 0.5%, and is currently 18.2%. 44.8% of the Supervisory Board mandates for the joint stock corporations were held by women, as of the reporting date. There has also been a 1.0% increase in managerial staff positions to 12.9% from 11.9% in the previous year. Women account for 22.2% of participants in the ÖBB academy's training programs.

An important component of employer attractiveness is the compatibility of work and private life. This topic is also part of the ÖBB Equal Opportunities Policy 2011. It includes, amongst others, specific measures to promote work-life compatibility. In addition to the existing work-life compatibility offers (such as childcare in kindergartens close to the place of work, or "flying nannies"), a parents' network has been set up. It offers employees on parental leave a way to stay in contact with colleagues, to network with each other and to exchange information on relevant topics.

Employees with disabilities

Another initiative to further increase diversity and make the best use of company resources is the successful implementation of the program "Employees with disabilities." The implementation of a disability management programme in the Holding company and disability awareness trainings for managerial staff represent additional important steps towards the successful implementation of the programme.

Intercultural competencies

In view of the generational shift taking place within the company, and of sociodemographic changes in Austria, developing the potential of employees with a multi-cultural background is both a key challenge and an economic goal. This applies equally to the composition of the workforce as it does to the development of the mobility market. Improvements of our intercultural fitness are being addressed at various different levels. These include collaborative projects (such as "Divörsity-Week" [diversity week]), discussion events, trainings for managers, series of workshops for employees and the new ÖBB language learning exchange.

More than 2,000 colleagues from more than 70 countries work in the ÖBB Group, with these numbers set to grow. The wealth of linguistic and cultural skills range from Togo to Norway and Spain to China. This diversity of languages and cultures should now be actively used and colleagues should be offered a framework in which language exchange can be organised on one's own. The "Sprachlernbörse" (an exchange for language learnings) allows employees to find language learning partners with whom a free linguistic exchange (in tandem) can be organised in employees' free time and on their own.

(Developing the) corporate culture

A company's culture is an essential success factor. It can inhibit, or encourage, the success of a company. The aim is to ensure improvements in productivity levels and an increase in competitiveness in the company through strategically planned culture change processes and development steps. These processes, based on committed values and standards, should support and promote the company's competitiveness and profitability as well as the service performance towards its customers, the cooperativeness amongst colleagues and the innovative capability in all areas.

The key responsibility of Group strategy is to maintain and create a pleasant corporate and leadership culture in coordination with all sub-groups and the respective departments. In 2019, the focus was placed on consolidating the existing values through measures in the Group companies and on working out the strategic anchoring of values for 2020. A decision was made to define a fourth value in the context of the safety programme and to integrate it into the existing value landscape.

ÖBB's catalogue of values:
- **We before me:** working as a team is more important for the service commitments of a company like ÖBB than for many others.
- **Compelling services for our customers:** total focus on our customers and their wishes is of central importance today for success in a competitive environment.
- **Taking the initiative:** all ÖBB employees are asked to be aware of their responsibilities, to make the most of their scope for action, and to contribute positively to meeting our defined goals.
- **Safety always:** a employees and customers rely every day on the safety of the railway.

The basis of the management principles is "management of self, employees and the company". It serves as a guideline for action and as a promise to future generations. It is the framework within which managers can continuously develop themselves as leaders and support colleagues and employees.

Leadership culture and managers

The strategic direction of the leadership culture shapes the content of leadership development. Its foundations are, in particular, ÖBB's corporate values as well as the ÖBB management principles with their respective anchors of conduct. The ÖBB Group executives base their management conduct on these values. This contributes to a common understanding of leadership. The quality of leadership behaviour is evaluated in a structured process on a regular basis. This takes place within the framework of the employee interviews and development conferences (incl. 360° feedback). All managers also took part in the vision-sharing event in 2019. This was meant to ensure that everyone has the same basic understanding of leadership. To this end, the managers were given a further explanation of defined management tools.

Organisational development

Organisational development basically has two goals: to promote productivity within the organisation as well as to create the right environment for effective cooperation and the development of employees and managerial staff. The aim is to create a balance between optimised and aligned processes and regulations on the one hand while still ensuring flexibility on the other. The current and future changes within the company as well as in its market environment are the central topics of organisational development. In this context, it is necessary to derive measures for the ÖBB Group's structural organisation and to further develop framework conditions against this background of developments and current trends. The respective needs of the Group companies are to be optimally supported in this process. The focus is primarily on promoting optimised, transparent and efficient structures. This makes it necessary to accompany organisational changes and assess topics for the future, such as new models for cooperation, in order to derive solutions from them that benefit the Group.

Health, occupational safety, and social topics

The topics of health and occupational safety play a very important role within the ÖBB. The objective of occupational health management is to maintain and support the ability to work and the health of all employees.

This takes place in the following two action areas:
- **Health promotion** measures strengthen the health resources and potential for employees. This occurs in particular by designing target group-specific health measures in the areas of exercise, nutrition and mental health.
- IT-supported presence management, healthy leadership and addiction prevention as well as the piloting of the new work capacity counselling service (BAF) were implemented as part of the **early detection and stabilisation** measures.

Employee protection enjoys strong representation in the individual sub-companies within the ÖBB Group. The senior safety officers advise the executives and the members of the Board of Management on the various issues related to employee protection. Employee protection is integrated into the ÖBB safety strategy at Group level via the Expert Committee for Occupational Safety and the Safety platform.

Occupational safety refers to the efforts to ensure that no employees are exposed to dangers and hazards while working.

ÖBB-Holding AG performs a group-wide governance function in order to ensure compliance with and further development of the ÖBB safety strategy. This covers the areas of operational safety, occupational safety, public safety and information security. Further development of the safety culture in the areas of operational safety and occupational safety is implemented across the entire Group by ÖBB-Holding AG. A positive safety attitude forms part of a broader corporate culture. It is based on values and codes of conduct that are shaped by awareness, attitudes and beliefs, and it becomes visible through the actions and decisions taken. The new Safety Culture programme is aimed at increasing awareness and improving people's conduct. The programme contains such key areas as: expanding systematic learning from errors, deviations and "near misses", openly addressing and reporting unsafe actions and situations as well as proactively analysing and searching for root causes of errors and deviations.

Working to retirement age

The ÖBB Group offers work time models for employees that go above and beyond the legal requirements, and that are designed to help older employees stay healthy and productive in work life for longer.

In this respect, the model of "Age-appropriate part-time work" is particularly noteworthy. This was developed in consultation with employee representatives, and is intended to help older tenured employees make a smooth transition from working life, while maintaining their productivity, even before they are entitled to join the semi-retirement programme as legally defined in Article 27 of the Unemployment Insurance Act (AlVG). Men are entitled to "age-appropriate part-time work" from the age of 54 onwards, and women from the age of 52 years and 6 months.

These ÖBB work time models are used by the employees of all Group companies, providing the requirements are met and the employer is in agreement. As at the reporting date of Dec 31, 2019, 873 employees have claimed the semi-retirement option granted by law in accordance with Article 27 of the Austrian Unemployment Insurance Act (AlVG).

Human resources development

ÖBB attaches great importance to encouraging and promoting all employees. Our motto is: "An employer is only attractive if they offer opportunities for professional and personal development." This is also one of the reasons why human resources development is a top priority in the corporate group. This includes apprenticeship programmes as well as strategically relevant and target group-specific training and development measures by the ÖBB academy and in the ÖBB education catalogue.

Apprenticeship programme in the ÖBB Group

The ÖBB Group is one of Austria's largest apprentice instructors, offering 25 apprenticeship professions. ÖBB is currently training around 2,000 young people for the first time to make them highly qualified skilled workers. The ÖBB-Personenverkehr and Rail Cargo Austria sub-groups mainly train apprentices in commercial apprenticeship professions, while ÖBB-Infrastruktur AG and ÖBB-Postbus GmbH predominantly offer technical apprenticeships.

The training programme is recognised by the state, and graduates regularly win numerous prizes and awards at vocational competitions each year. For instance, ÖBB has held the Vienna quality seal "TOP-Lehrbetrieb" (TOP company for apprentices) already since 2015, with apprentices from these training workshops achieving first place in the newly created, nationwide special category of the vocational competition "Industry 4.0". This involved a combination of traditional manufacturing with programming involving sensors and robots. The experience that the apprentices were able to gather in the Future Laboratory of the Lehrwerkstätte Wien (Vienna training workshop) was put to perfect use here. The apprentices in Vienna were also able to achieve first place in the mechatronics, electrical engineering, and metal technology professions. An excellent 3rd place in the newly created coding competition by the Austrian Economic Chambers (WKO) is also particularly worth mentioning here. There were also awards achieved in the federal states. For example, ÖBB apprentices in Lower Austria won the runner-up prize in the category Industry, and in Tyrol they came in as the regional winners in the category Electrical Engineering. There were also numerous second and third places.

ÖBB also sponsors the "Lehre mit Matura" (apprenticeship with qualification for university entrance) scheme, giving its apprentices an opportunity for further occupational qualifications. In addition to professional training, importance is also attached to developing social skills.

ÖBB's "nasicher.at" [sure!] campaign aims to motivate young people to join the company.

Investments are also currently being made in new buildings and conversions for the apprenticeship programme: the apprenticeship facilities in Feldkirch, Innsbruck and Knittelfeld as well as the apprentices' home in St. Pölten will be built or converted in the next few years at a cost of around EUR 44.0 million.

ÖBB academy and ÖBB education catalogue

Human resources development ties strategically relevant development and further training activities for different levels of management, experts and employees. This helps to build up expertise and encourages networking across the group. The guiding principles are the group-wide human resources strategy and the defined priority areas. On this basis, the ÖBB academy, based in the Business Competence Center (BCC), develops and implements needs-based, targeted training and development programmes for the group.

A total of 18 courses for managerial staff, team coordinators, heads of working groups, and experts were completed within the scope of the ÖBB academy in 2019. Altogether the group-wide leadership development courses offered by the ÖBB academy reached around 1,350 participants overall in 2019 in slightly more than 3,900 days. The ninth "trainees for mobility" programme for college graduates with technical or business management education was launched in September 2019 with 14 new employees.

During the course of the year, the ÖBB team education welcomed around 9,000 course participants. The ÖBB education catalogue includes about 180 different course titles, providing a wide range of professional and multidisciplinary training modules.

Since June 2018, group-wide training courses on the topics of "Healthy leadership and workplace addiction prevention" have been offered to all managerial staff and team coordinators. They are intended to support the implementation of the key topics of health, work ability and occupational safety of the employees.

Digitisation has a sustained impact on human resources development. Building on the initiatives launched in 2018, around 50 additional educational measures were converted into e-learning formats and rolled out in 2019. The range of topics in 2019 covered new areas such as the group-wide "Welcome on Board" onboarding initiative and e-learning courses on general information security. For the first time technical topics were converted into electronic learning formats (trainings on train control systems). The electronic further training course in health management was also expanded to include the module "Healthy leadership".

Generational management: focus on the transfer of knowledge

In coming years, ÖBB faces a generational shift: employees will retire and new generations, with different expectations and requirements of their employers, will move up through the company. In order to maintain its competitive position, ÖBB must conserve crucial knowledge and pass it on to the next generations.

Human resources development manages the topic of knowledge sharing and knowledge transfer. Employee groups were identified that are critical for success. In addition to this,
- knowledge transfer tandems were also designed and implemented as part of a pilot scheme.
- Knowledge transfer coaches were trained.
- An ÖBB knowledge transfer toolbox was compiled.

Various communication measures support the efforts to raise awareness among managerial staff and employees related to effective knowledge transfer.

D.3. Research and development report

Ongoing further development of the overall system for mobility, logistics and infrastructure is of central importance to the ÖBB Group. The focus in this context is on customer benefits and the increase of capacity, productivity and quality. ÖBB is conscious of the important role it plays as an innovation driver in the Austrian rail industry and mobility sector as a whole. Our activities are aligned towards the Group's strategic goals, current trends and future needs. Technical priority areas currently comprehend automation, alternative drive technologies, generating new services for customers and the implementation of new types of processes, particularly those that are data-supported. One of the highlights from 2019 is the commissioning of the Cityjet eco as part of scheduled passenger transport. ÖBB is following up on its target of providing a CO_2-neutral mobility sector by 2030 with concrete action through operation of this vehicle. Successful testing of a hydrogen bus on the Graz scheduled service network is another highlight. This was the second time that a hydrogen-powered bus had been put into service after the first pilot in Austria on the Vienna Airport Lines route in 2018. ÖBB is also involved in further exploratory projects on the potential use of alternative drive systems on rail (such as hydrogen power), both in freight and passenger transport.

In passenger transport, the "DigiBus" project is testing methods and technologies for the reliable operation of automated passenger shuttles. The project is supported by the Austrian Research Promotion Agency (FFG). Other example projects in passenger transport cover solutions in the field of "Mobility as a Service". Integrated mobility services have been developed for instance for municipalities and companies. The Postbus Shuttle was successfully implemented in passenger transport and automated ticketing was further advanced as part of the innovation programme.

ÖBB also deals intensively with the subject of wheelset maintenance. The project is running at the Knittelfeld site and is one of the many facets of ÖBB's diverse R&D and innovation landscape. In Knittelfeld, new analyses and models for condition-based wheelset maintenance are being developed and tested by ÖBB-Technische Services.

This is based on new know-how developed in the business centre Digitale Innovationen (digital innovations) in the field of data science, predictive & condition-based maintenance. For this purpose, the wheelset master data (e. g. manufacturer and batch), wheelset maintenance data and various environmental data (e. g. wheelset load and infrastructure measuring points) are used. Rail Cargo Group's "ATLAS" project is testing the advantages resulting from linking vehicle position data, temperature and measured impact values (with infrastructure measuring points). The Postbus has also recently started using smart glasses with assisted reality functions for technical bus inspections. The Postbus even won the TÜV Science Prize 2019 for this innovative project.

With well over 50 R&D projects at ÖBB-Infrastruktur, on a national and international level, once again in 2019 ÖBB-Infrastruktur highlights a close cooperation with research institutions and industry. The range of topics extends from projects in the area of wagon noise monitoring to structural engineering projects such as physical rail track modelling, automation projects in the field of shunting and automated dispatching and simulation. Activities in the "Shift2Rail" programme, the world's largest programme for R&D in the railway sector, round off ÖBB's project portfolio.

The ÖBB Group is currently involved in intensive preparations for future international research framework programmes such as Horizon Europe and the planned successor programme for "Shift2Rail". This involves intensive cooperation at the national level with the Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology (BMK) and the Austrian Research Promotion Agency (FFG). The planned participation in national and international research projects is intended to support ÖBB's role as a national and international driver of innovation and ensure that ÖBB maintains its competitive strength in future.

The ÖBB Group worked on 67 R&D projects in 2019. The current project portfolio has a total volume of around EUR 25.0 million (net expenditure over the entire term).

The ÖBB Ideaworkshop is another platform. It gives employees the opportunity of making a personal contribution towards the further development of the company based on their own ideas. Since it was launched in 2015, the Ideaworkshop has received 4,742 suggestions. Of these, 712 were successfully implemented. Savings have been achieved of more than EUR 30.0 million based alone on those ideas that can be quantified in monetary terms. The variety of topics related to the ideas submitted and implemented ranges from improving day-to-day work processes to automation and digitisation up to activities for employees aimed at promoting health and safety.

D.4. Environmental report

ÖBB is a pioneer in environmentally friendly mobility. Climate protection is a major challenge in particular currently in addition to other environmental issues.

The current gap in achieving the Austrian climate targets in the transport sector involves a shortfall of 8.0 million tonnes of CO_2. ÖBB’s transport services by rail and bus save Austria approximately 4.0 million tonnes of greenhouse gas emissions each year. This is the additional amount of CO_2 that Austria would have to manage if ÖBB’s passenger and freight transports took place in passenger cars and trucks. These calculations are based on average load and occupation levels as well as average consumption. These figures impressively demonstrate ÖBB’s performance and potential for climate protection.

Every investment in the expansion of railways and public transport represents a benefit to the environment. ÖBB’s transport services already have clear benefits with respect to climate protection. The plans are that this should be expanded even further. As a pioneer in the field of climate-friendly mobility, ÖBB has set itself ambitious goals with the ÖBB climate protection strategy:
– CO_2-neutral ÖBB mobility sector by 2030
– Complete CO_2-neutrality between 2040 and 2050
– Modal shift by modernising the system and providing more capacity (innovation/technology).

ÖBB’s climate protection strategy employs six central levers in the aim of meeting these objectives:
– Electrification
– Alternative drives – rails
– Alternative drives – roads
– Renewable energies
– Energy efficiency
– Modal shift

As described above, ÖBB’s current transport services (by train and bus) save Austria 4.0 million tonnes of greenhouse gas emissions per year (GHG emissions). Calculations made by the Environment Agency Austria suggest that the six levers of the climate protection strategy provide additional potential for CO_2 savings. Provided that the measures within the six levers become fully effective and show the impact as planned, the ÖBB climate protection strategy 2030 could result in an additional GHG savings potential of up to 2.4 million tonnes from 2030 onwards. However, ÖBB cannot manage this on its own. Appropriate framework conditions are essential in order for this to be implemented. The greatest potential lies in modal shift. This is the way to achieve the greatest savings in greenhouse gases – mainly by shifting from road and air transport to rail transport.

Implementation of ÖBB’s climate protection strategy advanced even further in the 2019 financial year. The six levers of the climate protection strategy were developed in detail, taking into account relevant external stakeholder interests. Initiatives and measures were identified and combined into a climate protection programme, CO2 potentials per lever were calculated and requirements were formulated. This comprehensive information on ÖBB’s climate protection performance was published in a special publication on ÖBB’s climate protection strategy at the end of 2019. This report is also available online in PDF format: konzern.oebb.at/ksb2019.

Numerous initiatives and measures were implemented in 2019 in relation to the individual levers of the climate protection strategy, with some of these listed below.

Electrification

The final gaps were closed in 2019 in the federal province of Tyrol. All of the federal province’s railway lines at a total length of 421 km are now 100% operated with power from renewable energy sources.

Alternative drives – rails

Electric instead of diesel - this motto also applies, among other things, to passenger transport. One project is of great importance in this context. Testing will begin in the fall of 2019 for passenger services on the battery-powered multiple-unit train Cityjet eco which was tested in partnership with Siemens. The battery-powered train has been operating in Austria for one year. Hydrogen drives are also a current topic. A research project with ÖBB’s participation is working on the conversion of the shunting locomotive series 2068 into a fuel cell hybrid vehicle.

Alternative drives – roads

Initial test runs for hydrogen buses at ÖBB-Postbus GmbH: the tests moved to the next stage in 2019 following the trials of a hydrogen fuel cell-powered bus on the Vienna Airport Lines in October 2018. Another trial run took place on the Graz city transport system in August and September 2019, and a one-day demonstration run took place in Klagenfurt. More experience is needed, and at the same time there are still some hurdles to overcome. Among other factors, there is hardly a producer market available for hydrogen buses currently. Alternative drive systems are also an important topic for the internal vehicle fleet: the fleet of vehicles is being converted to battery electric powered vehicles on an ongoing basis. The number of electric vehicles rose to 52 by the end of 2019, with 100 vehicles planned by the end of 2020.

Renewable energies

All of ÖBB's electric trains have been running on 100% renewable energy since July 2018. This was a major factor in achieving a further significant reduction in ÖBB's greenhouse gas emissions in ÖBB rail transport from around 211,000 tonnes in 2017 to 114,000 tonnes in 2018. Climate-friendly traction current will impact on an entire year for the first time in 2019. A further reduction in CO_2 emissions is expected in the CO_2 balance for 2019, which is expected for May 2020.

ÖBB's 50 Hz current range also migrated to renewable energies in early 2019. This means that operating facilities such as buildings, workshops and point heating systems are also being supplied with clean power.

Further expansions are also being driven in the areas of photovoltaics and wind power in order to promote the generation of clean power even further.

Energy efficiency

Energy which is actually not consumed saves costs and CO_2 emissions. This makes energy savings an important contributor towards climate protection. Numerous energy efficiency measures were implemented in 2019. Savings of approximately 240 MWh were achieved in the building area in this year, e.g. through targeted building refurbishment initiatives. Of course, savings are possible in railway operations as well. Technical modifications to the heating operations for 100 bi-level trains enabled around 1,600 MWh to be saved in 2019. The plan is for all bi-level trains to be converted by 2022. In addition to the savings in costs and CO_2, the topic of energy efficiency also involves ensuring compliance with the statutory obligations and deriving savings effects from this. The external energy audit in accordance with the Federal Energy Efficiency Act (Bundes-Energieeffizienzgesetz) (which must be completed every four years as of 2015) was completed successfully in 2019.

Modal shift

European overland freight transport continues to grow strongly, particularly road transport. It is crucial to shift freight traffic to the railways. One of many initiatives in this direction is the rolling highway. This special transport system enables complete trucks to cover certain sections of their route by rail. This is particularly important in congested regions like Tyrol. Approximately 2.4 million trucks drive on the roads of Tyrol every year, and this number continues to increase. The current gross capacity of the Brenner Pass is 206,000 trucks per year. This is set for a gradual increase to more than double the volume from 2020. A total of 124,873 trucks were shifted to rail in an environmentally friendly manner in 2019 – 115,711 on the line between Wörgl and Brenner and 9,162 on the line between Wörgl and Trento.

However, ÖBB is also implementing targeted initiatives aimed at further modal shifts in passenger transport. The ÖBB Nightjet is one example of this. The decision to enter the night train business throughout Europe has been welcomed by customers, with around 1.4 million passengers transported in a climate-friendly manner on night trains. This number is also steadily increasing. ÖBB is now Europe's largest provider of night trains, offering a total of 26 lines in Europe: 17 of its own and nine with partners. There will be a night train to Brussels from January 2020, followed one year later by a direct night connection to Amsterdam. Rail travel is therefore very much in fashion, and rail is the climate-friendly alternative to air travel on many relations.

CO_2 balance for the ÖBB transport sector

The CO_2 balance for the ÖBB transport sector is calculated each year by Environment Agency Austria. Total greenhouse gas emissions (GHG emissions) by the ÖBB transport sector in Austria were reduced to 281,000 tonnes in 2018 (2017 value: 375,000 tonnes). As described above, the use of 100% renewable energies for traction power in the second half of 2018 was a major factor in reducing GHG emissions from ÖBB's rail transport, from around 211,000 tonnes in 2017 to around 114,000 tonnes in 2018. The CO_2 balance for 2019 will be available in May 2020 and a further reduction in GHG emissions is expected in this. The total CO_2 savings effect for Austria through ÖBB transport services (rail and bus) increased from 4.1 million tonnes in 2017 to 4.2 million tonnes of CO_2 saved in 2018.

The CO_2 balance for the ÖBB transport sector in 2018 also results in improvements in CO_2 emission factors for rail (passenger and goods transport) and bus.

Development of total CO_2eq emissions

Specific ÖBB emission figures	2017	2018
ÖBB-Personenverkehr passenger transport rail, CO_2eq in g/pkm	14.3	8.4
ÖBB-Personenverkehr passenger transport Postbus, CO_2eq in g/pkm	88.2	90.2
ÖBB goods transport rail, CO_2eq in g/tkm	4.1	2.0

Data source: ÖBB CO_2 balance, Environment Agency Austria 2018 and 2019.

Comparison values (measured with average load or occupation levels and consumption)	2017	2018
Passenger cars, CO_2eq in g/pkm	218.4	216.5
Trucks, CO_2eq in g/pkm	86.6	88.0
Aircraft, CO_2eq in g/pkm	451.3	426.2

Data source: ÖBB CO_2 balance, Environment Agency Austria 2018 and 2019.

This also results in optimised differentiation factors with cars, trucks and aircraft.

CO_2 differentiation factors (average study per passenger or tonne kilometre)	2017	2018
Passenger cars: ÖBB-Personenverkehr rail	15:1	26:1
Passenger cars: ÖBB-Postbus	2.5:1	2.4:1
Trucks: ÖBB goods transport rail	21:1	44:1
Aircraft: ÖBB-Personenverkehr rail	31:1	51:1

Data source: ÖBB CO_2 balance, Environment Agency Austria 2018 and 2019.

ÖBB supports the Rail Freight Forward Initiative

The Rail Cargo Group is a founding member of the Rail Freight Forward initiative. This coalition of European freight railways has set itself the goal of drastically reducing the negative effects of freight traffic on the planet by using innovation to reduce mobility and by a more intelligent traffic mix. The aim is to shift the increasing volume of traffic from the road to rails and to increase rail freight's modal share in Europe to 30% by 2030.

To achieve this, the following three points are necessary:
– Railway undertakings must do their homework and invest in innovation and digitisation.
– Europe needs a uniform, efficient rail infrastructure with fair competitive conditions and a true-cost pricing between the road and rails.
– Transport policy framework conditions should additionally also enable railway undertakings throughout Europe to become faster, more modern and more customer-centred.

The ambassador of the initiative is "Noah's Train". The longest mobile artwork is intended to draw attention to the initiative's commitment to climate protection and to raise awareness for the modal shift. The coalition members chose Katowice in Poland, where the World Climate Conference (COP24) was officially opened on Dec 14, 2018, as the start of the campaign. The freight train, painted by local artists, then continued its journey through Vienna, Berlin, Paris and Brussels (Phase 1). Phase 2 took it to Rome and Luxembourg and to the transport logistics trade fair in Munich. Subsequently Noah's Train also visited Riga, Madrid and Barcelona (Phase 3). One container then was a guest during the European Mobility Week at the Vienna Main Station with our partner WWF. The highlight of Phase 4 was the participation of RFF representatives at the World Climate Conference (COP25) in Madrid and the anniversary event in Rotterdam. In the Dutch port city, both the achievements and the successes of "Rail Freight Forward" were presented and the priorities for 2020 were outlined.

ÖBB is also highly commitment to other environmental issues

Although rail traffic noise is clearly perceived as less harmful than road or aircraft noise, ÖBB is intensively involved in noise protection. Infrastructure initiatives in this respect are, e. g. noise barriers or a low-noise roadbed and track. The infrastructure measures are further supplemented by approaches on the vehicle-side, such as converting freight wagons so they have low-noise brake blocks. The notion of a circular economy is also a key element in the group-wide waste management. For example, a large proportion of raw materials are returned to the recycling economy during renovation, new construction, upgrades during ongoing operations and the maintenance of our facilities. Biodiversity is also important to ÖBB, wildlife protection facilities for deer, owls and the like are being set up, bio-herbicides are being researched, and ÖBB supports the preservation of old railway tunnels for bats.

ÖBB is also making a targeted effort to find alternative herbicides. ÖBB has a legal obligation under Railway Law to keep the tracks as free of vegetation as possible to ensure safe rail operations. This is where chemical vegetation control comes into play. Continuous optimisation measures over the last few years have made it possible to considerably reduce the amount used of the pesticide glyphosate – from 9.5 t (2014) to 5 t in 2019. In December 2017, the European Commission extended the possible use of glyphosate for five years. Nevertheless, ÖBB is working on possible alternatives to glyphosate.

ÖBB is engaged in international exchange with other railway undertakings and participates in corresponding research projects. The aim of these projects is to find and test alternative herbicides. ÖBB's commitment to the environment is complemented by targeted cooperation with environmental NGOs. In addition to the already ongoing cooperation with Greenpeace, a cooperation with WWF Austria was concluded in spring 2019.

The ÖBB Group presents its sustainability as well as its climate performance in special reports, e. g. in the ÖBB Sustainability Report. The contents reported reflect the aspects that are relevant and substantive to the business activities. The 2017/18 ÖBB Sustainability Report was prepared in accordance with the specifications for the G4 "Core" option of the Global Reporting Initiative (GRI).

D.5. Accessibility

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

In 2006, together with sub-group responsible persons and experts from disability organisations, ÖBB-Holding AG developed a staged plan pursuant to Article 19 of the Austrian Federal Disability Equality Act (Bundes-Behindertengleichstellungsgesetz, BGStG). This plan describes the measures of the ÖBB Group as a whole. In 2016, the Group companies reviewed their strategic considerations and used this as a basis to prepare new implementation plans for additional railway stations and for the vehicle fleet through to 2025. This report was presented to the ÖBB stakeholders in February 2016. In October 2018 the current status quo was presented to ÖBB stakeholders. In 2019, further stakeholder dialogues were held on the future of rail under the title "Bahn.Zukunft" (rail.future). In these dialogues, different visions for future barrier-free rail mobility were developed and discussed.

Ticket purchasing

Many individual steps have been implemented to allow customers to purchase tickets for their journeys easily and quickly. These improvements include both online and mobile sales on cell phones and tablets. Furthermore, the sale of tickets at ticket machines was simplified and made practically barrier-free. In railway stations, the sales counters in the travel centre are arranged such that customers in wheelchairs can approach them conveniently, and people with hearing difficulties can communicate using inductive hearing equipment.

Local and long-distance transport

New types of wagons continue to make trains more accessible. When designing the new local transport ÖBB Cityjet, for example, special importance was placed on convenient low-floor entrances, wide portals, open transitions as well as stronger colour contrasts for people with visual impairment. In 2019, 165 Cityjet train sets, 187 Talent train sets, 60 Desiro train sets and 67 double-deck carriages were in use on local transport routes as barrier-free low-floor vehicles. 60 Railjet train sets were in service on long-distance transport. These are equipped with an installed lift and three spaces for people in wheelchairs, each equipped with power outlets for recharging wheelchair batteries. Tactile elements are provided for visually impaired travelers, and a suitable space is reserved for guide dogs. ÖBB's 25 multifunctional coaches enable wheelchair-bound passengers to travel overnight in a couchette coach compartment with an accompanying person.

Postbus

All new low-floor vehicles are equipped with mechanical and electrical folding ramps. The high-floor buses are equipped with a lift. This allows customers in wheelchairs to enter the bus. The special-purpose area is fitted with a restraint system. In the meantime it is also standard practice to have a seat suitable for disabled passengers. A total of 98% of the bus fleet was accessible to people with disabilities in 2019.

Intercity buses

ÖBB offers long-distance bus connections in the south of Austria and thus complements the top trains in long-distance traffic to Italy. Five ÖBB Intercitybuses (ICBs) have been in use for several years. These bi-level busses offer generous seating comfort in 1st and 2nd class and are equipped with toilets and air conditioning. In 1st class, passengers can expect elegant leather seats, work surfaces and power outlets as well as free newspapers and drinks. The ICBs have a barrier-free design. The buses have a low-floor entrance and wheelchair space, and have spaces for passengers with limited mobility, which can be booked separately on request.

Infrastructure

By the end of 2019, 82% of all passengers will benefit from the more than 340 modern, barrier-free railway stations and stops. The range of services for barrier-free boarding and exiting will be successively expanded. By 2025, according to the implementation plan, around 90% of travelers will be able to travel barrier-free in the ÖBB-Infrastruktur AG network.

For that, additional railway stations and stops will be made barrier-free every year. In the 2019 reporting year, over 20 stations were extensively modernised or completely rebuilt, such as Frohnleiten and Öblarn (Styria), Hall and Sillian (Tyrol), Villach-Landskron and Görtschach-Förolach (Carinthia), Steyr-Münichholz (Upper Austria), Bisamberg and Langenlebarn (Lower Austria) and Parndorf-Ort (Burgenland).

This agenda of modernising railway stations and stops will be continued consistently in 2020. A particular concern for ÖBB is the construction and expansion of Park & Ride facilities including car parking spaces for disabled persons in the vicinity of the entrances.

Also, a direct exchange with people with disabilities and advocacy groups was carried out in 2019. Among other things, products and innovations in information and routing in public areas were discussed and illuminated. These practical experiences are valuable suggestions for ÖBB-Infrastruktur AG to find even better solutions in the future. Every detail is important. Because it is often additional, small measures that make it even easier for people with and without disabilities to use the railway.

D.6. Safety

Safety forms the foundation for all activities within the ÖBB Group. It is a daily promise to customers and employees and therefore forms an integral part of "ÖBB's identity".

Certified safety management systems were introduced in the sub-groups. These support the management of safety performance.

Findings from incidents, accident investigations, internal checks (safety controls, audits, etc.) and trend monitoring are the basis for coordinated measures in the individual railway undertakings as well as across the group. The safety management systems, trend monitoring and the support of pro-active learning from mistakes and near misses contribute significantly to detecting safety risks in a timely manner, creating countermeasures and controlling residual risks. This makes it possible to derive countermeasures and control residual risks. Annual investments of more than EUR 2.3 billion on new construction, upgrade and maintenance of infrastructure facilities as well as in new vehicles with state-of-the-art train control systems also help ensure safe operational management.

The "Safety on the rails" programme was launched in 2018 following an increase of incidents and completed in summer 2019. The resulting recommendations were examined and then implemented or integrated into the strategic safety programme following a positive assessment. Group-wide cooperation on safety was further strengthened. Promising technical measures such as the installation of additional 500 Hz magnets, or the implementation of a warning app to avoid crossing signals, have been accelerated. A key priority is the "further development of the safety culture" in the Group. Among other things, this was initiated with eight group-wide projects launched in 2019. ÖBB will focus intensively over the next few years on raising awareness for safe conduct and expanding systematic learning within the Group. To express this ambition, the fourth core value "Safety always" was added to the corporate values at the end of 2019. This completes the previously valid set of values "We before me", "Compelling services for our customers" and "Taking the initiative".

A positive safety culture forms part of ÖBB's corporate culture and is based on values and codes of conduct. It is characterised by awareness, attitudes and beliefs, and becomes visible through the actions and decisions taken. The new safety culture programme is aimed at increasing awareness and improving people's conduct. Its focus is on expanding systematic learning from errors, deviations and "near-accidents". The prerequisite is openly addressing and reporting unsafe actions and situations as well as proactively analysing and searching for root causes of errors and deviations.

D.7. Punctuality

There are more trains operating on ÖBB's network than ever before. Safe, punctual and reliable railway operations is the essential foundation for the ÖBB Group's promise to fulfil daily tasks in the interest of our customers. ÖBB is one of the most punctual railways in Europe. In 2019, 84.1% of ÖBB's long-distance transport and 95.7% of ÖBB's local transport services were on time. Rail Cargo Austria services on the ÖBB network had a punctuality rate of 80.4%.

There was a slight decline in punctuality in 2019 compared to the previous year. This was primarily attributable to the extreme winter conditions in January, the heatwave lasting several weeks in June, construction work on neighbouring railways, and facility and vehicle faults.

The dense traffic on ÖBB's network and a record number of new passengers require even greater operating quality. A comprehensive programme of measures launched in 2018 was stepped up even further once again in 2019. It is intended to increase facility and vehicle reliability, including effective countermeasures aimed at keeping the impact of required construction work to a minimum. Particular focus was placed in the second half of 2019 on the two highly strained and sensitive sections of the Western Line and the central Vienna suburban railway line (S-Bahn). Optimisations to the scheduling process and software adjustments, both in the operations management systems and concerning the vehicle fleet, led to positive effects on operating quality from the middle of the year onwards.

Further shortening of transit frequencies, an expected growth in passenger volumes and increasing changes in climatic conditions are all expected in the medium term and will become challenges in the future for the reliability and quality requirements of the system.

The medium- and long-term action programmes are aimed at further improving the reliability of facilities and assets and making them robust to withstand climatic influences better. Investments in new facilities and the vehicle fleet also provide considerable support for this development.

The establishment of powerful simulation-assisted planning tools which allow the operational handling of construction sites to be consolidated and combined, serve to stabilise the dense timetable structure within the overall network. While doing this, ensuring a strong connection between the ÖBB route network and those of the neighbouring railways requires optimal planning and coordination of construction activities along international axes.

Due to the strong growth in passenger numbers, especially the heavily used local transport services such as the Vienna suburban railway (S-Bahn) require further shortening of transit frequencies while maintaining the necessary operating quality. Investments are planned in high-performance train control systems in an attempt to increase capacity further on existing lines.

Many of the unpunctual trains are caused by neighbouring railways. Further intensive cooperation and the active management at the borders and international axes should keep the impact on ÖBB's network to a minimum.

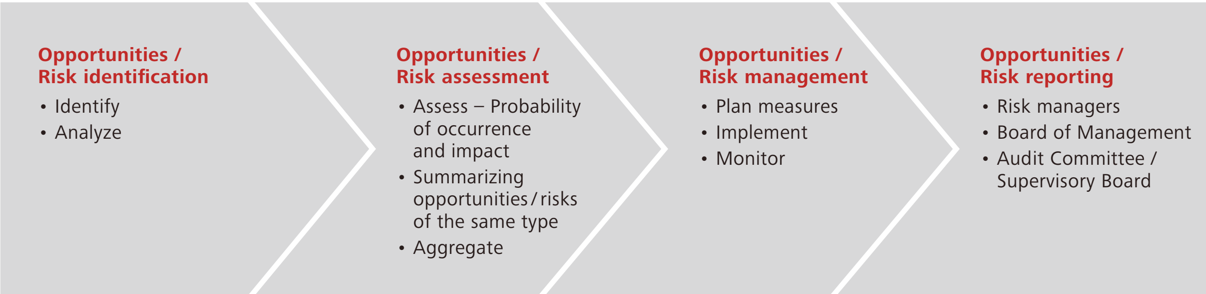
E. Opportunity and risk report

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 early 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 a review and consolidation of the individual opportunities and risks in the group-wide opportunity and risk platform, a report to the Board of Management of ÖBB-Holding AG is prepared which describes the major risks and respective counter-measures or opportunities. This ensures that the Supervisory Board and Audit Committee of ÖBB-Holding AG and of the Group companies are provided with detailed information regarding the current opportunity and risk situation.

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

With the “North Star” programme, the ÖBB is preparing for major changes in the competitive environment, in technology, and in the personnel sector. At the same time, the generation change acts as an opportunity to successfully prepare the organisation for the future.

With the involvement of all Group companies, a concept has been drawn up to initiate a comprehensive transformation. The transformation programme prepares the corporate group for significant challenges and risks, resulting, in particular, from intensified competitive pressures and technology changes over the next ten years. This will further strengthen the foundation of operational excellence. The defined measures for the implementation of the concept were incorporated into the budget and medium-term planning. Monitoring of the strategic measures is carried out on a regular basis.

Operations

Equipment is inspected regularly to mitigate the risk of a decline in revenue and increased expenses caused by quality problems in facilities, and especially in rolling stock and locomotives. Training programmes 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.

The risk of not implementing or partially implementing planned measures to increase productivity is reduced by monitoring the measures.

Sales and distribution

Risks exist primarily as a result of increasing competition. 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 foreseeable. Most economic experts consider the impact to be rather small. Having said that, 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 Group. However, the ÖBB Group's direct business volume with companies from the UK, with sales revenues of EUR 2.9 million, can be classified as very low.

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 monitoring 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 and, subsequently, in the avoidance of risks and prevention of damage. Changes in legislations 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. This risk must be countered. For example, areas of significance in terms of criminal law are identified as part of legal risk management. In addition, in areas such as negligence, environmental crimes and corruption, the current situation is assessed and risk mitigation measures are put 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 programmes and clear assignment of accountabilities.

Purchasing and procurement

The main risk is posed by price fluctuations for various materials and services, although this may also result in 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. In order to reduce this risk, ongoing measures are taken to improve the uptime of IT (such as equipping server rooms), as well as to increase confidentiality (including awareness training for employees) and the integrity (such as back-ups) of data. In addition to technical safety measures, the Group's Chief Information Security Officer works together with the partners in the sub-groups and companies to ensure a uniform group-wide control and monitoring (security governance) of information security. Security governance is responsible for minimising damages resulting from, e.g., malicious software, or identified risks by regular reviews 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.

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

ÖBB Group employs derivative financial instruments to hedge against risks associated with currencies, 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.

Most of the derivatives at the Group level (94% (PY: 97%) and 97% by nominal value) are non-structured standard hedges (plain vanilla interest rate swaps). Structured derivatives account for 6% (PY: 3%) of the nominal value. This specific structured derivative has a total nominal volume of EUR 20.0 million with a term through 2022. The shares changed compared to the previous year due to the early termination of interest rate swaps in three companies and the planned expiry of an interest rate swap in one company. In total, the nominal value changed from EUR 663.8 million to EUR 318.8 million.

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 others, 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 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. Only the companies in Hungary and the Czech Republic account for a very small proportion of the borrowings in local currency.

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

Derivative instruments adequate for the management of exchange rate risks (currency swaps) are concluded based on portfolio analyses and recommendations by the Group Finance department and on corresponding decisions of the Group companies.

Credit risk

Credit 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, securities accounts, 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. Cross-border lease management handles the administration, execution, risk management, and economic termination of existing cross-border leases. It aims, in particular, 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 managed to significantly reduce 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

Power

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 plants, 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 sub-group is therefore strongly affected by electricity price volatility. The risk management strategy therefore arranges for price hedging.

For the ÖBB-Infrastruktur sub-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.

Diesel

Corresponding diesel volumes are generally used by two companies in the ÖBB Group: ÖBB-Postbus GmbH and ÖBB-Produktion GmbH.

ÖBB-Produktion GmbH covers local utilisation at the spot price. Presently, there is no use of financial instruments for the purpose of hedging.

ÖBB-Postbus GmbH is the market leader in regional public road transport. In order to secure the required amounts of diesel fuel, ÖBB-Postbus GmbH negotiates framework contracts with several different suppliers. Fuel purchases are made on the basis of the conditions set down in the contracts (Platts Rotterdam) plus a transport logistics premium as defined in the contract. The transport premium may vary according to the point of delivery. The premium was fixed in the contracts until the end of 2019, and then indexed for the remaining duration of the contract.

There is also an option for external fuel supply. For this purpose, there are agreements for fuel cards with various different suppliers. The conditions of each contract are determined between the suppliers and ÖBB-Postbus GmbH. Discounts vary from one supplier to another.

The use of commodity swaps for diesel price hedging is possible at any time; nevertheless, the Group is currently refraining from using financial instruments.

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.

A project for the "development of the internal control system in the ÖBB Group" was completed in 2017 as part of the continuous improvement process, including in relation to the maturity level of the ICS as compared with 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 1, 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.

F. Notes on the Management Report

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

Vienna, March 24, 2020

The Board of Management

Ing. Mag. (FH) Andreas Matthä

Mag. Arnold Schiefer

FACTS & FIGURES

6,945 mil.

The ÖBB Group generated total revenues of EUR 6,945.1 million and an EBT of EUR 168.5 million in 2019 (page 68).

41,904

In 2019, there were **41,904 people employed at ÖBB** (without apprentices, as at Dec 31). Of these, 19,566 employees were in tenured positions. This means that 2019 will be the first year in which this employee group will account for less than half of the total workforce (page 85).

2,699.5 mil.

In 2019, the **ÖBB Group made investments in the amount of EUR 2,699.5 million,** compared to EUR 2,590.8 million in the previous year. At EUR 2,129.7 million, the main volume of investments is attributable to the ÖBB-Infrastruktur sub-group (page 75).

2,000

More than 2,000 colleagues from more than 70 countries work in the ÖBB Group, with these numbers set to grow. The wealth of linguistic and cultural skills range from Togo to Norway and Spain to China (page 87).

1,805

In 2019, ÖBB had **1,805 apprentices in training** plus a further 174 apprentices in the Allgemeine Privatstiftung für berufliche Bildung (general private trust for vocational training). This makes ÖBB one of the largest training companies in Austria and the largest in technical professions (page 85).

4.2 mil.

ÖBB's transport services by rail and bus have saved **CO_2 emissions** of 4.2 million tonnes – measured by what the same distances travelled by car (passenger transport) or truck (freight transport) would have generated (status 2018, page 92).

Consolidated Financial Statements

Consolidated Financial Statements

Consolidated Income Statement 2019

Consolidated Income Statement 2019

	Note	2019 in kEUR	2018 *) in kEUR
Continuing operations			
Revenue	4	4,405,106.7	4,347,586.0
Change in finished goods, work in progress and services not yet chargeable		5,603.7	446.4
Other own work capitalized	5	421,186.2	373,360.3
Other operating income	6	2,113,175.8	2,004,367.0
Total income		**6,945,072.4**	**6,725,759.7**
Cost of materials and purchased services	7	-1,781,434.0	-1,802,681.6
Personnel expenses	8	-2,742,418.2	-2,630,922.5
Depreciation and amortization	9	-1,190,556.3	-1,070,598.1
Other operating expenses	10	-475,621.5	-417,169.3
Earnings before interest and taxes (EBIT excluding investments accounted for using the equity method)		**755,042.4**	**804,388.1**
Earnings of investments accounted for using the equity method	17	3,611.8	2,970.6
Interest income	11	23,964.6	20,641.0
Interest expenses	11	-618,681.7	-647,453.5
Other financial income	12	30,693.5	13,009.9
Other financial expenses	12	-26,098.4	-25,434.0
Financial result (incl. earnings of investments accounted for using the equity method)		**-586,510.2**	**-636,266.0**
Earnings before income taxes (EBT)		**168,532.2**	**168,122.1**
Income taxes	13	56,569.2	52,274.2
Income from continuing operations		**225,101.4**	**220,396.3**
Discontinued operations			
Results after tax of the discontinued operations	19	-57,839.6	-17,296.8
Net income		**167,261.8**	**203,099.5**
Consolidated net income attributable on a pro rata basis:			
to the shareholder of the parent company		165,092.3	212,391.2
to non-controlling interests		2,169.5	-9,291.7

*) Previous year's figures adjusted in accordance with IFRS 5 and IAS 8; see Notes 3 and 19.

Consolidated Statement of Comprehensive Income 2019

Other comprehensive income 2019

	Note	2019 in kEUR	2018 in kEUR
Net income		**167,261.8**	**203,099.5**
Remeasurement gains (losses) on defined benefit plans	24	-8,455.5	1,842.7
Items that will never be reclassified ("recycled") subsequently to the income statement		-8,455.5	1,842.7
Cash flow hedges	24	-21,780.7	32,835.4
Unrealized income from currency translation	24	-5,443.9	-7,607.8
Items that are or may be reclassified ("recycled") subsequently to the income statement		**-27,224.6**	**25,227.6**
Other comprehensive income		**-35,680.1**	**27,070.3**
Comprehensive income		**131,581.7**	**230,169.8**
Comprehensive income attributable on a pro rata basis:			
to the shareholder of the parent company		129,412.2	239,461.5
to non-controlling interests		2,169.5	-9,291.7

Consolidated Statement of Financial Position as at Dec 31, 2019

Assets	Note	Dec 31, 2019 in kEUR	Dec 31, 2018 in kEUR
Non-current assets			
Property, plant and equipment	14	28,245,790.2	26,808,685.7
Intangible assets	15	876,903.3	769,253.1
Investment property	16	168,971.9	154,920.3
Investments recorded at equity	17	66,154.2	64,457.0
Other financial assets	18	286,079.7	324,402.4
Other receivables and assets	20	131,789.6	146,814.1
Deferred tax assets	13	191,401.2	117,466.9
		29,967,090.1	**28,385,999.5**
Current assets			
Inventories	21	278,440.5	257,388.5
Trade receivables	20	595,710.7	549,800.4
Other receivables and assets	20	312,970.2	358,827.3
Income tax receivables	13	852.6	758.5
Other financial assets	18	34,862.3	62,515.2
Non-current assets held for sale	19	139.1	125.1
Cash and cash equivalents	22	64,302.7	94,475.1
		1,287,278.1	**1,323,890.1**
		31,254,368.2	**29,709,889.6**

Shareholders' equity and liabilities	Note	Dec 31, 2019 in kEUR	Dec 31, 2018 in kEUR
Shareholders' equity			
Share capital	23	1,900,000.0	1,900,000.0
Additional paid-in capital	24	80,812.2	260,812.2
Other reserves	24	-113,792.8	-86,568.2
Retained earnings	24	765,085.3	441,887.5
Equity attributable to the shareholder of the parent company		**2,632,104.7**	**2,516,131.6**
Non-controlling interests	23	12,658.1	12,531.3
		2,644,762.8	**2,528,662.9**
Non-current liabilities			
Financial liabilities	25	22,823,017.0	21,721,976.0
Provisions	26	574,284.3	512,980.1
Other liabilities	27	40,137.4	45,717.5
Deferred tax liabilities	13	9,192.3	11,028.5
		23,446,631.0	**22,291,702.1**
Current liabilities			
Financial liabilities	25	2,519,664.2	2,424,370.1
Provisions	26	199,358.6	131,162.1
Trade payables	27	879,848.7	1,022,191.8
Other liabilities	27	1,564,102.9	1,311,800.6
		5,162,974.4	**4,889,524.6**
		31,254,368.2	**29,709,889.6**

Consolidated Statement of Cash Flows 2019

	Note	2019 in kEUR	2018 in kEUR
Net income		167,262	203,100
Non-cash expenses and income			
+ Depreciation and amortization on property, plant and equipment, intangible assets and investment property	9	1,370,221	1,242,517
+ Depreciation / - appreciation on non-current financial assets		348	5
- Amortization of investment grants	9	-166,355	-172,118
+ Losses / - gains on disposal of property, plant and equipment, intangible assets and investment property		-27,679	-54,888
+ Losses / - gains on disposal of financial assets		0	-20
- Gains on exchange rates / + losses on exchange rates		2,025	3,254
- Other non-cash income / + other non-cash expenses		-2,858	2,361
+ Interest expenses	11	619,219	647,908
- Interest income	11	-24,029	-20,663
+ Tax income		-56,563	-52,212
Changes in assets and liabilities			
- Increase / + decrease in inventories	21	-28,172	-13,040
- Increase / + decrease in trade receivables and other assets		25,100	8,994
+ Increase / - decrease in trade payables and other liabilities and deferrals		220,446	599,702
+ Increase / - decrease in provisions	26	117,793	-44,374
- Interest paid		-739,879	-716,199
+ Interest received		23,714	9,745
- Income tax paid	13	-7,224	-10,119
Cash flow from operating activities a)		**1,493,369**	**1,633,953**
+ Proceeds from disposal of property, plant and equipment and intangible assets		60,833	40,055
- Expenditures for property, plant and equipment and intangible assets	14, 15	-2,598,368	-2,384,677
+ Proceeds from disposal of financial assets		0	643
- Expenditures for investments in financial assets		-401	-1,040
+ Proceeds / - Repayments of investment grants	14, 15	147,111	126,833
+ Proceeds from the sale of colsolidated companies and other business units		100	0
- Expenditures for the acquisition of consolidated companies and other business units		-304	0
+ Dividends received		2,772	95
+ Redemption of loans granted / - grant of loans (from investing activities)		-296	-958
Cash flow from investing activities b)		**-2,388,553**	**-2,219,049**
- Payments to non-controlling interests		-1,843	-7,061
+ Proceeds from issue of bonds and loans	25	2,807,011	955,838
- Redemption of bonds and loans		-2,065,835	-394,017
- Cash payments from lease liabilities		-94,207	-14,943
+ Proceeds from grant of loans / - redemption of other loans		91,610	1,468
Cash flow from financing activities c)		**736,737**	**541,285**
Funds at the beginning of the period		60,773	104,709
Change resulting from the basis of consolidation		523	0
Foreign currency translation		557	-125
Change in the funds resulting from cash flows (a+b+c)		-158,447	-43,811
Funds at the end of the period		**-96,593**	**60,773**

Information on the discontinued operation and the composition of the cash and cash equivalents fund is disclosed in Note 19 and Note 33.

Consolidated Statement of Changes in Shareholders' Equity 2019

in kEUR	Share capital	Additional paid-in capital	Cash flow hedge reserve	Available for sale reserve	Foreign Currency Translation	Retained earnings	Total equity	Non-controlling interests	Total shareholders' equity
	Equity attributable to the shareholder of the parent company								
			Other reserves						
As of Jan 01, 2018	*1,900,000.0*	*260,812.2*	*-68,808.4*	*4,862.0*	*-42,987.3*	*244,094.0*	*2,297,972.5*	*7,915.4*	*2,305,887.9*
Adjustments following first time application of IFRS 9				-4,862.0		-1,285.2	-6,147.2		-6,147.2
Adjusted status as of Jan 01, 2018	*1,900,000.0*	*260,812.2*	*-68,808.4*	*0.0*	*-42,987.3*	*242,808.8*	*2,291,825.3*	*7,915.4*	*2,299,740.7*
Net income						212,391.2	212,391.2	-9,291.7	203,099.5
Other comprehensive income			32,835.4	0.0	-7,607.8	1,842.7	27,070.3		27,070.3
Comprehensive income			**32,835.4**	**0.0**	**-7,607.8**	**214,233.9**	**239,461.5**	**-9,291.7**	**230,169.8**
Dividends distributed to non-controlling shareholders								-1,247.6	-1,247.6
Effects from capital consolidations						-15,155.2	-15,155.2	15,155.2	0.0
As of Dec 31, 2018	**1,900,000.0**	**260,812.2**	**-35,973.0**	**0.0**	**-50,595.1**	**441,887.5**	**2,516,131.6**	**12,531.3**	**2,528,662.9**

in kEUR	Share capital	Additional paid-in capital	Cash flow hedge reserve	Available for sale reserve	Foreign Currency Translation	Retained earnings	Total equity	Non-controlling interests	Total shareholders' equity
	Equity attributable to the shareholder of the parent company								
			Other reserves						
As of Jan 01, 2019	*1,900,000.0*	*260,812.2*	*-35,973.0*	*0.0*	*-50,595.1*	*441,887.5*	*2,516,131.6*	*12,531.3*	*2,528,662.9*
Adjustments following first time application of IFRS 16						-13,510.3	-13,510.3		-13,510.3
Adjusted status as of Jan 01, 2019	***1,900,000.0***	***260,812.2***	***-35,973.0***	***0.0***	***-50,595.1***	***428,377.2***	***2,502,621.3***	***12,531.3***	***2,515,152.6***
Net income						165,092.3	165,092.3	2,169.5	167,261.8
Other comprehensive income			-21,780.7	0.0	-5,443.9	-8,455.5	-35,680.1		-35,680.1
Comprehensive income			**-21,780.7**	**0.0**	**-5,443.9**	**156,636.8**	**129,412.2**	**2,169.5**	**131,581.7**
Reclassification		-180,000.0				180,000.0	0.0		0.0
Dividends distributed to non-controlling shareholders								-2,042.7	-2,042.7
Effects from deconsolidation of the discontinued operation						71.3	71.3		71.3
As of Dec 31, 2019	**1,900,000.0**	**80,812.2**	**-57,753.7**	**0.0**	**-56,039.0**	**765,085.3**	**2,632,104.7**	**12,658.1**	**2,644,762.8**

The number of shares remains unchanged at 190,000.

Further details on the Statement of Changes in Shareholders' Equity can be found in Notes 2, 23 and 24.

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

A. BASIS AND METHODS

Österreichische Bundesbahnen-Holding Aktiengesellschaft (hereinafter referred to as "ÖBB-Holding AG") and its subsidiaries constitute the Österreichische Bundesbahnen-Holding Aktiengesellschaft Group (hereinafter referred to as "ÖBB Group").

ÖBB-Holding AG is a stock corporation incorporated as the controlling company of the ÖBB Group in 2004 pursuant to Article 2 (1) of the Austrian Federal Railways Act (Bundesbahngesetz – BBG) as amended by the Federal Railways Structure Act (Bundesbahnstrukturgesetz) according to the Federal Law Gazette I no. 138/2003. Its registered office is in Vienna and 100% of its shares are reserved for the federal government. The Federal Minister of Transport, Innovation and Technology is responsible for management of the shares. The address of the registered office is: Am Hauptbahnhof 2, 1100 Vienna, Austria. The ÖBB Group is registered in the Company Register at the Commercial Court Vienna under number FN 247642 f. This is also where the Consolidated Financial Statements are filed.

ÖBB-Holding AG is the strategic lead company of the ÖBB Group, holding all of the shares of the three stock corporations (sub-groups) ÖBB-Personenverkehr Aktiengesellschaft, Rail Cargo Austria Aktiengesellschaft, and ÖBB-Infrastruktur Aktiengesellschaft (hereinafter "AG" instead of "Aktiengesellschaft"). The sub-groups are hereinafter referred to as ÖBB-Personenverkehr sub-group, Rail Cargo Austria sub-group, and ÖBB-Infrastruktur sub-group.

Pursuant to Article 189a no. 1 lit. a of the Austrian Commercial Code (Unternehmensgesetzbuch – UGB), one subsidiary of ÖBB-Holding AG, ÖBB-Infrastruktur AG, is a company of public interest and is therefore obligated to prepare separate sub-group financial statements in accordance with IFRS because it has issued bonds admitted to trading in the regulated market at the Vienna Stock Exchange. The sub-group financial statements of ÖBB-Infrastruktur AG are filed with the Commercial Court Vienna under Company Register number FN 71396 w.

1. Accounting principles

In accordance with Article 244 of the Austrian Commercial Code (UGB), ÖBB-Holding AG is required to prepare Consolidated Financial Statements. The Consolidated Financial Statements as at Dec 31, 2019 were prepared pursuant to Article 245a (2) 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 on Dec 31, 2019 and were endorsed by the European Union, along with the additional requirements under Article 245a of the Austrian Commercial Code (UGB). With these Consolidated Financial Statements according to IFRS, ÖBB-Holding AG issues exempting Consolidated Financial Statements pursuant to Article 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 (EUR million) 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 at 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	Non-current investments in associated companies and joint ventures	Jan 01, 2019	no
IAS 19	Plan amendments, curtailments and settlements	Jan 01, 2019	no
AIP 2015 - 2017	Annual improvements to IFRSs	Jan 01, 2019	no

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

The Group applied IFRS 16 "Leases" for the first time in this financial year, as its application is mandatory for financial years beginning on or after Jan 1, 2019. IFRS 16 introduces new and amended requirements with regard to accounting for leases. There are significant accounting changes for the lessee because it is no longer distinguished between operating and finance leases, and right of use and lease liability must be recognised at the inception of all leases (with the exception of short-term leases and leases for assets with a low replacement value, 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 first-time application as at Jan 1, 2019 is recognised in the earnings generated. Therefore, the comparative information for 2018 has not been restated, i.e. it presents as before, in accordance with IAS 17, "Leases" and the 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 made use of the practical simplification according to which, when converting to IFRS 16, it did not need 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 1, 2019. Thus, the definition of a lease in accordance with IFRS 16 was only applied to contracts concluded or amended on or after Jan 1, 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 at the carrying amount as if IFRS 16 had been applied since the date of initial application, discounted at the Group's incremental borrowing rate at the date of initial application or a right of use 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 valued at the present value of the future lease payments

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

The Group made use of a number of exemptions when applying IFRS 16 to leases that were 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 first-time application, neither rights of use nor lease liabilities are recognised;
- for leases with underlying low-value assets, neither rights of use nor lease liabilities are recognised B. IT facilities);
- the initial direct costs are not taken into account when measuring the right of use on the date of first-time application; and
- in determining the term of the lease, better information is taken into account retrospectively if the contract contains extension or termination options.

Leases that were previously classified as finance leases under IAS 17

For leases classified as finance leases in accordance with IAS 17, the carrying amount of the right of use and the lease liability as at Jan 1, 2019 was recognised at the carrying amount of the leased asset and the lease liability in accordance with IAS 17 immediately before this date.

Rights of use and lease liabilities are accounted for in accordance with IFRS 16, starting on Jan 1, 2019.

Lessor

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

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

As a result of this change, the Group has reclassified some of its subleases previously reported as operating leases to finance leases and treated them as new finance leases entered into at the date of initial application.

Effect of the first-time application of IFRS 16 at the time of first-time application as at Jan 1, 2019

When transitioning to IFRS 16, the Group recognised rights of use and lease liabilities and the balance thereof in the earnings generated. In addition, prepaid rent included in other receivables and accruals for a rent exemption included in trade payables were reversed. In addition, the Group, as lessor, has reclassified sub-leases previously presented as operating leases to finance leases and thus recognised lease receivables under financial assets.

The effects at the time of transition are summarised as follows:

in EUR million	Effects from the application of IFRS 16 to the opening balance sheet amounts as of Jan 01, 2019
Property, plant and equipment	387.7
Financial assets leasing	7.6
Other current receivables and assets	-1.0
Deferred tax assets	1.0
Retained earnings	-13.5
Financial liabilities leasing	413.0
Trade payables	-4.2
Deferred tax liabilities	0.1

In measuring the lease liabilities from operating leases, the Group discounted the lease payments at its incremental borrowing rate as at Jan 1, 2019. The incremental borrowing rate is between 1.5% and 4.6% for lease liabilities in HUF and between 0.1% and 2.2% for the remaining lease liabilities.

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	*352.9*
Lease liabilities from non-cancellable operating leases with a remaining maturity of less than 12 months	1.0
Leases from non-cancellable operating leases with intangible assets and service contracts	8.7
Other (adjustment of lease instalments, term, extension options, etc.)	-14.1
Subtotal of non-cancellable operating lease and rental obligations undiscounted as of Jan 01, 2019	**357.3**
Effect of discounting at the incremental borrowing rate as of Jan 01, 2019	27.0
Operating lease and rental obligations discounted as of Jan 01, 2019	**330.4**
Minimum lease payments from finance lease liabilities as of Dec 31, 2018	293.4
Additional lease liabilities recognised for lease obligations that extend beyond non-cancellable periods	82.6
Lease liabilities according to IFRS 16 as of Jan 01, 2019	**706.4**

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. The potential impacts of the new and amended standards are currently being evaluated.

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
Conceptual Framework	Revised Conceptual Framework	Jan 01, 2020	still being analyzed
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.

There are no other standards that are not yet effective and are expected to have a material effect on the entity in the current or future reporting period and 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.

Foreign currency transactions are first translated into the functional currency by the 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.

The annual financial statements of the foreign subsidiaries included in the Consolidated Financial Statements are translated as follows: the assets and liabilities are measured at the foreign exchange reference rates of Austrian National Bank (Österreichische Nationalbank – OeNB) applicable at the reporting date. The items of the Income Statement are translated at the annual average rates. Differences resulting from foreign currency translation are recognised in other comprehensive income. As long as the subsidiary is included in the basis of consolidation, the translation differences are continued in other comprehensive income and thus in consolidated shareholders' equity. If subsidiaries leave the basis of consolidation, the corresponding translation differences are recognised in the consolidated net income.

As the principal market of the ÖBB Group is in Austria, revenue in foreign currencies accounts only for a small portion. The exchange rates of important currencies developed as follows (Source: reference rates of the European Central Bank [ECB] according to www.oenb.at):

Consolidation

	Reporting date rate		Annual average rate	
rounded in EUR	Dec 31, 2019	Dec 31, 2018	2019	2018
Bosnia and Herzegovina Convertible Mark (BAM)	1.956	1.956	1.956	1.956
Bulgarian Lev (BGN)	1.956	1.956	1.956	1.956
Croatian Kuna (HRK)	7.440	7.413	7.418	7.418
New Turkish Lira (TRY)	6.684	6.059	6.358	5.708
Polish Zloty (PLN)	4.257	4.301	4.298	4.262
Romanian Leu (RON)	4.783	4.664	4.745	4.654
Russian Ruble (RUB)	69.956	79.715	72.455	74.042
Czech Korunas (CZK)	25.408	25.724	25.670	25.647
Hungarian Forint (HUF)	330.530	320.980	325.300	318.890
US Dollar (USD)	1.123	1.145	1.120	1.181

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 subsidiaries 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 Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary and other equity components.

Accounting policies are applied consistently by all subsidiaries in the ÖBB 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 interests 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 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 surplus 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 of the acquired subsidiary, 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 one of the business segments of this business unit is sold, the goodwill attributable to the sold operation is taken into account in determining the carrying amount of the operation and the proceeds from the sale of this operation. The amount of the goodwill sold is determined on the basis of the relative values of the business segments sold and the remaining part of the cash-generating unit.

Transactions with non-controlling interests without loss of control

Transactions with non-controlling interests without loss of control are treated as transactions with Group equity holders. A difference arising from the acquisition of a non-controlling interest between the paid service and the relevant share of the net carrying amount of the subsidiary is recognised in equity. Gains and losses arising on the disposal of non-controlling interests are also recognised in equity.

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.

Interest in associated companies are included in the Consolidated Financial Statements using the equity method of accounting, except for investments classified in accordance with IFRS 9 as equity instruments measured at fair value. Initial recognition is at acquisition cost. They are subsequently adjusted to reflect changes in the share of the ÖBB Group in the net assets after the acquisition date, and to reflect losses resulting from impairment. Losses exceeding the interest of the ÖBB Group 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 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 Group is less than the fair values of the identifiable assets and liabilities at the date of acquisition, the difference is recognised in the income statement in the period 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. When assets are constructed by the ÖBB Group itself, any revenue arising therefrom is reclassified in own work capitalised after taking into account elimination of the unrealised profits.

Unrealised profit elimination

Interim 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

The basis of consolidation includes, in addition to ÖBB-Holding AG, 68 (PY: 69) fully consolidated as well as eleven (PY: eleven) associated companies, and one (PY: one) joint venture, which are accounted for using the equity method; hence resulting in a total of 81 (PY: 82) companies. 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 Group. The subsidiaries not included in the basis of consolidation are those with a small business volume whose revenues, assets and liabilities jointly account for less than 1% of the consolidated amounts.

Changes in the basis of consolidation in 2018 and 2019

The basis of consolidation has developed as follows:

Basis of consolidation	Full consolidation	Consolidation using the equity method	Total
As of Jan 01, 2018	*73*	*9*	*82*
thereof foreign companies	*36*	*6*	*42*
First-time consolidation	0	3	3
Change in basis of consolidation	-1	0	-1
Disposal	-2	0	-2
As of Dec 31, 2018	**70**	**12**	**82**
thereof foreign companies	*36*	*7*	*43*
First-time consolidation	2	0	2
Mergers	-2	0	-2
Disposal	-1	0	-1
As of Dec 31, 2019	**69**	**12**	**81**
thereof foreign companies	*35*	*7*	*42*

Rail Cargo Operator-Port/Rail Services GmbH and iMobility GmbH were consolidated for the first time in the year under review. Rail Cargo Carrier – Germany GmbH was merged retroactively from Jan 1, 2019 with Rail Cargo Carrier – PCT GmbH and renamed Rail Cargo Carrier – Germany GmbH. In addition, Rail Cargo Wagon – Austria GmbH was merged with Rail Cargo Austria AG in the year under review. The subsidiary European Contract Logistics – Czech Republic s.r.o. was sold in 2019 and has thus been removed from the basis of consolidation of the companies accounted for using the full consolidation method. See Note 34 for further details as regards the basis of consolidation.

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. ÖBB-Fernbus GmbH was merged with ÖBB-Personenverkehr AG with retroactive effect as at Jan 1, 2018.

In addition to this the companies Breitspur Planungsgesellschaft mbH, HAELA Abfallverwertung GmbH and Terminal Brno, a.s. were included in the Consolidated Financial Statements for the first time as at Jan 1, 2018 under the equity method of accounting.

Goodwill is indicated in the schedule of intangible assets provided in Note 15. The effects of the final consolidation of subsidiaries or interests in subsidiaries are recognised in profit or loss in the other operating income, in other operating expenses, or in earnings accounted for using the equity method.

General cargo logistics business division

Step-by-step acquisition of Q-Logistics GmbH

On Nov 16, 2018 19.1% of the shares in Quehenberger Logistics GmbH were bought back and the remaining 20.1% were bought back on 17 Dec 2018, whereupon ÖBB-Holding AG became the sole shareholder of Q Logistics GmbH. The joint venture agreement was terminated at the same time. The purchase price was EUR 1 in each case.

The case involved a transaction between owners. On the basis of the single economic entity principle, the Statement of Financial Position only saw an asset shift in shareholder equity between the majority shareholders and non-controlling interests. The non-controlling interests were reduced in 2018 by EUR 4,333 thousand.

In the course of 2018, however, market conditions changed again, so that the goodwill recorded at the time of acquisition had to be written off completely as at Dec 31, 2018, following an impairment test. This resulted in expenses of EUR 7,381 thousand in 2018 (PY: EUR 4,200 thousand) (Notes 3 and 15).

Discontinued operations "general cargo logistics"

With effect from Dec 31, 2019, Q Logistics GmbH transferred its business operations and that of the subsidiary European Contract Logistics – Czech Republic s.r.o. to the newly founded transport and logistics company "BEXITY GmbH". BEXITY GmbH, a subsidiary of the industrial and investment holding company Mutares SE & Co KGaA, will succeed Q Logistics GmbH in the general cargo logistics division as at Dec 31, 2019. Q Logistics GmbH and its remaining subsidiaries ceased their operations by the end of 2019. Q Logistics GmbH continues to exist as a company without operations until further notice in order to process open business cases; the remaining subsidiaries will be liquidated. The general cargo logistics business division is recorded as a discontinued operation (see Note 19).

3. Summary of significant accounting policies

Basis of preparation of financial statements

The Consolidated Financial Statements are strictly 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 upgrading of the rail infrastructure network, such as acquisition cost, material and personnel expenses, directly attributable fixed and variable overhead, the present value of obligations resulting from demolition, dismantling and removing the asset, restoration of sites, and borrowing costs directly attributable to qualifying assets. Value added tax charged by suppliers with a subsequent entitlement to input tax deduction is not included in cost. Property, plant and equipment under a finance lease are recognised at the lower of the present value of the minimum lease payments or its fair value.

Significant parts of plant and equipment are capitalised separately if these parts feature a different useful life compared to the rest of the plant and equipment. 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. Expenses incurred in the carrying amount of an item of property, plant and equipment during its creation are shown as "Assets under construction".

The economic useful lives in the 2019 financial year are unchanged from the previous year:

	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
Automobiles and trucks	5–25
Technical equipment and machinery	
Security and telecommunications equipment	5–30
High-voltage and lightning equipment	5–50
Tools and equipments	4–20
Machinery	9–15
Other plant, furniture and fixtures	2–8

See the section below entitled "Leases" for information on the useful lives of rights of use recognised in accordance with IFRS 16.

Residual carrying amounts and remaining useful lives are reviewed each year as at the reporting date.

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 "Property, Plant and Equipment" and accounting principles derived from these for Group-specific business matters. Acquisition cost and accumulated depreciation and amortisation of assets sold or retired are recorded as disposal, whereby the 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 grants (Investment grants)

The ÖBB Group receives public grants that are essentially granted as assets. Government grants 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

Goodwill

The difference between the cost of acquisition of a company and the fair value of the interest of the ÖBB Group in the net assets of the acquired company at the time of acquisition constitutes the goodwill. Goodwill generated through the acquisition of a company is recognised in intangible assets. The recognised goodwill is subject to an annual impairment test and measured at its original cost less accumulated impairments. Impairment reversals are not permitted. For the purpose of impairment testing, the goodwill is allocated to cash-generating units. Allocations are made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination that generated the goodwill.

Other intangible assets

The ÖBB Group does not account for any significant other intangible assets with indefinite useful lives. Amortised intangible assets are recognised at cost less amortisation on a straight-line basis.

Amortisation of intangible assets is calculated on a straight-line basis over the estimated useful life and recognised in the line item "depreciation and amortisation" in the Consolidated Income Statement.

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

	Years
Investment grants	5–80
Concessions	4–20
Development costs	4
Software	2–20
Other intangible assets	5–20

In principle, investment grants are amortised over the useful life of the asset for which the grant was received.

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

Methodology

Property, plant and equipment, intangible assets and investment property with finite useful lives 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 which results from the fair value less cost to sell or value in use. The fair value less disposal cost 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 Group always 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. A six-year master plan, which must be a significant component of the business plan, is to be prepared pursuant to Article 42 (7) of the Austrian Federal Railways Act (BBG). The six-year business plans are used for the impairment test.

If the recoverable amount of the cash-generating unit exceeds its carrying amount, no impairment exists for the relevant cash-generating unit. If the recoverable amount of the cash-generating unit is less than its carrying amount, an impairment loss is recorded for this unit. The impairment loss associated with the cash-generating unit is allocated first of all to the goodwill and then proportionately to the other assets of the cash-generating unit, although the remaining 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 an indication that an impairment of assets no longer exists, then the ÖBB Group must reverse the impairment wholly or partially in consolidated net income up to a maximum of the amortised cost. Impairment reversals are not permitted for goodwill.

Following the adoption of the medium-term planning by the Supervisory Board, regular checks are now made to ascertain whether a triggering condition for impairment exists. Additional checks are made in the event that current findings from the business performance or changes in premises indicate a significant change in the value in use during the year.

Structure of the cash-generating units (CGU) and calculation premises

Each cash-generating unit consists of a part or a number of legally independent companies. The delimitation criteria for the cash-generating units are based on the structure of business operations and correspond to the business areas and business activities.

Cash-generating units of ÖBB-Personenverkehr AG

The ÖBB-Personenverkehr Group consists of the two cash-generating units, namely ÖBB-Personenverkehr AG, which is concerned with rail passenger transport, and ÖBB-Postbus GmbH, which is concerned with bus passenger transport. Each cash-generating unit consists of a number of legally independent companies. The delimitation criteria for the cash-generating units are therefore based on the structure of business operations and correspond to the business areas and business activities of the ÖBB-Personenverkehr Group.

There were indications of a potential impairment in the reporting year for the Austrian part of the cash-generating unit ÖBB-Postbus, which is why a test was carried out for impairment. The entire vehicle fleet and the real estate required for operations of Österreichische Postbus Aktiengesellschaft were recognised in assets.

The weighted average cost of capital reflecting the interest requirements of the capital market for granting loans and equity to the cash-generating units of the ÖBB-Personenverkehr Group is used for discounting. Risks and taxes are taken into account by means of various deductions.

For the cash flow forecasts after the planning period (accounted for by a perpetual annuity), CGU growth rates were applied on the basis of the Gordon/Shapiro growth model, which defines growth as follows: growth = non-current return * reinvestment. The non-current return was fixed independently of the CGU at a return equivalent to the cost of capital. The discount rate before taxes applied for the 2020 – 2024 (PY: 2019 – 2023) period or for the perpetual annuity was 4.49% (PY: 4.89%). The cost of capital (and thus, implicitly, the non-current returns) of the CGUs were determined in the course of the analyses at 3.37% (PY: 3.67%) (after tax, tax base Austria).

The pre-tax discount rates were calculated by means of the internal rate of return. The value in use of the cash-generating units is determined based on the after-tax discount rates. The specified pre-tax discount rates are for information purposes only.

Intra-group transfer pricing based on estimates in line with the market of the companies involved was taken into account in the cash flow forecasts. The capital cost rate was calculated specifically for the ÖBB-Personenverkehr Group, independently from the rest of the ÖBB Group. No risk and resource consolidation with the rest of the ÖBB Group was applied and no uniform cost of capital was used throughout the Group.

There were no indicators of potential impairment or reversals for the cash-generating unit ÖBB-Personenverkehr as at Dec 31, 2019 and therefore no impairment test was conducted in this respect.

Cash-generating units of Rail Cargo Austria AG

Each cash-generating unit consists of a part or a number of legally independent companies. The delimitation criteria for the cash-generating units are based on the structure of business operations and correspond to the business areas and business activities of the Rail Cargo Group.

The following key points were defined for the further development and control of RCG:
- Focus on overall strategic management of the Group
- Reporting for monitoring and control is based on sub-group view ("RCG" or "RCG without TS")
- Resource allocation takes place at sub-group level, broken down into freight traffic and technical services
- Use of freight wagons
  - Long-term overlapping use within the cargo business units and investment in universally deployable wagons (Innowagen and TransANT)
  - Railcar usage for the Intermodal business unit largely free of overlap
- Traction vehicles are used for the entire production in freight traffic at home and abroad (mixed production)

The following cash-generating units were defined for management purposes on the basis of these framework conditions: CGU Cargo, CGU Intermodal and CGU TS. The entire pool of traction vehicles is used jointly across the Group and recognised as a joint asset in the impairment test. The freight wagon and other assets were allocated to the CGUs in accordance with their use.

A weighted average cost of capital reflecting the interest requirements of the capital market for granting loans and equity to the cash-generating unit Rail Cargo Austria is used for discounting. Risks and taxes are taken into account by means of various deductions.

For the cash flow forecasts after the planning period (accounted for by a perpetual annuity), CGU growth rates were applied on the basis of the Gordon/Shapiro growth model, which defines growth as follows: growth = non-current return x reinvestment. The non-current return was fixed independently of the CGU at a return equivalent to the cost of capital. The cost of capital (and thus implicitly the non-current returns) of the CGUs were determined in the course of the analyses at a maximum of 6% (after tax; with tax bases Austria – Hungary higher because of a country risk premium). Based on the assumption that the long-term growth of the CGUs is below the ECB's inflation expectations of 2%, the reinvestment rate was standardised at 20%, meaning growth of about 0.8% – 1.5% (PY: 0.8% – 1.7%). Further details can be found in the following table.

The following discount rates were applied:

For the cash-generating units of Rail Cargo Austria	Cargo *)	Intermodal *)	TS *)
as of Dec 31, 2019			
Austria			
Before tax			
Interest rate 2020 – 2025	6.8%	6.4%	5.3%
Interest rate perpetuity	5.8%	5.2%	4.6%
Growth - perpetual annuity	*1.1%*	*1.1%*	*0.8%*
After tax			
Interest rate 2020 – 2025	5.3%	5.7%	3.8%
Interest rate perpetuity	4.2%	4.5%	3.1%
Hungary			
Before tax			
Interest rate 2020 – 2025	7.6%	8.2%	5.9%
Interest rate perpetuity	6.2%	6.7%	4.8%
Growth - perpetual annuity	*1.4%*	*1.5%*	*1.1%*
After tax			
Interest rate 2020 – 2025	7.1%	7.5%	5.4%
Interest rate perpetuity	5.7%	6.0%	4.3%

*) Separate interest rates were used for the Czech Republic, Russia and Slovakia, although these are not stated as they are immaterial.

For the cash-generating units of Rail Cargo Austria	Cargo *)	Intermodal *)	TS *)
as of Dec 31, 2018			
Austria			
Before tax			
Interest rate 2019 – 2024	6.4%	9.0%	5.6%
Interest rate perpetuity	5.4%	8.0%	4.8%
Growth - perpetual annuity	*1.0%*	*1.1%*	*0.8%*
After tax			
Interest rate 2019 – 2024	4.9%	5.3%	4.0%
Interest rate perpetuity	3.9%	4.2%	3.2%
Hungary			
Before tax			
Interest rate 2019 – 2024	7.7%	8.3%	6.4%
Interest rate perpetuity	6.3%	6.8%	5.2%
Growth - perpetual annuity	*1.4%*	*1.5%*	*1.2%*
After tax			
Interest rate 2019 – 2024	7.2%	7.6%	5.9%
Interest rate perpetuity	5.7%	6.0%	4.7%

*) Separate interest rates were used for the Czech Republic, Russia and Slovakia, although these are not stated as they are immaterial.

The pre-tax discount rates shown were calculated by the method of internal rate of return. The value in use of the cash-generating units is determined based on the after-tax discount rates. The specified pre-tax discount rates are for information purposes only.

Intra-group transfer pricing based on estimates in line with the market of the companies involved was taken into account in the cash flow forecasts. The capital cost rate was calculated separately for the Rail Cargo Austria sub-group, independently from the rest of the ÖBB Group. No risk and resource consolidation with the rest of the ÖBB Group was applied and no uniform cost of capital was used throughout the Group.

Cash-generating units of ÖBB-Infrastruktur AG

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 cash-generating unit rail infrastructure, there is currently no indication of a need for impairment due to the following preamble to the grant agreement in accordance with Article 42 of the Austrian Federal Railways Act (BBG): "ÖBB-Infrastruktur AG is a railway infrastructure company whose activities are of public interest and are further defined in Article 31 of the Federal Railways Act.

The basis for the financing of the Company is given in Article 47 of the Austrian Federal Railways Act (BBG), 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, to the extent that the tasks are included in the business plan pursuant to Article 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 Article 42 (1) and (2) of the Austrian Federal Railways Act (BBG). It is the understanding of the contractual 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 Article 31 of the Federal Railways Act, which also conforms to the statutory mandate of the Federal Railways Act."

Further details are contained in Notes 9, 14 and 15.

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. If associated companies or joint ventures are affected by the impairment, such impairment is recognised in the line item "Earnings of investments accounted for using the equity method". Reference is made to the previous paragraph regarding Article 42 of the Austrian Federal Railways Act (BBG) in relation to any impairment of the Galleria di Base del Brennero – Brenner Base Tunnel 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, to the extent that they are investments, in the other financial result. Further details are provided in Note 19.

Financial instruments

General information

Financial assets and liabilities are recognised when the ÖBB 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 from the statement of financial position when it has been extinguished, i.e., when the contractual obligation has been settled or cancelled or has expired. Regular 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 (trade date).

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 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 with borrowing characteristics depends on the company's business model for managing financial assets and contractual cash flows.

The ÖBB Group only reclassifies debt instruments if the business model for managing these types of assets changes. No further Notes are provided as there are currently no debt instruments held in the ÖBB Group at fair value through other comprehensive income.

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 held.
- The contractual terms of the financial asset result in cash flows at specified points in time that represent only redemption and interest payments on the outstanding principal amount.

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

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

Cash and cash equivalents

The ÖBB Group recognises cash on hand and cash in banks with remaining maturities of up to three months from the time of acquisition as cash and cash equivalents. Money market deposits with terms of more than three months are classified as other current financial assets along with securities. Cash and cash equivalents represent the funds for the Statement of Cash Flows. More information can be found in Note 33.

Trade receivables

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

Equity instruments measured at fair value through profit or loss

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

Debt instruments measured at fair value through profit or loss

A debt instrument that is neither measured either at amortised cost nor at fair value through other comprehensive income, is measured at fair value through profit or loss. The ÖBB 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 through profit or loss or in other comprehensive income, depending on whether the derivative financial 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 risk 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 via other comprehensive income in equity (cash flow hedge reserve). The effects stated in the cash flow hedge reserve are recognised in profit or 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. See Note 29.2. on the hedge accounting.

Non-current derivative financial instruments (interest rate swaps for hedging purposes) are basically divided into a current and a non-current portion based on the discounted payment streams in the applicable time frames.

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 default risk associated with debt instruments measured at amortised cost or at fair value through equity on a forward-looking basis. Default 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 default 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 assignment 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

Level 1 basically includes all financial instruments at acquisition as well as financial instruments that have not experienced any significant deterioration in credit quality since inception. The expected loss corresponds to the present value of the expected defaults in payment that arise from potential default events within the next twelve months
(12-month expected credit loss) following the reporting date.

Level 2: expected credit losses over the entire term - no impaired credit rating

If there is a significant increase in the default risk but no objective evidence of impairment, the risk provisioning must be increased to the amount of the expected losses over the entire remaining maturity. There is a rebuttable presumption of a transfer from Stage 1 to Stage 2 if contractual cash flows have been past due for more than 30 days.

Level 3: expected credit losses over the entire term – impaired creditworthiness

If there is objective evidence that a financial asset is impaired, the impairment loss is transferred to Level 3. If the contractual cash flows are past due by more than 90 days, there is a rebuttable presumption that there is objective evidence of default. 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 made at least annually, which takes into account both external rating information and internal information about the credit quality of the financial asset.

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 depreciated if realisability is no longer expected after an appropriate assessment. If receivables have been written off, enforcement measures are continued in order to realise the due receivable. Realised amounts are recognised in profit or loss.

Financial instruments with low credit risk

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

Trade receivables

Simplified impairment model

In the case of trade receivables, the ÖBB Group applies the simplified approach, according to which the credit losses expected over the term must be calculated upon initial recognition of the receivables. According to the simplified impairment model, a risk provision must be recognised for all instruments, irrespective of their credit quality, in the amount of the expected losses over the remaining maturity. This means that the assets are assigned in a lump sum to Level 2 on acquisition and transferred to Level 3 if there is objective evidence of impairment. The simplified procedure shall be applied to trade receivables or assets within the scope of IFRS 15 “Revenue from Contracts with Customers” that do not contain a significant financing component.

The default risk for trade receivables is determined on a collective basis. The group’s default risk is mainly influenced by the individual characteristics of its customers. For the trade receivables the estimated expected payment defaults were 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 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 is fair value at hierarchy Stage 2.

The fair value of listed securities and bonds is allocated to either fair value hierarchy Stage 1 or 2 (Note 29.5).

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

Inventories

Inventories include materials and spare parts used for the expansion, maintenance and repair of defects of the group’s own railway network operation and technical services for the fleet of vehicles, and on the other hand 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 course of normal business performance, less estimated costs to complete 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.

The recovery projects 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 disposal costs yet to be incurred.

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 at Jan 1, 2019 (IFRS 16)

Lessee

At the inception of the contract, the Group assesses whether the contract constitutes or contains a lease. This is the case when the contract gives the right to control the use of an identified asset for a specified period of time, in return for a fee. 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 1, 2019.

On the date of provision, the Group records an asset for the right of use granted and a lease liability. The right of use is initially measured at cost, which is equal to the initial measurement of the lease liability, adjusted for payments made on or before the date of provision, 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 is amortised on a straight-line basis from the date of provision 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 reflects the fact that the Group will exercise a purchase option. In that case, the right of use 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 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
Rights of use for land and buildings	1–42
Rights of use for automobiles and trucks	1–7
Rights of use Technical equipment and machinery	1–10
Rights of use Other plant, furniture, and fixtures	1–13

For the first time, the lease liability is discounted at the present value of the lease payments not yet made at the inception of the lease, using the interest rate applicable to the lease or, if this interest rate cannot be readily determined, using the Group's incremental borrowing rate.

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

- fixed payments, including de facto fixed payments;
- variable lease payments linked to an index or (interest) rate, initially measured on the basis of the index or rate applicable on the date of provision or (interest) rate;
- amounts expected to be paid under a guaranteed 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 extension option 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 carrying amount 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 guaranteed residual value, if the Group changes its assessment regarding the exercise of a purchase, extension or termination option, or if a de facto fixed lease liability changes.

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

In the Statement of Financial Position, the Group reports rights of use 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 rights of use or lease liabilities for leases that are based on low-value assets, 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 carries 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 it acts as an intermediary lessor, the Group accounts separately for the main lease and the sublease. It classifies the sublease on the basis of its right of use under the main lease, rather than on the basis of the underlying asset. If the main 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 1, 2019 (IAS 17)

Lessee

Lease agreements in which the ÖBB Group as lessee assumes substantially all the risks and rewards incidental to 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 basically all risks and rewards of ownership are attributable to the ÖBB Group as lessor, the leased item is recognised by the ÖBB Group. The leased item is recognized according to the regulations applicable to the asset, in accordance with IAS 16. Information on the accounting policies for cross-border leasing transactions is provided in Note 30.3.

Lessor
Lease agreements in which the ÖBB Group as lessor essentially transfers substantial 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 Group has only entered into pension commitments which have been individually agreed upon, including 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 Group pays contributions to publicly or privately administered pension systems 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 and anniversary bonuses) result from unfunded defined benefit plans for which adequate provisions are recognised. The ÖBB Group calculates the provision using the projected unit credit method (PUC method) in accordance with IAS 19 ("Employee Benefits"). The revaluation 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 ÖBB 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 a legal amendment, employees hired in Austria after Jan 1, 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 cost of property, plant and equipment also includes the initial estimate of the acquisition 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. 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 valuation 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 cost of the asset may not exceed its carrying amount. If the adjustment results in an addition to the cost of an asset, the ÖBB Group will examine whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the asset shall be tested for impairment and any impairment loss is recognised accordingly.

Contract assets and contract liabilities

Contract assets relate to the ÖBB Group's contingent claims arising from considerations 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 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 Group has fulfilled its contractual obligations. Contract liabilities include prepayments and other cash received in advance as revenue from subsequent periods and are reported together with other liabilities.

In the year under review, contract assets and contract liabilities were identified and reported under trade receivables or other liabilities. Further details are given in Notes 20 and 26.

Revenue recognition

ÖBB Group recognises revenue when it meets a performance obligation by transferring a promised good or service to a customer. An asset or service is transferred when the customer obtains control of the asset or service.

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

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 of time between transfer and payment for the goods or services will be more than one year. In the two years under review, the ÖBB 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 that can be capitalised arise in connection with the initiation of a contract or in connection with the fulfilment of a contract with a customer, and the contract term is more than one year, they are capitalised. The ÖBB Group has not identified any such contracts for which the contract term exceeds one year and for which capitalisable costs, which have not already been capitalised in accordance with IAS 16, have been incurred to a significant extent when initiating or fulfilling the contract. Accordingly, no contract initiation or fulfilment costs were capitalised.

Description of the most important revenue items from contracts with customers

ÖBB-Infrastruktur sub-group

<u>Infrastructure usage charge</u>

The railway undertakings (RUs) are billed infrastructure charges for the use of the ÖBB-Infrastruktur sub-group's rail infrastructure. The contracts between the ÖBB-Infrastruktur sub-group and the individual RUs are concluded through the respective orders of the RUs. The basis for these orders are the respective product catalogues of the services concerned. The ÖBB-Infrastruktur sub-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 extra charges or reductions. The product prices consist of an ordered basic charge and any extra charges or reductions and are all included in the respective product catalogues. These are fixed prices without granting discounts for any bonus payments.

The basic provisions for calculating and determining infrastructure usage charge (infrastructure charges) and other charges (service/performance charges) are contained in Articles 67 to 69b of the Railways Act (Eisenbahngesetz). The definition of the services to be performed for the RUs is the basis for calculating the charges. 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 infrastructure 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 benefits from the company's performance 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 sub-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 sub-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 sub-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 is 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 discounted monthly at the rate of one twelfth of the ordered quantity. 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.

Rental revenues

Revenue from rent accrues for the rental and leasing of real estate and cars. These are fixed-price contracts in which revenue is recognised in the reporting 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 revenue can reliably be determined.

Revenue from real estate recovery projects

Real estate recovery 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.

Rail Cargo Group sub-group

The revenue of the Rail Cargo Austria sub-group from external customers is primarily generated by freight traffic services, public services and the rental of vehicles.

Freight traffic services are transport services of goods in freight wagons by rail or forwarding services, whereby all services are based on contracts.

Depending on the scope of the transport order, rail transport services are provided as single-wagon or block train services. Rail transports are based on bills of lading. These are transport documents which contain all relevant data from the place of dispatch and receipt to the type of goods, the weight and the customer tariff. Invoicing to customers is carried out directly after the service has been rendered using an integrated automatic billing programme. The basis for billing is the customer agreement. The settlement conditions such as quantity and distance components as well as the corresponding prices are agreed in a so-called customer rate. More than 60% of payments are received immediately after invoicing, the remainder after a maximum of 30 days.

In addition to rail transport, forwarding services also include additional services such as pre-carriage and onward carriage with trucks, container lifts, intermediate storage, customs clearance, etc. Accounting is performed immediately after the contractual service has been rendered. Invoices are payable within 30 to 45 days.

Public services comprise income from fees contractually agreed with the Republic of Austria for services in the production forms of single-wagon transport, unaccompanied combined road/rail transport, and "rolling highway". The payments are made as monthly advance payments, the year-end settlement takes place in the following year.

Proceeds from the rental of vehicles relate to the use of Group-owned wagons by other railway administrations under the RIV Agreement for the International Exchange of Freight Wagons (Regolamento Internazionale die Veicoli). The international billing takes place in the following months.

ÖBB-Personenverkehr sub-group

Tariff revenues

Customers can purchase tickets which entitle them to use the services of ÖBB-Personenverkehr AG. This applies to domestic and foreign travels with ÖBB by bus and train. In accordance with the "Guide for travelling with ÖBB in Austria", the invoice for the ticket is usually due immediately. If customers opt for a customer card, the invoice is due at different times depending on the type of contract. The ÖBB-Personenverkehr sub-group accrues the allocated amounts and records the actual kilometres covered in the period if it is probable that the customer has validated the ticket. Customers have the opportunity to purchase customer cards with an extended validity period (up to one year). Revenues from the customer cards are allocated to the individual regions and the individual periods of a year by means of a specific key.

Public service compensation federal government

The traffic services ordered by the federal government result from the public service contracts concluded with Schieneninfrastruktur-Dienstleistungsgesellschaft mbH (SCHIG) pursuant to Article 48 of the Austrian Federal Railways Act (BBG) on the basis of Regulation (EC) 1370/2007 from 2010. In most cases, the compensation must be paid by the 10th of the following month. Revenue is recognised during the year when the billing is completed. A year-end statement takes into account the actual service performed plus the quality bonus minus the default.

Revenue from orders for transport services by the federal states/municipalities

The transport service orders of the federal states and municipalities include income from fees for transport service orders contractually agreed with the federal states and municipalities. Most invoices (over 85% of sales volume) are issued monthly (individual contracts differ and provide for annual, semi-annual or quarterly payments) and are payable within a maximum of 30 days. Income is recognised during the year when the billing is completed. Revenue is deferred on the liabilities side of the balance sheet to the extent that it is income for a specific period after that date.

Rent and leases

ÖBB-Personenverkehr AG receives a compensation based on the kilometres travelled for the use of wagon material by third party railway undertakings within the framework of the RIC (Regolamento Internazionale delle Carrozze; English: International Coach Regulations). The billing is mainly based on the number of kilometres driven and is invoiced monthly. Revenue is recognised when the billing is completed. Revenue is deferred on the liabilities side of the balance sheet to the extent that it is income for a specific period after that date.

Maintenance/repair

Revenues from maintenance/repair result from revenues from bus workshops with third parties. Repairs are carried out for the customer and then invoiced to the customer. The invoice will be sent to the customer after completion of the repair order. Revenues from repair work is recorded on an ongoing basis (from taking stock at the warehouse to the working hours). Once the order has been completed, an invoice can be created and processed in the IT system. Revenue is deferred on the liabilities side of the balance sheet to the extent that it is income for a specific period after that date.

Other revenue

Other revenue includes revenue from telecommunications services, repair services, cleaning and security services and services in connection with the operation of container terminals, commissions from ticket expenses, services from travel agencies at railway stations as well as income from services in jointly administered and transit railway stations and the repair of damage claims with internal and external partners. Invoices shall be issued in accordance with the contractual agreements. Revenue is recognised when the billing is completed. Revenue is deferred on the liabilities side of the balance sheet to the extent that it is income for a specific period after that date.

Performance-related grants

Grants related to expenses awarded to the ÖBB Group are recognised in profit or loss and in line with the timing of expenses immediately upon fulfilment of the preconditions. The federal grants under Articles 42 (1) and (2) of the Federal Railways Act (BBG) for operational management, inspection, maintenance, fault elimination and repair as well as for expansion investments and reinvestments (annuity grant) is a contribution from the public sector, since the federal government wishes to use this grant to promote the operation and the upgrade of the railway infrastructure, which means that the ÖBB-Infrastruktur Group shows this grant in other operating income. Such grants are not netted against subsidised expenses in the income statement. With regard to the characteristics of federal grants, reference is made to the comments in Note 32.

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.

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 Article 50 (2) of the Federal Railways Act (BBG) as amended by the Federal Law Gazette No. 95/2009, ÖBB-Infrastruktur AG has been exempt from federal taxes as at 2005, except for value added 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 under the Federal Railways Act (BBG) (partial tax exemption).

The following business areas at ÖBB-Infrastruktur AG were essentially categorised as subject to income tax:

- Income from energy power transactions
- The provision of services not related to railway infrastructure
- Management (including development and sale) of real estate not representing railway assets as defined within the meaning of Article 10a of the Austrian Railways Act (Eisenbahngesetz)
- Investment administration

In Dec 2005, a tax group contract was concluded with ÖBB-Holding AG as head of the tax group and the majority of the ÖBB Group companies as group members. At present, the corporate tax group does not include any foreign companies. Rules on tax equalisation were agreed between the head of the tax group and the group companies. The positive tax assessments determined according to these provisions are calculated according to the stand-alone method (it assumes tax independence of the individual group members when calculating the levy). A positive tax result is always charged with the applicable corporate tax rate of the year of the consolidated financial statements. In the event of a negative result, the head of the tax group must pay a levy to the group member if the negative tax result of the group member can be used effectively. The financial claims and obligations arising from the tax group agreement are based on the current financial result of each member of the group.

When using the tax losses, the primacy of sub-group consideration and the principle of equal treatment of all participants in the company group within the respective sub-group apply; in addition, the principle of equal treatment of all participants in the company group applies for inter-sub-group usage of tax losses.

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 which 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 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 value of assets and liabilities quoted, the contingent liabilities reported at the reporting date and the income and expenses of the reporting period. 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 Group. Additionally, as at 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.

The useful lives have been checked. The economic risk was properly taken into account by carefully measuring the provisions in the required amount. The adequacy of allowances was reviewed. The parameters for the impairment test of the cash-generating units have been updated in accordance with interest rates and the industry standard benchmarks. The actuarial and financial calculations for the measurement of severance payments and anniversary bonuses were determined responsibly. The recognition of goodwill is exclusively based on external expertise.

a. Employee benefit plans

Obligations for severance payments and anniversary bonuses are measured by applying parameters such as the expected discount rate, non-current 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 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. The impact of possible changes of parameters is disclosed in Note 26.1.

b. Impairments

Impairment testing of intangible assets and property, plant and equipment is in general based on estimated future discounted net cash flows that are expected from the continuing use of an asset and its disposal at the end of its useful life. Factors such as lower revenue and the resulting decreases in net cash flows and changes in the discount rates used can lead to impairments. Impairment tests were performed on the reporting dates which last led to impairment charges in 2010, as the value in use at that time was below the current carrying amounts in some cases.

The sensitivity analysis for 2019 and the previous year can be found in the table below. Positive values indicate a need for reversals and negative values indicate a need for impairment.

(-) Impairment recquired/ (+) Reversal recquired (sensitivity analysis)		**Increase in the parameter** in EUR million				**Decrease in the parameter** in EUR million			
Assumptions	Change in assumption in %	CGU Cargo	CGU Intermodal	CGU TS	CGU Postbus	CGU Cargo	CGU Intermodal	CGU TS	CGU Postbus
Interest rate	+/-0.2	-47.1 (PY: -63.5)	-13.9 (PY: -11.7)	-15.4 (PY: -14.0)	-24.0 (PY: -9.9)	71.6 (PY: 67.0)	13.1 (PY: 15.3)	34.3 (PY: 35.4)	28.1 (PY: 11.4)
Perpetuity	EBIT +/-2.5% and growth +/-0.1%	36.3 (PY: 0.0)	0.0 (PY: 7.8)	18.9 (PY: 20.0)	6.7 (PY: 7.2)	-16.7 (PY: -28.3)	-7.5 (PY: -5.4)	0.0 (PY: 0.0)	-6.7 (PY: -6.8)

Of the total goodwill of EUR 179.3 million (PY: EUR 183.5 million), EUR 175.2 million (PY: EUR 180.2 million) is attributable to CGU Cargo and EUR 4.1 million (PY: EUR 3.3 million) to CGU Intermodal.

In the impairment test it was assumed that there would be grants during the planning period for single-wagon transport when shifting freight to the railways in one of the main markets of CGU Cargo and CGU Intermodal.

c. 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 of -/+ 1 year would increase the depreciation by EUR 169.3 million (PY: EUR 134.2 million) or decrease it by EUR 135.2 million (PY: EUR 111.5 million). 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 culverts 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.

A re-evaluation of the residual values of automobiles and trucks resulted in a write-down of EUR 23.1 million (PY: EUR 9.7 million); in a write-up of EUR 1.2 million, and a write-down in 2018 of EUR 0.5 million on automobiles and trucks leased.

d. Provisions

Provisions are measured according to the best estimate, i.e., with the amount that the company would have to pay, under reasonable consideration, to settle or transfer the obligation to a third party as at 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 calls for corresponding allocations, which can be seen in the schedule of provisions. There are no material changes in the estimates for any other provisions.

As at 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. In terms of content, they 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 infrastructure charges model for the period from Dec 2017 until Dec 31, 2019, (related to the service "train paths" with regard to directly attributable costs and legally compliant market mark-ups) and the admissibility 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 legally controversial). These risks were assessed individually for each business matter or proceeding with the involvement of experts and accounted for in the form of provisions. The necessity and amount of the provisions are largely dependent on management's acceptance and assessment of 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 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 on a sensitivity analysis, especially regarding the likelihood of occurrence of environmental risks, the costs of retiring assets and regulatory procedures.

The measurement of the provision for asset retirement commitments was fundamentally based on the assumption that the ÖBB Group will continue to exist and that the company and therefore the tracks will continue to operate. The cost of retiring an asset is estimated and a respective provision is recognised only when the retirement of individual tracks is expected in the foreseeable future or when such closure has already been initiated. The amount of the expected asset retirement costs depends largely on the assumptions of the decommissioning scenarios.

Proceedings by competition authorities
Corresponding provisions were formed for legal risks. These also include provisions for risks from the current ongoing competition law investigations against Group companies. These investigations are expected to take some time. The amount of any financial penalties and claims that may have to be paid is subject to uncertainty. A further breakdown for the purpose of minimising litigation risk remains to be done.

For disclosures concerning the provisions see Note 26.2.

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. If the tax assessment regarding the qualification of the segments of ÖBB-Holding 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. When assessing deferred tax assets, the Board of Management evaluates the prospective usage within the five-year tax planning period (see Note 13).

Tax matters are subject to uncertainty with regard to their assessment by the tax authorities, and it cannot be ruled out that, in individual cases, they may come to different results. If changes in the assessment are likely, a corresponding provision is created.

f. Cross-border leasing

With respect to contractual parties of investments which at least have an AA+ credit rating, or for whose fulfilment a subsidiary guarantor liability by the government exists, the default risk is still regarded as extremely low, so that according to current estimates, no need for change is seen and that these transactions can continue to be presented “off balance.” Should there be unexpected defaults on these investments or should requirements for the minimum rating no longer be fulfilled, the obligations from the transactions and the investments will be recognised in the Statement of Financial Position, and allowances for these investments will be recognised or the repayment vehicle will be exchanged (see Note 30.3).

g. Financial obligations

Various proceedings, lawsuits and other claims against or by ÖBB-Holding AG and its subsidiaries are pending in the ordinary course of business. These business matters are subject to a large number of uncertainties, and the outcome of the negotiations or processes cannot be predicted with certainty. Consequently, as at Dec 31, 2019, the Board of Management is unable to determine the total amount of financial liabilities or receivables, or their impact on the ÖBB-Holding 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.

Differentiation of maturities

Deferred taxes are recognised as non-current in accordance with IAS 12. The short-term portion is therefore correspondingly disclosed in the Notes (see Note 13). Real estate recovery projects are recognised in inventories, although their realisation is not expected within the next twelve months. The non-current portion is disclosed in the Notes (see Note 21). Non-current trade receivables and non-current trade payables are recognised and disclosed in the current items in accordance with IAS 1 “Presentation of Financial Statements” (see Notes 20 and 27).

Offsetting

The carrying amounts of disposals and proceeds from the disposal of property, plant and equipment, and intangible assets as well as swap interest are netted with the original interest expenses (see 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 at the reporting dates, no significant dependence on particular non-group 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 Group is dependent on and that could, if suddenly eliminated, severely affect business operations. The ÖBB Group invests its funds with various credit and financial institutions with good credit ratings. For information on the financing, grants and subsidies agreements provided by the Republic of Austria, 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, which is a sub-group of ÖBB-Holding 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 federal grants in the amount of EUR 1,055.5 million reported as revenue in accordance with Article 42 of the Austrian Federal Railways Act (BBG) 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 are not performance agreements, 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:

in kEUR	2018	Reclassification	2018 adjusted
Revenue	5,403,119.2	-1,055,533.2	4,347,586.0
of which government grant pursuant to Article 42 of the Austrian Federal Railways Act (BBG) 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	446.4	0.0	446.4
Other own work capitalized	373,360.3	0.0	373,360.3
Other operating income	948,833.8	1,055,533.2	2,004,367.0
of which government grant pursuant to Article 42 of the Austrian Federal Railways Act (BBG) for the operation of the infrastructure	*0.0*	*1,055,533.2*	*1,055,533.2*
Total income	**6,725,759.7**	**0.0**	**6,725,759.7**

Discontinued operations (IFRS 5)

A discontinued operation is a component of the Group's business whose business segment and cash flows can be clearly distinguished from the rest of the Group and which

- has a clearly separate and material line of business or a geographical business focus,
- is part of a single, coordinated plan to dispose of a separate and material line of business or geographical business focus, or
- represents a subsidiary acquired exclusively with the intention of resale.

The classification as a discontinued operation takes place upon disposal or as soon as the business segment meets the criteria to be classified as being held for sale, whichever is earlier. When a business segment is classified as a discontinued operation, the statement of comprehensive income for the comparative year is restated as if the operation had been discontinued from the beginning of the comparative year. Other details can be found in Note 19.

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

In the Consolidated Income Statement, the expenses and income from the discontinued operation are shown in a separate line. In accordance with IFRS 5, the previous-year figures in the Consolidated Income Statement have been adjusted so that the following notes to the Consolidated Income Statement relate only to continuing operations.

4. Revenue

	2019 in EUR million	2018 in EUR million
Passenger and baggage transport	2,134.4	2,059.8
thereof traffic service orders by the federal government	*756.0*	*714.2*
thereof traffic service orders by the provinces and communities	*388.3*	*396.0*
Goods transport	1,688.6	1,699.5
thereof public services contracted by the federal government	*83.3*	*86.2*
Rent and lease	211.2	214.0
Maintenance and repair	52.0	58.7
Recovery objects	51.9	50.7
Infrastucture usage charge	49.7	56.7
Energy	36.8	32.9
Traction services	19.8	22.2
Other revenue	160.7	153.2
Total	**4,405.1**	**4,347.7** *)

*) Adjusted comparative amounts, see Note 3.

The traffic services ordered by the federal government result from the public service contracts concluded with the federal government or SCHIG (Schieneninfrastruktur-Dienstleistungsgesellschaft mbH) pursuant to Article 48 of the Austrian Federal Railways Act (BBG) on the basis of Regulation (EC) 1370/2007 for 2016.

Revenue from contracts with customers can be broken down into the following categories for the three sub-groups Rail Cargo Group, Personenverkehr (passenger transport) and Infrastruktur (infrastructure). Only revenue that falls under IFRS 15 is listed:

	2019	**Term of the contract**		**Date of transfer of services**		**Customer**	
in EUR million	Revenue according to IFRS 15	Current	Non-current	Time-related	Period-related	Bund	Other costumers
Passenger and baggage transport	990.1	810.2	179.9	769.8	220.3	0.0	990.1
Traffic service orders - government	756.0	0.0	756.0	0.0	756.0	756.0	0.0
Traffic service orders - federal states and municipalities	388.3	0.0	388.3	0.0	388.3	388.3	0.0
Goods transport	1,493.1	1,493.1	0.0	1,462.6	30.5	83.3	1,409.8
Rent and lease	12.7	11.5	1.2	10.0	2.7	0.0	12.7
Revenue from real estate recovery projects	51.9	51.9	0.0	51.9	0.0	0.0	51.9
Maintenance/repair	50.5	41.5	9.0	47.4	3.1	0.0	50.5
Infrastucture usage charge	49.7	49.7	0.0	0.0	49.7	0.0	49.7
Energy	35.6	35.6	0.0	1.0	34.6	0.0	35.6
Traction services	19.8	19.8	0.0	19.8	0.0	0.0	19.8
Other revenue	156.0	156.0	0.0	82.7	73.3	0.0	156.0
Total	**4,003.7**	**2,669.3**	**1,334.4**	**2,445.2**	**1,558.5**	**1,227.6**	**2,776.1**

in EUR million	2018 Revenue according to IFRS 15	Term of the contract Current	Non-current	Date of transfer of services Time-related	Period-related	Customer Federation	Other costumers
Passenger and baggage transport	949.6	743.2	206.4	709.4	240.2	0.0	949.6
Traffic service orders - government	714.2	0.0	714.2	0.0	714.2	714.2	0.0
Traffic service orders - federal states and municipalities	396.0	0.0	396.0	0.0	396.0	396.0	0.0
Goods transport	1,462.1	1,462.1	0.0	1,447.9	14.2	86.2	1,375.9
Rent and lease	10.5	9.3	1.2	8.3	2.2	0.0	10.5
Maintenance/repair	58.4	49.4	9.0	55.4	3.0	0.0	58.4
Revenue from real estate recovery projects	50.7	50.7	0.0	50.7	0.0	0.0	50.7
Infrastucture usage charge	49.7	49.7	0.0	0.0	49.7	0.0	49.7
Energy	31.7	31.7	0.0	1.0	30.7	0.0	31.7
Traction services	20.7	20.7	0.0	20.7	0.0	0.0	20.7
Other revenue	146.3	139.8	6.5	99.0	47.3	0.0	146.3
Total	**3,889.9**	**2,556.6**	**1,333.3**	**2,392.4**	**1,497.5**	**1,196.4**	**2,693.5** *)

*) Adjusted comparative amounts, see Note 3.

The order volume from customer contracts with contractually fixed outstanding revenues (so-called secured revenues for which no variable payments have been agreed upon) is distributed as follows:

Dec 31, 2019 in EUR million	Total non-current benefit obligations	Benefit obligation during 2020	Benefit obligation during 2021	Benefit obligation during 2022	Benefit obligation after 2022
Passenger and baggage transport	386.2	131.3	60.9	45.3	148.7
Goods transport	8.9	8.9	0.0	0.0	0.0
GWL of the federal government	1,171.6	1,171.6	0.0	0.0	0.0
Traffic service orders	917.1	221.4	161.3	130.1	404.3
Rent and lease	16.0	3.3	3.6	4.5	4.6
Total	**2,499.8**	**1,536.5**	**225.8**	**179.9**	**557.6**

Dec 31, 2018 in EUR million	Total non-current benefit obligations	Benefit obligation during 2019	Benefit obligation during 2020	Benefit obligation during 2021	Benefit obligation after 2021
Passenger and baggage transport	472.1	151.9	73.6	60.9	185.7
Goods transport	8.5	8.5	0.0	0.0	0.0
GWL of the federal government	802.1	802.1	0.0	0.0	0.0
Traffic service orders	841.9	360.8	135.0	102.9	243.1
Rent and lease	3.7	1.2	0.9	0.8	0.8
Total	**2,128.3**	**1,324.5**	**209.5**	**164.6**	**429.6**

Other 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 obligations is not disclosed.

5. Other own work capitalised

Directly attributable personnel expenses, 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 item also comprises own work capitalised that was provided by a subsidiary to other affiliated companies. Capitalised own work relates mainly to the construction or expansion of the railway infrastructure.

6. Other operating income

	2019 in EUR million	2018 in EUR million	
Consolidated effect 2019	1,991.9	1,877.2	*)
Proceeds from the disposal of property, plant and equipment, investment property and non-current assets held for sale	44.5	74.5	
Compensation received	17.1	6.7	
Exchange rate differences	4.7	5.0	
Miscellaneous other operating income	55.0	41.0	
Total	**2,113.2**	**2,004.4**	*)

*) Adjusted comparative amounts, see Note 3.

The government grant pursuant to Article 42 of the Austrian Federal Railways Act (BBG) is granted for the provision, operation and maintenance of the rail infrastructure and for the fulfilment of the statutory tasks insofar as the revenues that can be achieved by the users of the railway infrastructure (infrastructure usage charge) do not cover the expenses incurred with economical and efficient management. Further information on the grant agreement is provided in Note 32.

Miscellaneous other operating income includes, among other things, income from penalties, apprenticeship subsidies, and derecognition of old liabilities.

7. Cost of materials and purchased services

Cost of materials and purchased services	2019 in EUR million	2018 in EUR million
Raw materials and supplies	182.3	166.2
Power	101.1	92.1
Other expenses for materials	123.0	107.5
Subtotal expenses for materials	**406.3**	**365.8**
Third-party transport services	630.9	651.2
Rent for rail and road vehicles	146.6	187.1
Infrastucture usage charge	96.4	99.1
Other services received	501.2	499.5
Subtotal expenses for services received	**1,375.1**	**1,436.9**
Total	**1,781.4**	**1,802.6**

The other cost of materials mainly comprise expenses for liquid fuels. Expenses for other services received mainly comprise freight forwarding services, incoming and customs duties, and goods and services which cannot be capitalised in connection with repairs, maintenance, cleaning, and other services. The cost of sold real estate recovery projects, which is recognised as an expense, amounted to EUR 12.4 million (PY: EUR 4.1 million).

8. Personnel expenses and employees

	2019 in EUR million	2018 in EUR million
Wages and salaries	2,136.6	2,046.4
Statutory social security contributions	550.4	533.8
Pension costs	29.6	27.5
Expenses for severance payments	19.8	17.1
Other social expenses	6.0	6.1
Total	**2,742.4**	**2,630.9**

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	Change: in %	Average: 2019	Average: 2018
Employees	13,370	13,059	311	2%	13,553	12,776
of which from discontinued operations		*477*			*462*	*500*
Workers	8,968	7,885	1,083	14%	8,498	7,466
of which from discontinued operations		*215*			*203*	*233*
Tenured employees	19,566	20,697	-1,131	-5%	20,167	21,210
of which from discontinued operations		*322*			*207*	*351*
Total (excl. apprentices)	**41,904**	**41,641**	**263**	**1%**	**42,218**	**41,452**
of which from discontinued operations		*1,014*			*872*	*1,084*
Apprentices	1,805	1,770	35	2%	1,661	1,636
of which from discontinued operations		*24*			*25*	*22*
Total (incl. apprentices)	**43,709**	**43,411**	**298**	**1%**	**43,879**	**43,088**
of which from discontinued operations		*1,038*			*897*	*1,106*

Number of employees (FTE)	Dec 31, 2019	Dec 31, 2018	Change: Reportin g date	Change: in %	Average: 2019	Average: 2018
Employees	13,058.4	12,753.5	304.9	0.0	13,230.3	12,482.7
of which from discontinued operations		*457.6*			*441.7*	*479.3*
Workers	8,860.1	7,787.1	1,073.0	0.1	8,396.7	7,382.6
of which from discontinued operations		*211.7*			*200.1*	*229.1*
Tenured employees	18,942.1	20,038.7	-1,096.6	-0.1	19,520.2	20,662.8
of which from discontinued operations		*318.7*			*204.2*	*348.4*
Total (excl. apprentices)	**40,860.6**	**40,579.3**	**281.3**	**0.0**	**41,147.2**	**40,528.1**
of which from discontinued operations		*988.0*			*846.0*	*1,056.8*
Apprentices	1,805.0	1,770.0	35.0	0.0	1,660.6	1,636.4
of which from discontinued operations		*24.0*			*25.4*	*21.8*
Total (incl. apprentices)	**42,665.6**	**42,349.3**	**316.3**	**0.0**	**42,807.8**	**42,164.5**
of which from discontinued operations		*1,012.0*			*871.4*	*1,078.6*

Due to the use of semi-retirement ("*Altersteilzeit*") by tenured employees, the change in the number of employees based on FTE tenured employees is higher than the change in the number of employees based on headcount.

9. Depreciation and amortisation

	2019 in EUR million	2018 in EUR million
Depreciation on property, plant and equipment	1,224.4	1,171.1
thereof low-value assets	*8.1*	*6.7*
Depreciation IFRS 16	74.6	0.0
Amortization of intangible assets	53.9	69.8
Depreciation on investment property	4.0	3.8
less amortization of investment grants	-166.4	-172.1
Total depreciation and amortization	**1,190.6**	**1,070.6**

10. Other operating expenses

The other operating expenses of the ÖBB Group are composed as follows:

	2019 in EUR million	2018 in EUR million
Cost of operation	100.0	96.1
Compensation for travel and other expenses	51.5	51.2
Non-income taxes	48.5	48.8
Marketing, sales and customer service	33.5	35.2
Loss on disposal of property, plant and equipment and intangible assets	16.4	17.1
Legal and consultancy fees	13.9	12.4
Rent, lease and license expenses	12.7	34.3
Impairment losses on trade receivables	3.0	6.2
Miscellaneous other operating expenses	196.2	115.9
Total	**475.6**	**417.2**

Other operating expenses include, in particular, expenses for office supplies, training and continuing education, postal, bank and telephone charges, insurance and maintenance by third parties.

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

Total auditors' fees	2019 in kEUR	2018 in kEUR
Annual financial statements and consolidated financial statements audit	1,736	1,588
Other auditing services	14	37
Consulting services	4	4
Other services	29	174
Total	**1,783**	**1,803**

The expenses for the auditors indicated above include the fee for all the auditors working in the Group. The auditor of the ÖBB Group accounts for the following expenses:

Fee of the auditor of the consolidated annual financial statments	2019 in kEUR	2018 in kEUR
Annual financial statements and consolidated financial statements audit	474	439
Other auditing services	10	37
Other services	28	49
Total	**512**	**525**

As in the previous year, the annual and consolidated financial statements for the financial year 2019 were audited by BDO Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft (auditing company).

11. Interest income and interest expenses

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

Interest income/expenses	2019 in EUR million	2018 in EUR million
Interest income	23.9	20.7
Interest expenses	-618.7	-647.4
Total	**-594.8**	**-626.7**

In order to provide a better overview of the financial results, the interest received from swap agreements in the amount of EUR 0.4 million (PY: EUR 0.1 million) is offset against the interest expenses from the respective original financial instruments, if a hedging relationship exists. The interest income mainly comprises interest income from marketable deposits made in connection with still existing or former cross-border leasing transactions.

Interest expenses in the amount of EUR 457.8 million (PY: EUR 489.6 million) relate to bonds. In addition, interest expenses are also incurred for EUROFIMA, Austrian Treasury loans, other borrowings, for still existing or former cross-border leasing transactions and for derivative financial instruments. Of the total interest expenses, EUR 106.9 million (PY: EUR 94.6 million) of interest expenses on the production cost of qualifying assets were capitalised in accordance with IAS 23.

12. Other financial result

The other financial result of the ÖBB Group is made up as follows:

Other financial result	2019 in EUR million	2018 in EUR million
Other financial income	30.7	13.0
thereof from measurement/foreign currency translation differences	*8.5*	*10.5*
thereof income from disposal and appreciation of financial assets	*1.2*	*0.3*
thereof income from investments	*0.9*	*1.3*
Other financial expenses	-26.1	-25.4
thereof from measurement/foreign currency translation differences	*-12.7*	*-16.4*
Total	**4.5**	**-12.5**

Other financial income includes, in addition to exchange rate differences, measurement gains from derivatives as well as income from the measurement of power derivatives held for trading purposes.

The other financial expenses result, in addition to exchange rate differences, in particular from fair value changes of derivative financial instruments.

13. Income taxes

The income taxes item comprises the following:

	2019 in EUR million	2018 in EUR million
Current income tax	-8.4	-1.6
Deferred tax expense/tax benefit	64.9	53.8
Income taxes	**56.5**	**52.2**

Domestic income taxes are calculated at 25% of the estimated taxable profit in the financial year. Taxes abroad are calculated at the respective rates applicable there.

The changes in deferred taxes are composed as follows:

	2019 in EUR million	2018 in EUR million
Recognized amounts as of Jan 01	*106.5*	*62.4*
Change in deferred taxes		
thereof in profit and loss	64.9	53.8
therof in other comprehensive income	10.9	-9.7
Recognized amounts as of Dec 31	**182.3**	**106.5**
thereof deferred tax assets	*191.4*	*117.5*
thereof deferred tax liabilities	*-9.2*	*-11.0*

The following table shows the main reasons for the difference between the income taxes calculated by applying the statutory tax rate of 25% to the taxable net income and the income taxes indicated in profit or loss:

	2019 in EUR million	2018 in EUR million
Income before income tax according to IFRS	110.7	150.9
Adjustment of tax-exempt portion pursuant to Article 50 (2) Bundesbahngesetz	73.7	71.3
Taxable portion of the income	**184.4**	**222.2**
Group tax rate	*25%*	*25%*
Expected income/ expense from taxes in the financial year	-46.1	-55.6
Tax rate differences between foreign companies and the corporate tax rate	0.1	0.6
Other tax-exempt income and other reductions	20.2	16.6
Non-deductible operating expenses and other additions	-1.6	-2.4
Effects of taxes from previous years recognized in the financial year	8.9	8.4
Effects of tax rate changes	-0.2	0.2
Offsetting from consolidation	-15.9	-40.3
Effects of changes in recognition	84.8	99.5
Other effects	6.3	25.2
Accounted income taxes	**56.6**	**52.2**
Effective corporate tax rate	**-30.7%**	**-23.5%**

The effects of changes in recognition exist due to changes in the offsetting of positive tax results with pre-consolidation group losses of EUR 47.1 million (PY: EUR 25.7 million), the recognition of deferred taxes from loss carryforwards of EUR 138.5 million (PY: EUR 91.4 million) and necessary recognition adjustments based on the assessment of the recoverability of deferred tax assets.

The amount of taxes on income does not include a tax expense in the amount of approximately EUR 8 thousand (PY: EUR 64 thousand) for the discontinued operation.

Deferred tax assets and liabilities

Deferred tax assets and deferred tax liabilities as at Dec 31, 2019 and Dec 31, 2018 are the result of the following temporary differences between the carrying amounts in the IFRS financial statements and the relevant tax bases, insofar as they do not relate to the tax-exempt portion in accordance with Article 50 (2) of the Austrian Federal Railways Act (BBG):

The deferred taxes are allocated to the following items in the statement of financial position, losses carried forward and tax credits	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
in EUR million	Dec 31, 2019	Dec 31, 2019	Dec 31, 2018	Dec 31, 2018
Non-current assets				
Property, plant and equipment	30.6	-107.3	40.0	-59.0
Intangible assets	0.1	-6.0	7.4	-11.9
Investment property	5.3	-0.2	6.6	-8.4
Financial assets	32.3	-40.4	67.7	-17.7
Other receivables and assets	0.0	0.0	0.0	-0.1
	68.3	**-153.9**	**121.7**	**-97.1**
Current assets				
Inventories	6.4	-0.2	21.7	-0.3
Trade receivables	1.2	-1.6	0.3	0.0
Financial assets	0.0	-17.1	0.0	-53.2
	7.7	**-18.9**	**22.0**	**-53.5**
Non-current liabilities				
Financial liabilities	90.4	-8.5	13.9	-7.8
Provisions	43.4	-2.7	18.5	-2.6
Other liabilities	6.7	-0.8	16.6	-10.3
	140.5	**-12.0**	**49.0**	**-20.7**
Current liabilities				
Financial liabilities	19.6	-0.5	6.1	-0.5
Provisions	4.7	-13.8	6.2	-19.0
Trade payables	0.5	-2.3	1.7	-1.0
Other liabilities	4.9	-1.1	3.8	-3.6
	29.7	**-17.7**	**17.8**	**-24.1**
Tax losses carried forward	138.5	0.0	91.4	0.0
Deferred tax assets/deferred tax liabilities	**384.7**	**-202.5**	**301.9**	**-195.4**
Offsetting	-193.3	193.3	-184.4	184.4
Accumulated deferred tax assets/deferred tax liabilities	**191.4**	**-9.2**	**117.5**	**-11.0**

With respect to seventh-part depreciations of investments not yet claimed as operational expense for tax purposes, there were depreciations in accordance with Article 12 (3) of the Corporate Tax Act (Körperschaftsteuergesetz – KstG) as at Dec 31, 2019 in an amount of EUR 32.5 million (PY: EUR 49.6 million).

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 reversal of deferred tax assets and the projected taxable income for this assessment. The temporary differences in the items property, plant and equipment and intangible assets result mainly from the different depreciation/amortisation start (pro rata in accordance with IFRS compared to the half-year rule in accordance with the tax code) as well as from different tax acquisition costs. The temporary differences from the financial assets and liabilities mainly arise due to the different measurement of derivatives under IFRS (fair value measurement) and tax law (provision for onerous contracts).

As a result of this planning statement, for the Austrian corporate tax group the utilisation of active temporary differences amounting to EUR 51.2 million (PY: EUR 24.4 million) and deferred tax liabilities in the amount of EUR 0.0 million (PY: EUR 0.0 million) is probable. In addition, deferred tax assets in the amount of EUR 1.7 million (PY: EUR 1.7 million) and deferred tax liabilities in the amount of EUR -9.2 million (PY: EUR -11.0 million) originate from foreign subsidiaries. The deferred taxes are the result of surplus on the assets or liabilities side following offsetting at the corporate level.

In addition, deferred tax assets of EUR 138.5 million (PY: EUR 91.4 million) were recognised on loss carryforwards. Of this, EUR 46.8 million (PY: EUR 47.2 million) came from ÖBB-Infrastruktur AG and EUR 91.4 million (PY: EUR 44.2 million) from ÖBB-Personenverkehr AG.

Tax losses carried forward amounting to EUR 5,315.9 million (PY: EUR 5,460.5 million) stem from Austrian companies and may be carried forward without restriction under the current law. Annual usage of losses carried forward is limited to 75% of the respective taxable income in Austria, however, EUR 3,348.5 million (PY: EUR 3,578.5 million) result from pre-tax group losses and can therefore be utilised in their entirety against taxable income generated in future periods.

14. Property, plant and equipment

2019 in EUR million	Land and buildings	Rights of use for land and buildings	Automobiles and trucks	Rights of use for automobiles and trucks	Technical equipment and machinery	Rights of use for technical equipment and machinery and other plant, furniture and fixtures	Other plant, furniture and fixtures	Assets under construction and pre-payments	Total
Cost									
Cost as of Jan 01, 2019	*28,473.1*	*7.4*	*7,565.9*	*391.3*	*10,141.8*	*0.2*	*338.5*	*4,623.1*	*51,541.3*
Additions of rights of use from the first-time application of IFRS 16	0.0	285.1	0.0	101.4	0.0	1.2	0.0	0.0	387.7
Adjusted status as of Jan 01, 2019	***28,473.1***	***292.5***	***7,565.9***	***492.7***	***10,141.8***	***1.4***	***338.5***	***4,623.1***	***51,929.0***
Translation differences	-0.3	0.0	-7.9	-0.7	-0.6	0.0	0.0	0.3	-9.2
Additions	24.6	23.8	6.6	60.5	1.9	0.1	16.2	2,357.2	2,490.9
Business acquisition	0.0	0.2	0.0	0.0	0.0	0.0	0.1	0.0	0.3
Disposals	-102.0	-60.8	-127.7	-10.9	-120.6	-0.1	-30.3	-6.4	-458.8
Change in reporting entities	-0.2	-0.4	0.0	0.0	0.0	0.0	-0.5	0.0	-1.1
Transfers	818.5	0.0	359.7	-59.6	401.5	-0.1	26.2	-1,555.9	-9.7
Cost as of Dec 31, 2019	29,213.7	255.3	7,796.6	482.0	10,424.0	1.3	350.2	5,418.3	53,941.4
Accumulated depreciation and amortization as of Jan 01, 2019 (incl. impairment)	*-9,485.8*	*-7.4*	*-3,845.7*	*-215.8*	*-5,744.0*	*-0.2*	*-267.7*	*-0.8*	*-19,567.4*
Translation differences	0.0	-0.1	3.9	0.4	0.4	0.0	0.1	0.0	4.7
Depreciation and amortization	-555.4	-29.5	-273.8	-71.5	-339.7	-0.3	-36.6	-0.4	-1,307.2
of which discontinued operations	*-0.1*	*-6.4*	*-0.1*	*-0.9*	*-0.1*	*0.0*	*-0.5*	*0.0*	*-8.1*
Business acquisition	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	0.0	-0.1
Disposals	83.1	11.3	110.8	2.3	116.5	0.0	29.0	0.0	353.0
Change in reporting entities	0.2	0.3	0.0	0.0	0.0	0.0	0.4	0.0	0.9
Transfers	0.1	0.0	-41.8	41.8	0.0	0.1	0.1	0.0	0.3
Appreciations	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.2
Accumulated depreciation and amortization as of Dec 31, 2019	-9,957.8	-25.4	-4,046.4	-242.8	-5,966.8	-0.4	-274.8	-1.2	-20,515.6
Carrying amounts before investment grants as of Jan 01, 2019	*18,987.3*	*285.1*	*3,720.2*	*276.9*	*4,397.8*	*1.2*	*70.8*	*4,622.3*	*32,361.6*
Carrying amounts before investment grants as of Dec 31, 2019	19,255.9	229.9	3,750.3	239.2	4,457.2	0.9	75.4	5,417.1	33,425.8
Investment grants									
As of Jan 01, 2019	*-9,640.6*	*0.0*	*-429.7*	*0.0*	*-2,968.1*	*0.0*	*-10.3*	*-593.8*	*-13,642.5*
Additions	-37.9	0.0	-1.9	0.0	-7.7	0.0	0.0	-130.2	-177.7
Business acquisition	0.0	0.0	-0.2	0.0	0.0	0.0	0.0	0.2	0.0
Disposals	49.8	0.0	0.1	0.0	33.1	0.0	0.0	0.1	83.1
Reclassification	0.0	0.0	-36.7	0.0	0.0	0.0	0.0	0.0	-36.7
Transfers	-17.0	0.0	0.0	0.0	-11.5	0.0	-0.1	28.7	0.1
Cost as of Dec 31, 2019	-9,645.7	0.0	-468.4	0.0	-2,954.2	0.0	-10.4	-695.0	-13,773.7
Accumulated depreciation and amortization as of Jan 01, 2019	*5,634.2*	*0.0*	*339.1*	*0.0*	*2,491.9*	*0.0*	*9.2*	*2.9*	*8,477.3*
Translation differences	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
Depreciation and amortization	109.2	0.0	10.5	0.0	40.2	0.0	0.4	0.0	160.3
Disposals	-44.5	0.0	-0.1	0.0	-32.4	0.0	0.0	0.0	-77.0
Reclassification	0.0	0.0	33.0	0.0	0.0	0.0	0.0	0.0	33.0
Accumulated depreciation and amortization as of Dec 31, 2019	*5,699.0*	*0.0*	*382.5*	*0.0*	*2,499.7*	*0.0*	*9.6*	*2.9*	*8,593.7*
Investment grants as of Jan 01, 2019	*-4,006.4*	*0.0*	*-90.6*	*0.0*	*-476.2*	*0.0*	*-1.1*	*-590.9*	*-5,165.2*
Investment grant as of Dec 31, 2019	-3,946.7	0.0	-85.9	0.0	-454.5	0.0	-0.8	-692.1	-5,180.0
Carrying amounts after investment grants as of Jan 01, 2019	*14,980.9*	*285.1*	*3,629.6*	*276.9*	*3,921.6*	*1.2*	*69.7*	*4,031.4*	*27,196.4*
Carrying amounts after investment grants as of Dec 31, 2019	15,309.2	229.9	3,664.4	239.2	4,002.7	0.9	74.6	4,725.0	28,245.8

2018 in EUR million	Land and buildings	Lease of land and buildings	Automobiles and trucks	Automobiles and trucks leased	Technical equipment and machinery	Leasing technical equipment and machinery	Other plant, furniture and fixtures	Assets under construction and prepayments	Total
Cost									
Cost as of Jan 01, 2018	*27,856.2*	*7.4*	*7,194.7*	*375.9*	*9,830.7*	*1.7*	*324.7*	*3,852.1*	*49,443.4*
Translation differences	-0.8	0.0	-9.9	-0.8	-0.5	0.0	-0.2	0.0	-12.2
Additions	24.7	0.0	2.7	17.4	2.1	0.0	13.0	2,392.6	2,452.5
Business acquisition	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Disposals	-160.7	0.0	-104.7	-0.8	-49.7	-0.1	-20.3	-4.8	-341.1
Transfers	753.7	0.0	483.1	-0.4	359.2	-1.5	21.4	-1,616.8	-1.3
Cost as of Dec 31, 2018	**28,473.1**	**7.4**	**7,565.9**	**391.3**	**10,141.8**	**0.1**	**338.6**	**4,623.1**	**51,541.3**
Accumulated depreciation and amortization as of Jan 01, 2018 (incl. impairment)	*-9,079.2*	*-7.4*	*-3,696.8*	*-201.1*	*-5,456.5*	*-1.7*	*-255.3*	*-0.8*	*-18,698.8*
Translation differences	0.2	0.0	4.5	0.5	0.3	0.0	0.2	0.0	5.7
Depreciation and amortization	-539.1	0.0	-249.6	-16.0	-331.4	0.0	-35.0	0.0	-1,171.1
of which discontinued operations	*-0.2*	*0.0*	*-0.1*	*-0.2*	*-0.1*	*0.0*	*-0.6*	*0.0*	*-1.2*
Disposals	135.2	0.0	94.5	0.5	47.4	0.1	20.1	0.0	297.8
Transfers	-2.9	0.0	-0.4	0.3	-3.8	1.5	2.2	0.0	-3.1
Appreciations	0.0	0.0	2.1	0.0	0.0	0.0	0.0	0.0	2.1
Accumulated depreciation and amortization as of Dec 31, 2018	**-9,485.8**	**-7.4**	**-3,845.7**	**-215.8**	**-5,744.0**	**-0.1**	**-267.8**	**-0.8**	**-19,567.4**
Carrying amounts before investment grants as of Jan 01, 2018	**18,777.0**	**0.0**	**3,497.9**	**174.8**	**4,374.2**	**0.0**	**69.4**	**3,851.3**	**30,744.6**
Carrying amounts before investment grants as of Dec 31, 2018	**18,987.3**	**0.0**	**3,720.2**	**175.5**	**4,397.8**	**0.0**	**70.8**	**4,622.3**	**31,973.9**
Investment grants									
As of Jan 01, 2018	-9,657.3	0.0	-430.7	0.0	-2,956.6	0.0	-9.9	-506.6	-13,561.1
Additions	-31.8	0.0	-1.2	0.0	-11.7	0.0	-0.4	-126.3	-171.4
Disposals	75.8	0.0	2.2	0.0	12.0	0.0	0.0	0.1	90.1
Transfers	-27.3	0.0	0.0	0.0	-11.8	0.0	0.0	39.0	-0.1
Cost as of Dec 31, 2018	**-9,640.6**	**0.0**	**-429.7**	**0.0**	**-2,968.1**	**0.0**	**-10.3**	**-593.8**	**-13,642.5**
Accumulated depreciation and amortization as of Jan 01, 2018	5,588.4	0.0	334.3	0.0	2,461.1	0.0	8.3	0.0	8,392.1
Depreciation and amortization	110.9	0.0	11.2	0.0	42.4	0.0	0.9	0.0	165.4
Disposals	-62.2	0.0	-6.4	0.0	-11.6	0.0	0.0	0.0	-80.2
Transfers	-2.9	0.0	0.0	0.0	0.0	0.0	0.0	2.9	0.0
Accumulated depreciation and amortization as of Dec 31, 2018	**5,634.2**	**0.0**	**339.1**	**0.0**	**2,491.9**	**0.0**	**9.2**	**2.9**	**8,477.3**
Investment grants as of Jan 01, 2018	**-4,068.9**	**0.0**	**-96.4**	**0.0**	**-495.5**	**0.0**	**-1.6**	**-506.6**	**-5,169.0**
Investment grant as of Dec 31, 2018	**-4,006.4**	**0.0**	**-90.6**	**0.0**	**-476.2**	**0.0**	**-1.1**	**-590.9**	**-5,165.2**
Carrying amounts after investment grants as of Jan 01, 2018	**14,708.1**	**0.0**	**3,401.5**	**174.8**	**3,878.7**	**0.0**	**67.8**	**3,344.7**	**25,575.6**
Carrying amounts after investment grants as of Dec 31, 2018	**14,980.9**	**0.0**	**3,629.6**	**175.5**	**3,921.6**	**0.0**	**69.7**	**4,031.4**	**26,808.7**

The investment grants shown in the 2019 schedule of intangible assets in the line reclassifications are investment grants that were previously shown under liabilities.

The ÖBB Group received non-repayable investment grants for property, plant and equipment that are presented as a reduction to acquisition cost. These investment grants are indicated in the schedule of property, plant and equipment. The amortisation of the assets for which the grants were received and the corresponding amortisation of investment grants are recognised in profit or loss under depreciation and amortisation.

Additions to property, plant and equipment due to first-time consolidated companies or disposal due to deconsolidation are presented in separate lines in the schedule of property, plant and equipment.

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" 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 accordance with IAS 23, the ÖBB Group capitalised interest on the cost of qualifying assets amounting to EUR 106.9 million (PY: EUR 94.6 million). This was based on an interest rate for borrowed capital of 2.5 to 3.03%, (PY: 2.62 to 3.2 %). Of the federal grants, the amount of EUR 102.3 million (PY: EUR 91.1 million) was recognised as an investment grant for capitalised interest.

Losses were incurred from disposals of property, plant and equipment of EUR 16.9 million (PY: EUR 17.1 million), resulting from scrapping and demolishing assets, the sale of vehicles and other equipment, and the disposal of planning project costs. Compensation contributions were received to an insignificant extent in both financial years.

Property, plant and equipment with the following carrying amounts are pledged as collateral for financial liabilities or are subject to restrictions on their disposal rights:

	Restrictions on disposal rights		Pledged as collateral	
in EUR million	2019	2018	2019	2018
Automobiles and trucks	149.3	170.0	966.8	1,153.3
Other plant, furniture and fixtures	0.4	0.0	0.0	0.0

In addition, there were financial lease assets of EUR 17.8 million (PY: EUR 49.0 million) subject to restrictions on disposal rights. Purchase obligations amounting to EUR 2,074.5 million (PY: EUR 2,081.3 million) exist for certain assets, especially in connection with finance lease agreements, and open order commitments. For further details on changes in accounting estimates, see Note 3.

Investment grants

ÖBB Group received non-repayable investment grants for property, plant and equipment – mainly from public authorities or companies closely related to the state – that were deducted from cost in accordance with IAS 16.28 in conjunction with IAS 20. The amortisation of these assets and the corresponding release of all investment grants are recognised in profit or loss under depreciation and amortisation. If assets to which the investment grants were allocated are disposed of, the investment grants are recognised together with the sold or retired carrying amounts as other operating income or other operating expenses. The development of the investment grants is shown in the schedules of assets. The main providers of investment grants for property, plant and equipment and intangible assets are the Republic of Austria, the former Eisenbahn-Hochleistungsstrecken AG and Schieneninfrastrukturfinanzierungs GmbH.

Impairment

Testing for impairment on property, plant and equipment and intangible assets based on current planning data did not result in any need for impairment in either financial year. See Note 3 for the parameters used to calculate the value in use.

15. Intangible assets

2019 in EUR million	Concessions, property rights, licenses	Investment grants to third parties	Goodwill	Down payments on intangible assets	Total
Cost 2019					
Cost as of Jan 01, 2019	*436.7*	*1,383.0*	*288.2*	*51.0*	*2,158.9*
Translation differences	-0.2	0.0	-7.0	0.0	-7.2
Additions	3.3	160.1	0.2	45.0	208.6
Business acquisition	6.9	0.0	0.0	0.0	6.9
Disposals	-13.3	-299.7	0.0	0.0	-313.0
Transfers	19.4	39.1	0.0	-52.4	6.1
Cost as of Dec 31, 2019	452.8	1,282.5	281.4	43.6	2,060.3
Accumulated depreciation and amortization as of Jan 01, 2019 (incl. impairment)	*-308.7*	*-530.5*	*-104.7*	*0.0*	*-943.9*
Translation differences	-0.1	0.0	2.9	0.0	2.8
Depreciation and amortization	-34.7	-24.3	-0.2	0.0	-59.2
of which discontinued operations	*-5.3*	*0.0*	*0.0*	*0.0*	*-5.3*
Business acquisition	-1.2	0.0	0.0	0.0	-1.2
Disposals	12.3	299.7	0.0	0.0	312.0
Accumulated depreciation and amortization as of Dec 31, 2019 (incl. impairment)	-332.4	-255.1	-102.0	0.0	-689.5
Carrying amounts before investment grants as of Jan 01, 2019	*128.0*	*852.5*	*183.5*	*51.0*	*1,215.0*
Carrying amounts before investment grants as of Dec 31, 2019	120.4	1,027.4	179.4	43.6	1,370.8
Investment grants					
As of Jan 01, 2019	*-32.9*	*-769.7*	*0.0*	*0.0*	*-802.6*
Additions	-0.5	-53.6	0.0	0.0	-54.1
Disposals	0.2	236.0	0.0	0.0	236.2
Transfers	0.4	-0.6	0.0	0.0	-0.2
As of Dec 31, 2019	-32.8	-587.9	0.0	0.0	-620.7
Accumulated depreciation and amortization as of Jan 01, 2019	*22.4*	*334.4*	*0.0*	*0.0*	*356.8*
Depreciation and amortization	1.7	4.4	0.0	0.0	6.1
Disposals	-0.1	-236.0	0.0	0.0	-236.1
Accumulated depreciatin and amortization as of Dec 31, 2019	24.0	102.8	0.0	0.0	126.8
Investment grants as of Jan 01, 2019	*-10.5*	*-435.3*	*0.0*	*0.0*	*-445.8*
Investment grant as of Dec 31, 2019	-8.8	-485.1	0.0	0.0	-493.9
Carrying amounts after investment grants as of Jan 01, 2019	*117.5*	*417.2*	*183.5*	*51.0*	*769.2*
Carrying amounts after investment grants as of Dec 31, 2019	111.6	542.3	179.4	43.6	876.9

2018 in EUR million	Concessions, property rights, licenses	Investment grants to third parties	Goodwill	Down payments on intangible assets	Total
Cost 2018					
Cost as of Jan 01, 2018	*424.4*	*1,282.5*	*295.8*	*28.5*	*2,031.2*
Translation differences	-0.3	0.0	-8.1	0.0	-8.4
Additions	1.6	91.8	0.5	44.4	138.3
Disposals	-5.5	-2.9	0.0	-0.1	-8.5
Transfers	16.5	11.6	0.0	-21.8	6.3
Cost as of Dec 31, 2018	**436.7**	**1,383.0**	**288.2**	**51.0**	**2,158.9**
Accumulated depreciation and amortization as of Jan 01, 2018 (incl. impairment)	*-277.7*	*-505.8*	*-99.6*	*0.0*	*-883.1*
Translation differences	0.2	0.0	2.8	0.0	3.0
Depreciation and amortization	-35.6	-26.3	-7.9	0.0	-69.8
of which discontinued operations	*-0.7*	*0.0*	*-7.5*	*0.0*	*-8.2*
Disposals	3.1	2.9	0.0	0.0	6.0
Transfers	1.3	-1.3	0.0	0.0	0.0
Accumulated depreciation and amortization as of Dec 31, 2018 (incl. impairment)	**-308.7**	**-530.5**	**-104.7**	**0.0**	**-943.9**
Carrying amounts before investment grants as of Jan 01, 2018	*146.7*	*776.7*	*196.2*	*28.5*	*1,148.1*
Carrying amounts before investment grants as of Dec 31, 2018	**128.0**	**852.5**	**183.5**	**51.0**	**1,215.0**
Investment grants					
As of Jan 01, 2018	*-33.1*	*-721.7*	*0.0*	*0.0*	*-754.8*
Additions	-0.2	-48.9	0.0	0.0	-49.1
Disposals	0.0	1.2	0.0	0.0	1.2
Transfers	0.4	-0.3	0.0	0.0	0.1
As of Dec 31, 2018	**-32.9**	**-769.7**	**0.0**	**0.0**	**-802.6**
Accumulated depreciation and amortization as of Jan 01, 2018	*20.7*	*330.7*	*0.0*	*0.0*	*351.4*
Depreciation and amortization	1.7	5.0	0.0	0.0	6.7
Disposals	0.0	-1.3	0.0	0.0	-1.3
Accumulated amortization as of Dec 31, 2018	**22.4**	**334.4**	**0.0**	**0.0**	**356.8**
Investment grants as of Jan 01, 2018	*-12.4*	*-391.0*	*0.0*	*0.0*	*-403.4*
Investment grant as of Dec 31, 2018	**-10.5**	**-435.3**	**0.0**	**0.0**	**-445.8**
Carrying amounts after investment grants as of Jan 01, 2018	*134.3*	*385.7*	*196.2*	*28.5*	*744.7*
Carrying amounts after investment grants as of Dec 31, 2018	**117.5**	**417.2**	**183.5**	**51.0**	**769.2**

The development of the intangible assets is shown in the table above.

The ÖBB Group received non-repayable investment grants for intangible assets that were deducted from the cost in accordance with IAS 16.28 in conjunction with IAS 20. These investment grants are indicated in the schedule of property, plant and equipment. The amortisation of these assets and the corresponding release of all investment grants are recognised in profit or loss under depreciation and amortisation. See Note 14 for details of the investment grant providers. The average useful life of investment grants to third parties is 27.2 (PY: 19.6 years).

Research and development expenses in the amount of EUR 5.2 million (previous year EUR 3.9 million) were recognised in profit or loss since a clear distinction between the development phases and the research phases of the projects is not possible, and the ability of the developments to generate future benefits was considered uncertain. Expenses for research and development amounting to more than EUR 1.4 million (PY: EUR 6.1 million) were capitalised as non-current assets under the item "Concessions, industrial property rights, licenses, and development costs." If prototypes are developed, they are capitalised under property, plant and equipment.

The additions in the item "Investment grants to third parties" mainly result from investment grants paid to the Galleria di Base del Brennero – Brenner Base Tunnel BBT SE.

Goodwill

The development of goodwill is shown in the table above. This goodwill is mainly attributed to the Rail Cargo Austria sub-group and to a lesser extent other companies and is subject to impairment testing with respect to future economic benefit. The amortisation of goodwill relates to differences arising from the initial consolidation of subsidiaries which were not recoverable and were derecognised through profit or loss. Further details on this are provided in Notes 2 and 3.

16. Investment property

This category only includes properties that do not qualify as railway assets (Article 10a Railway Act (*Eisenbahngesetz*) and can therefore be leased to third parties or sold. 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.

The assets developed as follows:

	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 tranfer 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 amounts as of Jan 01	*154.9*	*158.8*
Net carrying amounts as of Dec 31	**169.0**	**154.9**

All investment property held by ÖBB Group is leased under operating lease agreements. The resulting 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) amounted EUR 6.6 million (PY: EUR 6.6 million without operating costs). In addition, operating expenses of EUR 0.6 million (PY: EUR 0.4 million) were incurred for property that was not offset by rental income. ÖBB 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: 75%) of the properties, the valuation is performed by external experts, and they are not based exclusively on market data and 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 properties. The resulting fair values were also classified as Level 3 in accordance with IFRS 13.

17. Investments recorded at equity

Investments that are measured using the equity method include investments in a joint venture – Galleria di Base del Brennero – Brenner Base Tunnel BBT SE, I-39100 Bolzano – and in several associated companies.

	2019 in EUR million	2018 in EUR million
Interest in one joint venture	40.6	40.6
Interest in associated companies	25.6	23.9
As of Dec 31	**66.2**	**64.5**

The following table reconciles the summarised financial information of the joint venture to the carrying amount of the Group's investment. The figures for Galleria di Base del Brennero – Brenner Base Tunnel 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 or income	0.0 *)	0.0 *)
Annual profit/loss from continuing operations	0.0	0.0
Other comprehensive income	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 asssets 100%	**81.1**	**81.1**
Interest of the Group in the net assets of the investee as of Jan 01	40.6	40.6
Overall result attributable to the 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 Base Tunnel BBT SE (henceforth 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. 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 following table summarises the financial results of all companies reported using the equity method. The direct and indirect investments held by the ÖBB Group are indicated in the schedule of investments (see Note 34).

Development of investments in associated companies	2019 in EUR million	2018 in EUR million
As of Jan 01	*23.9*	*20.7*
Effect of first-time consolidations	0.0	2.2
Net income from associated companies	3.6	3.0
Distributions and other changes	-1.9	-2.0
As of Dec 31	**25.6**	**23.9**

As of Jan 1, 2018, Breitspur Planungsgesellschaft mbH, HAELA Abfallverwertung GmbH and Terminal Brno, a.s. were included in the consolidated financial statements for the first time using the equity method of accounting. The initial consolidation resulted in a difference of EUR 0.5 million, which is shown in the result from associated companies as an increase in earnings. The results recognised in the Income Statement from companies reported using the equity method correspond to the share of net income attributable to the ÖBB Group.

18. Other financial assets

2019 in EUR million	Current	Non-current	Total
Investments	0.0	5.3	5.3
Financial assets - leasing	8.1	166.0	174.1
Other financial assets	26.8	114.8	141.6
Total	**34.9**	**286.1**	**321.0**

2018 in EUR million	Current	Non-current	Total
Investments	0.0	9.3	9.3
Financial assets - leasing	3.4	189.5	192.9
Other financial assets	59.1	125.6	184.7
Total	**62.5**	**324.4**	**386.9**

Investments

See Note 34 for a complete schedule of all investments. These investments are recorded at fair value through profit or loss in accordance with IFRS 9.

Financial assets – leasing

Financial lease assets mainly consist of non-current loans and deposits and relate almost entirely to cross-border leasing transactions. Their purpose is to cover future payment obligations (lease instalments and acquisition costs). Capital gains on accumulating investments increase the item, while servicing payment obligations reduces it. These financial assets are matched by financial liabilities in the same amounts. Differences result from allowances in the year under review, and in previous years.

In addition, there are financial assets from finance leases in the financial year 2019 amounting to EUR 30.0 million.

The figure for (non-current) financial lease assets includes EUR 81.8 million (PY: EUR 81.8 million), which reflects the residual value of leased assets held in the form of bank deposits. These assets carry a low credit risk, which is assigned to this investment grade credit rating. Restrictions on disposal rights apply for financial lease assets of EUR 17.8 million (PY: EUR 49.0 million).

Other financial assets

This item mainly includes short-term securities, investment certificates, derivatives in connection with energy transactions and other derivatives with a positive present value that are not part of a hedging relationship. In addition, financial assets amounting to EUR 23.4 million (PY: EUR 22.5 million), which are reported under other financial assets, have been pledged as collateral for a lease liability. For further information see Notes 30.1 and 30.3.

Impairment

The following table shows a summary of the default risk for financial assets:

Default risk of financial assets at amortized cost as of Dec 31	2019 in EUR million	2018 in EUR million
Gross carrying amount	265.3	307.4
Allowance	-0.1	-0.6
thereof expected 12-month credit loss	*-0.1*	*-0.6*
Carrying amount	**265.2**	**306.8**

The development of the valuation allowance for financial assets measured at amortised acquisition cost was as follows in the course of the year:

Impairment of financial assets Expected 12-month credit loss	2019 in EUR million	2018 in EUR million
As of Jan 01	**0.6**	**0.2**
Net revaluation of allowance of impairment	-0.5	0.4
As of Dec 31	**0.1**	**0.6**

The decrease in the allowance for impairment 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. Discontinued operations and non-current assets held for sale

19.1. Discontinued operations

In 2019, the Board of Management of ÖBB-Holding AG undertook to sell the general cargo logistics business division after the strategic decision had been taken to withdraw from this area of operation. The general cargo logistics business division consisted of Q Logistics GmbH (Vienna) and its direct subsidiaries European Contract Logistics – Czech Republic s.r.o. (Czech Republic) and European Contract Logistics d.o.o. (Slovenia).

As at Dec 31, 2019, the Group had sold the operating business of Q Logistics GmbH and its subsidiary European Contract Logistics – Czech Republic s.r.o.. Thus, in addition to the remaining assets and liabilities of Q Logistics GmbH, which is no longer operationally active, the consolidated financial statements as at Dec 31, 2019 only include European Contract Logistics d.o.o., which is now in liquidation.

The business division was not previously classified as discontinued or held for sale. The previous year's figures in the consolidated statement of comprehensive income have been adjusted accordingly in order to present the discontinued operation separately from the continuing operations. Inter-group transactions have been completely eliminated from the consolidated financial results and cash flows.

Result from discontinued operations

	2019 in kEUR	2018 in kEUR
Revenues	199,602.0	243,235.9
Expenses	-257,433.7	-260,468.5
Earnings before tax from discontinued operations	**-57,831.7**	**-17,232.7**
Income taxes	-7.9	-64.1
Earnings after tax from discontinued operations	**-57,839.6**	**-17,296.8**
Results from discontinued operations allocated proportionately:		
to the shareholder of the parent company	-57,839.6	-17,296.8

Cash flows from discontinued operations

	2019 in kEUR	2018 in kEUR
Cash flow from operating activities	15,232	-23,354
Cash flow from investing activities	-1,380	-1,081
Cash flow from financing activities	-30,087	19,159
Funds at the beginning of the period	227	230
Funds at the end of the period	156	227

Effect of the disposal on the Group’s balance sheet items

	2019 in TEUR
Property, plant and equipment	-4,133.0
Intangible assets	-278.7
Deferred tax assets	-21.1
Trade receivables	-1,553.3
Other receivables	-258.0
Inventories	-825.5
Cash and cash equivalents	-96.0
Working capital and restructuring contribution	-34,000.0
Financial liabilities	125.9
Provisions	57.6
Other liabilities	309.6
Trade payables	1,500.7
Net assets and liabilities	**-39,171.8**
Remuneration received in cash	100.0

The figures shown represent the assets and liabilities divested in the sale of the general cargo logistics business unit.

19.2. Non-current assets held for sale

Non-current assets held for sale	2019 in EUR million	2018 in EUR million
As of Jan 01	*0.1*	*1.0*
Disposals by sale	-0.1	-1.0
Additions (single assets)	0.1	0.1
As of Dec 31	**0.1**	**0.1**
of which reported at amortized cost	*0.1*	*0.1*

The assets held for sale consist of three (PY: two) properties, (including superstructures and technical equipment). For one property the contract has already been concluded, but the economic transition will not take place until 2020. As at 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 assigned 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 sale in the next financial year 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 the year under review, the ÖBB 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	595.7	0.0	595.7
thereof contract assets (construction contracts)	*13.7*	*0.0*	*13.7*
Other receivables and deferrals	313.0	131.8	444.8
Income tax receivables	0.9	0.0	0.9
Total	**909.6**	**131.8**	**1,041.4**

Dec 31, 2018 **in EUR million**	Current	Non-current	Total
Trade receivables	549.8	0.0	549.8
thereof contract assets (construction contracts)	*14.0*	*0.0*	*14.0*
Other receivables and deferrals	358.8	146.8	505.6
Income tax receivables	0.8	0.0	0.8
Total	**909.4**	**146.8**	**1,056.2**

In both the year under review and the previous year, no receivables were secured by bills of exchange.

Trade receivables relate mainly to transport services and receivables from transport revenue and from invoicing of public services. Due to their short terms, the carrying amounts of the trade and other receivables approximate their respective fair values.

Construction contracts in connection with services provided to third parties that are not yet completed are recognised as trade receivables. For construction contracts, contract revenue of EUR 82.1 million (PY: EUR 86.4 million) was realised.

Other receivables and deferrals include receivables from the value added tax with respect to the Austrian tax authorities. Other receivables also include receivables payable by the Republic of Austria with respect to subsidies for apprentices.

Other receivables also include deferrals of EUR 202.4 million (PY: EUR 219.3 million). These deferrals relate primarily to prepaid guarantee premiums amounting to EUR 121.9 million (PY: EUR 139.3 million) and salaries including fees for January, which were paid in Dec, amounting to EUR 64.6 million (PY: EUR 60.9 million).

The allowances mainly refer to trade receivables and developed as follows:

	2019 in EUR million	2018 in EUR million	
As of Jan 01	*42.4*	*40.7*	
Utilization	-12.8	-4.0	
Net revaluation of allowances for impairment	3.9	5.7	*)
As of Dec 31	**33.5**	**42.4**	
thereof from other receivables	*0.8*	*1.2*	

*) The net revaluation from the discontinued operation amounted to EUR 0.0 million in the financial year (PY: EUR 0.6 million).

The following tables contain information on the default risk and the expected credit losses from deliveries and services, broken down by sub-group of the ÖBB Group:

Dec 31, 2019 Analysis of default risk by maturity of trade receivables in EUR million	Gross carrying amount (before impairment)	Allowance	thereof individual allowance	thereof portfolio allowance	Net carrying amount	Loss rate
receivables not and up to 90 days past due	587.1	12.3	8.1	4.2	574.8	2.1%
90 to 180 days past due	12.2	1.0	1.0	0.1	11.2	8.5%
180 to 360 days past due	6.5	1.8	1.6	0.3	4.6	28.4%
more than 360 days past due	22.6	17.5	13.4	4.2	5.0	77.7%
Total exposure	**628.4**	**32.7**	**24.0**	**8.6**	**595.7**	**5.2%**

Dec 31, 2019 Analysis of default risk by risk group/segment in EUR million	Gross carrying amount (before impairment)	thereof towards third parties "Passenger transport"	thereof towards third parties "Rail Cargo Austria"	thereof towards third parties "Infra-structure"	thereof towards third parties "Others"	Allowance	thereof towards third parties "Passenger transport	thereof towards third parties "Rail Cargo Austria"	thereof towards third parties "Infra-structure"	thereof towards third parties "Others"
receivables not and up to 90 days past due	587.1	170.7	255.0	126.3	35.1	12.3	0.3	4.6	7.2	0.1
90 to 180 days past due	12.2	1.1	9.3	1.0	0.8	1.0	0.0	0.8	0.2	0.1
180 to 360 days past due	6.5	0.6	4.3	0.9	0.6	1.8	0.2	1.1	0.4	0.2
more than 360 days past due	22.6	5.2	13.7	2.6	1.1	17.5	3.9	10.9	2.0	0.8
	628.4	**177.7**	**282.4**	**130.7**	**37.6**	**32.7**	**4.4**	**17.3**	**9.8**	**1.2**

Dec 31, 2018 Analysis of default risk by maturity of trade receivables in EUR million	Gross carrying amount (before impairment)	Allowance	thereof individual allowance	thereof portfolio allowance	Net carrying amount	Loss rate
receivables not and up to 90 days past due	528.5	8.6	3.5	5.1	519.8	1.6%
90 to 180 days past due	11.8	1.3	0.9	0.4	10.5	10.9%
180 to 360 days past due	8.0	3.4	2.6	0.8	4.5	42.9%
more than 360 days past due	42.8	27.8	23.8	4.0	15.0	65.0%
Total exposure	**591.0**	**41.2**	**30.8**	**10.3**	**549.8**	**7.0%**

Dec 31, 2018 Analysis of default risk by risk group/segment in EUR million	Gross carrying amount (before impairment)	thereof towards third parties "Passenger transport"	thereof towards third parties "Rail Cargo Austria"	thereof towards third parties "Infra-structure"	thereof towards third parties "Others"	Allowance	thereof towards third parties "Passenger transport	thereof towards third parties "Rail Cargo Austria"	thereof towards third parties "Infra-structure"	thereof towards third parties "Others"
receivables not and up to 90 days past due	528.5	128.9	294.1	56.3	49.3	8.6	0.5	6.1	1.9	0.2
90 to 180 days past due	11.8	6.2	3.0	1.6	1.0	1.3	0.0	0.6	0.5	0.2
180 to 360 days past due	8.0	1.2	2.2	3.3	1.3	3.4	0.1	1.0	2.1	0.3
more than 360 days past due	42.8	7.6	19.7	14.7	0.8	27.8	3.5	12.0	11.8	0.4
Total exposure	**591.0**	**143.8**	**318.8**	**75.9**	**52.4**	**41.2**	**4.0**	**19.7**	**16.2**	**1.2**

The following table shows a summary of the default risk for trade receivables and other receivables:

Default risk in EUR million	2019	2018
Trade receivables	628.4	591.0
Other receivables	445.5	506.9
Total gross carrying amount of receivables	**1,073.9**	**1,097.9**
Impairment	33.5	42.4
thereof for trade receivables	*32.7*	*41.2*
thereof for other receivables	*0.8*	*1.3*
Carrying amount	**1,040.5**	**1,055.4**

For further information see Note 29.

21. Inventories

This line item is composed as follows:

	Dec 31, 2019 in EUR million	Dec 31, 2018 in EUR million
Inventories	268.8	245.5
Finished goods	4.8	8.8
Down payments	4.8	3.1
Total	**278.4**	**257.4**
thereof measured at cost	*236.1*	*213.0*
thereof measured at net realizable value	*42.3*	*44.4*

Inventories comprise, among other things, material and spare parts for the upgrade and maintenance of railway network operations and vehicles, as well as resources for real estate recovery projects. See Note 7 for the recognised cost of materials. Cost of materials includes expenses relating to the valuation allowances of inventories of EUR 0.2 million (PY: EUR 0.3 million) and is recognised in cost of materials and purchased services. In 2019 no reversals of impairment losses were recognised in profit or loss (PY: EUR 4.0 million). Real estate recovery projects were recognised under inventories in the amount of EUR 37.0 million (PY: EUR 42.7 million).

22. Cash and cash equivalents

This item is broken down as follows:

	Dec 31, 2019 in EUR million	Dec 31, 2018 in EUR million
Cash on hand and cash	5.7	6.1
Cash in banks	58.6	88.4
Total	**64.3**	**94.5**

This item includes investments, cash in banks and cash on hand that are classified as current (terms of less than three months) based on their residual remaining maturity at the time of acquisition. The carrying amounts of these assets are equivalent to their fair values. ÖBB Group can freely dispose of all cash and cash equivalents. The composition of the cash and cash equivalents is described in Note 33.

23. Share capital and other equity

The development of the shareholders' equity is shown in the Consolidated Statement of Changes in Shareholders' Equity.

Share capital and additional paid-in capital

The share capital is unchanged, made up of 190,000 ordinary shares with a nominal value of 10,000 euros each and is fully paid in. The share capital is stipulated by Article 2 (1) of the Austrian Federal Railways Act (BBG) and constitutes the share capital of the parent company. The share capital was raised pursuant to Article 2 (2) of the Austrian Federal Railways Act (BBG) by contribution of all shares of the federal government in Austrian Federal Railways. The shares were to be recognised as equity within the meaning of Article 224 (3) of the Austrian Commercial Code (Unternehmensgesetzbuch – UGB) in accordance with the Statement of Financial Position of Austrian Federal Railways as at Dec 31, 2003. The shares in ÖBB-Holding AG are reserved for the Republic of Austria in their entirety pursuant to Article 2 (1) of the Austrian Federal Railways Act (BBG), and may not be traded publicly.

Additional paid-in capital totals EUR 80.8 million (PY: EUR 260.8 million).

Shares of non-controlling interests in equity

This item reflects the portion of the equity of any fully consolidated subsidiary that does not belong ÖBB-Holding AG. The development of this item is shown in the Consolidated Statement of Changes in Shareholders' Equity.

24. Reserves and retained earnings

	Dec 31, 2019 in EUR million	Dec 31, 2018 in EUR million
Other reserves	-113.8	-86.6
thereof cash flow hedge reserve	*-57.8*	*-36.0*
thereof translation differences	*-56.0*	*-50.6*
Retained earnings	765.1	441.9

In addition, actuarial losses from the remeasurement of Severance provisions amounting to EUR -14.8 million (PY: EUR -6.4 million) are reported under "retained earnings". The actuarial losses in the statement of comprehensive income include income taxes in the amount of EUR 0.1 thousand (PY: EUR 0.1 million).

Differences resulting from capital consolidation prior to the transition to IFRS are recognised in retained earnings.

The cash-flow hedge reserve and the available-for-sale reserve developed as follows:

	Cash flow hedge reserve		Available for sale 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	*-68.8*	*17.6*	*4.9*	*0.0*
Reclassification due to IFRS 9	0.0	0.0	-4.9	0.0
Realized gains and losses	24.4	-0.9	0.0	0.0
Changes in the fair values	8.4	-17.6	0.0	0.0
As of Dec 31, 2018	**-36.0**	**-0.9**	**0.0**	**0.0**
Realized gains and losses	13.6	0.9	0.0	0.0
Changes in the fair values	-35.4	2.1	0.0	0.0
As of Dec 31, 2019	**-57.8**	**2.1**	**0.0**	**0.0**

Income taxes included in other comprehensive income relate only to taxable business matters. The foreign currency translation differences are the result of translating the financial statements of foreign operations into the reporting currency.

The earnings generated include a reserve from the first-time application of IFRS 16 of EUR 14.4 million less deferred taxes of EUR 0.9 million.

See the Consolidated Statement of Changes in Shareholders' Equity for further disclosures.

25. Financial liabilities

The financial liabilities are composed as follows:

Dec 31, 2019 in EUR million	up to 1 year	1 to 5 years	more than 5 years	Total
Bonds	1,299.1	4,544.3	6,879.4	12,722.8
Bank loans	450.2	904.7	4,104.3	5,459.2
Financial liabilities leasing	94.5	226.5	344.7	665.7
Other financial liabilities	675.9	1,027.8	4,791.3	6,495.0
Total	**2,519.7**	**6,703.3**	**16,119.7**	**25,342.7**

Dec 31, 2018 in EUR million	up to 1 year	1 to 5 years	more than 5 years	Total
Bonds	1,539.5	3,896.3	8,824.2	14,260.0
Bank loans	239.1	850.3	4,145.7	5,235.1
Financial liabilities leasing	18.6	195.7	144.5	358.8
Other financial liabilities	627.2	1,513.5	2,151.8	4,292.5
Total	**2,424.4**	**6,455.8**	**15,266.2**	**24,146.3**

The total amount of liabilities with a maturity of more than five years mainly relates to bonds, bank loans with EUROFIMA or credit institutions, liabilities to the federal government (Austrian Treasury, OeBFA), and liabilities from cross-border lease agreements.

Guarantees of the federal government

The federal government has guaranteed bonds and liabilities to banks amounting to EUR 12,669.7 million (PY: EUR 14,209.1 million). Additionally, liabilities to EUROFIMA of EUR 1,548.4 million (PY: EUR 1,696.6 million) are also guaranteed by the federal government.

Issued bonds

Fair value	Currency	Term	ISIN / CUSIP	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”) program. Payments relating to bonds issued under this master 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 program.

In 2015, six bonds (with an amount of USD 108.5 million) were issued, 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.

Liabilities to banks include EUR 4,125.6 million (PY: EUR 3,953.3 million) in loans from the European Investment Bank (EIB). Liabilities of EUR 57.3 million (PY: EUR 78.9 million) are collateralised.

Financial liabilities leasing

Lease liabilities result primarily from non-linked cross-border leasing transactions and, in the 2019 financial year, from leases pursuant to IFRS 16. With one exception, the cross-border lease liabilities are matched by assets in the same amount (financial assets, such as loans to banks and leasing institutes or securities, or compensation claims from payment undertaking agreements). Differences regularly result from allowances required in the year under review and in previous years.

Other financial liabilities

Other financial liabilities essentially comprise EUROFIMA loans amounting to EUR 1,548.4 million (PY: EUR 1,696.6 million), of which in 2019, EUR 259.7 million (PY: EUR 167.2 million) had a remaining maturity of less than one year. Liabilities to the federal government (Austrian Treasury, OeBFA) with a carrying amount of EUR 4,010.5 million (PY: EUR 1,559.6 million) and negative present values of derivative financial instruments are also recognised under this item. Of the liabilities to the federal government (Austrian Treasury, OeBFA), EUR 123.6 million (PY: EUR 0.0 million) are classified as short-term.

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 Treasury (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 conditions of the non-current financial liabilities to the federal government (Austrian Treasury, 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%	*)
250,000,000.00	EUR	2018 - 2117	2.100%	1.8725%	*)
800,000,000.00	EUR	2019 - 2117	2.100%	1.2845%	*)
964,600,000.00	EUR	2019 - 2029	0.500%	-0.2831%	*)
3,318,250,000.00	**EUR**	**Total**			

*) Average effective interest rate.

Financial lease liabilities of EUR 28.6 million (PY: EUR 78.9 million) are secured by financial assets, and other financial liabilities of EUR 914.7 million (PY: EUR 778.4 million) are collateralised in rem, mainly in the form of vehicles.

In both financial years, the Group has fulfilled all obligations under the loan and credit agreements.

26. Provisions

ÖBB Group recognises provisions when an outflow of resources is probable, and when 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 provision is determined by the weighted expected value.

26.1. Provisions for personnel

Provisions for personnel

	Dec 31, 2019 in EUR million	Dec 31, 2018 in EUR million
Statutory severance payments	75.8	68.6
Pensions	1.4	1.2
Anniversary bonuses	263.7	249.0
Other provisions for personnel	0.6	0.8
Total	**341.5**	**319.5**
thereof long-term	*341.5*	*319.5*

Other provisions for personnel are the main component of current provisions. 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 payments	1.40%	2.10%
Discount rate pensions	1.25%	2.00%
Discount rate anniversary bonuses	0.90%	1.60%
Rate of compension 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 Group is usually exposed to the following actuarial risks with respect 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 planned future salaries of the beneficiary employees. As a result, increases in the salaries of the beneficiary employees lead to an increase in provisions.

Statutory severance payments

A provision for severance payments is made for severance claims arising from statutory and contractual regulations for those employees who are not employees of the federal government within the meaning of Article 21 (3) of the Austrian Federal Railways Act (BBG) as amended in the Federal Law Gazette I No. 71/2003. As required by IAS 19, actuarial calculation of the provision is based on the projected unit credit (PUC) method. It is based on the biometric actuarial bases of the Aktuarvereinigung Österreichs (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 1, 2003, are covered by defined benefit plans as described below. Following legal amendment, employees hired in Austria after Jan 1, 2003 are covered by a defined contribution plan. In this connection, in both reporting years, ÖBB Group paid EUR 10.6 million (PY: EUR 9.1 million) 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 provisions:

	2019 in EUR million	2018 in EUR million	
Defined benefit commitments as of Jan 01	*68.6*	*68.9*	
Service cost	3.1	3.0	*)
Interest cost	1.4	1.2	*)
Subtotal recorded in the net income	4.5	4.2	*)
Actuarial losses (+) / gains (-) from changes in demographic assumptions	0.0	-0.8	
Actuarial losses (+) / gains (-) from changes in financial assumptions	9.2	-2.1	
Experience adjustments	0.3	0.8	
Recognized in other comprehensive income	**9.5**	**-2.1**	
Severance payments	-2.3	-2.6	
Company sales and acquisitions	-4.4	0.2	
Defined benefit commitments as of Dec 31	**75.8**	**68.6**	

*) A service cost of EUR 0.2 million (PY: EUR 0.4 million) and interest expense of EUR 0.1 million (PY: EUR 0.1 million) is attributable to the discontinued operation.

Severance provisions amounting to EUR 0.7 million (PY: EUR 1.5 million) are due in 2020; severance provisions amounting to EUR 22.6 million (previous year EUR 6.9 million) are due between 2021 to 2024; and severance provisions amounting to EUR 52.5 million (PY: EUR 57.2 million) are due after. The average remaining maturity is 16.4 (PY: 16.3) 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 parameters would have the following effect:

Sensitivity analysisof the provisions for severance payments	Change in assumption	Increase of the parameter / change in DBO		Decrease of the parameter/ change in 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%)	-2.3	-7.9	2.4	2.6
Salary increase	+/-0.5	2.4	2.5	-2.3	-7.9

Anniversary bonuses

Tenured and certain other employees (together "employees" in this context) 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.

The calculation of the provision was performed actuarially using the PUC method, which is prescribed for IAS 19 valuations. It is based on the biometric actuarial bases of the Aktuarvereinigung Österreichs (the Actuarial Association of Austria) (AVÖ) 2018-P – for male and female employees – actuarial assumptions for pension insurance. The provision is accrued over the period of service 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.

A provision for anniversary bonuses for the other employees is made in accordance with the stipulations of the applicable collective wage agreement or internal company agreements.

The following table shows the components and the development of the anniversary bonus provision:

	2019 in EUR million	2018 in EUR million	
Defined benefit commitments as of Jan 01	*249.0*	*219.1*	
Service cost	11.3	10.0	*)
Interest cost	3.8	3.0	*)
Anniversary bonuses	-23.4	-22.3	
Reclassifications	0.0	0.0	
Company sales and acquisitions	-3.3	0.0	
Actuarial losses (+) / gains (-)	22.1	30.9	
Experience adjustments	4.2	8.3	
Defined benefit commitments as of Dec 31	**263.7**	**249.0**	

*) A service cost of EUR 0.4 million (PY: EUR 0.3 million) and interest expense of EUR 0.1 million (PY: EUR 0.1 million) is attributable to the discontinued operation.

The average maturity is 8.8 (PY: 8.3) years. A change in the actuarial parameters would have the following effect:

Sensitivity analysis of the provisions for anniversaries	Change in assumption	Increase of the parameter / change in DBO		Decrease of the parameter / change in 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%)	-4.8	-9.9	4.3	10.5
Salary increase	+/-0.5	4.2	10.3	-4.7	-9.8

Pensions

The provisions for pensions include only pension obligations arising from individual contracts.

Defined contribution plans

In Austria, retirement benefits for employees are generally provided by the social insurance institutions, as well as for railway employees by the Versicherungsanstalt für Eisenbahn und Bergbau (Austrian insurance institution for railway and mining, VAEB) and the federal government pursuant to Article 52 of the Austrian Federal Railways Act (BBG). ÖBB Group is required to pay pension and health care contributions for current tenured employees to VAEB. In addition, ÖBB Group offers all employees in Austria a defined contribution plan. Contributions of ÖBB Group are calculated as a percentage of salary and may not exceed 1.2%. Expenses relating to this plan totalled EUR 19.1 million (PY: EUR18.1 million).

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 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 valuation 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	Transfers	Accretion expenses	Additions	As of Dec 31, 2019
Public services according to EU Directive 1370/2007	50.8	0.0	0.0	0.0	-0.3	109.4	159.9
Asset retirement obligations	50.8	-0.2	-37.7	0.0	0.0	36.0	48.9
Environmental protection measures	45.8	-1.1	-9.0	0.0	0.0	1.2	36.9
Bad debts and public services	21.0	-3.1	-3.8	0.6	0.2	13.8	28.7
Demolition cost and similar obligations	21.3	-4.4	-1.7	0.0	0.0	10.0	25.2
Loss set aside	5.5	-8.2	0.0	0.0	0.0	8.3	5.6
Reimbursement of travel expenses	21.4	-4.4	-14.9	0.0	0.4	0.5	3.0
Non-income taxes and fees	1.7	0.1	-0.5	0.0	0.0	1.2	2.5
Reorganization	0.9	-0.1	0.0	0.0	0.0	0.0	0.8
Others	105.5	-26.5	-7.5	-1.0	3.9	46.5	120.8
Total	**324.6**	**-48.0**	**-75.1**	**-0.4**	**4.3**	**226.9**	**432.2**
thereof long-term	*193.4*						*232.8*

The total amounts in the column “Reclassifications” represent transfers to liabilities.

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 recently been selected 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 the 2019 financial year.

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 and reversed in 2019 in the amount of EUR 9.0 million (PY: EUR 5.5 million). Most of the reversal was due to the fact that a plot of land was deleted 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 under other receivables.

A provision of EUR 159.9 million (PY: EUR 50.8 million) is recognised for any possible reimbursement demanded by the federal government arising from the settlement of the VDV (Association of German Transport Undertakings) and for obligations arising from the liberalisation of European rail transport in connection with EU-RL1370/2007.

The provision for contingent losses is mainly composed of expenses for other legal matters and for onerous contracts from the individual business units in the freight traffic and technical services divisions.

The provision for demolition costs and similar obligations includes provisions for contractual obligations in connection with the sale of real estate properties.

In addition to litigations, other provisions include expenses for geotechnical analyses in connection with the damages to railway embankments. 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 0.0 to 1.9% (PY: 0.0 to 2.7%), depending on their term. Adjustments due to changes in the discount rate were insignificant.

Of the other provisions, EUR 232.8 million (PY: EUR 193.4 million) are classified as non-current. The anticipated cash outflow for these provisions is after 2020. Cash outflows relating to provisions classified as current are expected in 2020. Provisions with uncertain payment dates were mainly classified as current.

27. Trade payables and other liabilities

Dec 31, 2019 **in EUR million**	Current	Non-current	Total
Trade payables	879.8	0.0	879.8
Other liabilities	1,564.1	40.1	1,604.2
thereof deferral of federal subsidies	*1,146.8*	*0.0*	*1,146.8*
thereof accured personnel liabilities	*182.7*	*0.0*	*182.7*
thereof other deferrals	*67.5*	*34.2*	*101.7*
thereof taxes	*66.9*	*0.0*	*66.9*
thereof social secruity	*38.1*	*0.0*	*38.1*
Total	**2,443.9**	**40.1**	**2,484.0**

Dec 31, 2018 **in EUR million**	Current	Non-current	Total
Trade payables	1,022.2	0.0	1,022.2
Other liabilities	1,311.8	45.7	1,357.5
thereof deferral of federal subsidies	*923.0*	*0.0*	*923.0*
thereof accured personnel liabilities	*175.5*	*0.0*	*175.5*
thereof other deferrals	*49.5*	*43.0*	*92.5*
thereof taxes	*62.5*	*0.0*	*62.5*
thereof social secruity	*40.1*	*0.0*	*40.1*
Total	**2,334.0**	**45.7**	**2,379.7**

The management estimates that the carrying amounts of the trade payables approximate their respective fair values. Trade payables include payables in the amount of EUR 17.2 million (PY: EUR 29.2 million) that have a remaining maturity of more than one year but are nevertheless recognised as current in accordance with IAS 1.70.

In deferrals for staff, the items “overtime” and “vacation days not yet taken” are recognised.

Deferred income in the amount of EUR 6.0 million (PY: EUR 9.6 million) arose from two sale and leaseback transactions, and was recognised in other deferrals. The sales income from these finance leases is reversed over the term of the lease. Other liabilities also comprise the tax benefit from CBL transactions amounting to EUR 4.4 million (PY: EUR 6.5 million), advance ticket sales of EUR 38.4 million (PY: EUR 32.6 million) and accrued income from earnings from land lease agreements amounting to EUR 23.6 million (PY: EUR 28.9 million).

The contract liabilities essentially include advance cash received for revenue belonging to subsequent periods amounting to EUR 14.5 million (PY: EUR 15.1 million), which are reported under Trade payables. All contract liabilities recorded in the previous year were recognised as revenue in the reporting period.

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	33.5	36.8
Total	**85.4**	**90.8**

Contingent liabilities from lease transactions (CBL transactions)

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 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 that 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 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 bad debts, whereby the amount of cash outflows will depend on future business development.

Other contingent liabilities

Of the other contingent liabilities, EUR 0.7 million (PY: EUR 0.9 million) are contingent liabilities from investments.

For further information on the contractual terms of the CBL transactions see Notes 30.3 and 29.3.

29. Financial instruments

29.1. Risk management

The financial assets and liabilities of ÖBB 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 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 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, assess, 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 its subsidiary companies with their approval 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 Group assets is the first priority for any and all financial activities.

By nominal value, most of the derivatives within the Group (94% /PY: 97%) are non-structured standard hedges (plain vanilla interest rate swaps). Structured derivatives account for 6% (PY: 3%) of the nominal value. This specific structured derivative has a total nominal volume of EUR 20.0 million with a term through 2022. The shares changed compared to the previous year due to the early termination of interest rate swaps in three companies and the planned expiry of an interest rate swap in one company. In total, the nominal value changed from EUR 663.8 million to EUR 318.8 million.

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 Group and may occur in the following forms:
- Interest payment risk (increased interest expense 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 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 subsidiaries. ÖBB 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**	Fixed interest financial instruments in EUR million	Variable interest financial instruments in EUR million
Financial assets	235.0	22.1
Trade receivables	1.1	6.3
Other receivables and assets	1.0	0.0
Cash and cash equivalents	28.4	20.9
Total	**265.5**	**49.3**
Financial liabilities	23,769.7	731.3
of which to the Federal Government (OeBFA)	*4,010.5*	*0.0*
Total	**23,769.7**	**731.3**

Financial instruments (current and non-current) **Dec 31, 2018**	Fixed interest financial instruments in EUR million	Variable interest financial instruments in EUR million
Financial assets	284.1	21.0
Trade receivables	1.4	5.3
Other receivables and assets	0.5	0.0
Cash and cash equivalents	43.2	34.6
Total	**329.2**	**60.9**
Financial liabilities	23,145.5	461.0
of which to the Federal Government (OeBFA)	*1,559.6*	*0.0*
Total	**23,145.5**	**461.0**

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.

Sensitivity analysis interest rate risk as of Dec 31, 2019 in EUR million	Effect in income statement		Effect in shareholders' equity	
	+100 base points	-100 base points	+100 base points	-100 base points
Assets				
Financial assets	0.2	-0.2	0.0	0.0
Cash and cash equivalents	0.2	-0.2	0.0	0.0
Liabilities				
Financial liabilities	-7.2	7.2	14.5	-13.8
Consolidated effect 2019	**-6.8**	**6.8**	**14.5**	**-13.8**

Sensitivity analysis interest rate risk as of Dec 31, 2018 in EUR million	Effect in income statement		Effect in shareholders' equity	
	+100 base points	-100 base points	+100 base points	-100 base points
Assets				
Financial assets	0.2	-0.2	0.0	0.0
Cash and cash equivalents	0.3	-0.3	0.0	0.0
Liabilities				
Financial liabilities	-4.3	4.3	24.8	-25.0
Consolidated effect 2018	**-3.8**	**3.8**	**24.8**	**-25.0**

29.2.b. Currency risk

The ÖBB Group is exposed to exchange rate risks resulting primarily from original financial liabilities denominated in foreign currencies. As at the reporting date, ÖBB Group was not exposed to any material risks relating to foreign currency liabilities. Accordingly, changes in exchange rates do not materially affect the result. Residual foreign currency risks mainly relate to financial liabilities in euros of the Hungarian companies, which prepare their financial statements in Hungarian forints.

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 Group is not exposed to any currency risk in connection with these transactions.

Foreign currencies are hedged as follows:

Currency-sensitive financial instruments 2019	USD in mil.
Trade receivables	9.9
Other financial assets	119.2
Trade payables	-8.8
Other financial liabilities	-124.1
	-3.7
less forward foreign exchange contracts/currency swaps	0.0
Net exchange rate risk	**-3.7**

Currency-sensitive financial instruments 2018	USD in mil.
Trade receivables	9.0
Other financial assets	176.0
Trade payables	-8.0
Other financial liabilities	-182.0
	-5.0
less forward foreign exchange contracts/currency swaps	0.0
Net exchange rate risk	**-5.0**

Sensitivity analysis for currency risk

If the EUR had gained or lost 10% against the USD, the result in the two reporting years would have been EUR 0.0 million higher or lower.

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 Group conducts business with financial partners with a defined credit rating and objective risk classification by the capital market.

ÖBB Group manages credit risk by calculating and setting limits based primarily on the assessment of financial partners' credit default swap statistics. This ensures the 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-oriented 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, securities accounts, 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. See Note 30.3 for more information on cross-border leases.

The financial assets of ÖBB Group mainly comprise cash and cash equivalents, trade receivables, and receivables from finance leases and securities. These items represent the maximum loss exposure of ÖBB Group with respect to its financial assets. In extreme circumstances, this credit risk therefore constitutes the equivalent of all assets less property, plant and equipment, intangible assets, interest in associated companies, inventories, and other receivables that do not constitute financial instruments.

The credit risk comprises the following:

Credit risk from financial instruments in EUR million	Gross exposure (carrying amount plus impairments)	less collateral (FV)	Net exposure
Total exposure 2019			
Financial assets	321.1	-17.8	303.3
Trade receivables	607.2	-2.9	604.3
Other receivables and assets	130.8	0.0	130.8
Cash and cash equivalents	64.3	0.0	64.3
Risk current and non-current assets	**1,123.4**	**-20.7**	**1,102.7**
Contingent liabilities from lease transactions	51.9	0.0	51.9
Other contingent liabilities	33.5	0.0	33.5
Credit risk from issued guarantees	**85.4**	**0.0**	**85.4**
Total credit risk as of Dec 31, 2019	**1,208.8**	**-20.7**	**1,188.1**
Total exposure 2018			
Financial assets	387.5	0.0	387.5
Trade receivables	575.6	-3.3	572.3
Other receivables and assets	122.2	0.0	122.2
Cash and cash equivalents	94.5	0.0	94.5
Risk current and non-current assets	**1,179.8**	**-3.3**	**1,176.5**
Contingent liabilities from lease transactions	54.0	0.0	54.0
Other contingent liabilities	36.8	0.0	36.8
Credit risk from issued guarantees	**90.8**	**0.0**	**90.8**
Total credit risk as of Dec 31, 2018	**1,270.6**	**-3.3**	**1,267.3**

With respect to maturities, see Note 20.

29.2.d. Liquidity risk

The primary goal of ÖBB Group in the financial area is to secure the necessary cash flow flexibility for all ÖBB Group companies. For ÖBB 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 principal payments on original and derivative financial liabilities. Actually expected maturities do not deviate from the contractually agreed maturities.

in EUR million	Carrying amount Dec 31, 2019	non-cash Carrying amount Dec 31, 2019	Carrying value of 2020 cash flows Interest *) 2020	Carrying value of 2020 cash flows Redemption *) 2020	Carrying value of 2021-2024 cash flows Interest 2021-2024	Carrying value of 2021-2024 cash flows Redemption 2021-2024	Carrying value of 2025 et seq. cash flows Interest 2025 et seq.	Carrying value of 2025 et seq. cash flows Redemption 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
Bank loans	5,459.2	0.0	127.0	450.2	456.7	904.7	743.5	4,104.3
Finance leasing, sub-lease and CBL liabilities	665.7	17.8	14.6	94.5	36.4	226.5	24.9	326.9
Other financial liabilities	6,410.2	35.9	83.9	461.7	264.9	925.2	2,820.1	4,802.2
Trade payables	869.0	0.0	0.0	851.8	0.0	17.2	0.0	0.0
Other liabilities	1,214.0	0.0	0.0	1,208.7	0.0	5.3	0.0	0.0

*) 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, 2019	Cash flows 2020 Interest 2020	Cash flows 2020 Redemption 2020	Cash flows 2021-2024 Interest 2021-2024	Cash flows 2021-2024 Redemption 2021-2024	Cash flows 2025 et seq. Interest 2025 et seq.	Cash flows 2025 et seq. Redemption 2025 et seq.
Derivative financial receivables							
Other derivatives not designated as hedges	12.0	0.0	10.2	0.0	2.2	0.0	0.0
Power derivatives with cashflow hedges	8.5	0.0	19.2	0.0	23.7	0.0	0.0
Cash paid		*0.0*	*19.2*	*0.0*	*23.7*	*0.0*	*0.0*
Derivate financial liabilities							
Interest reate derivates not designated as hedges	2.5	0.8	0.0	1.6	0.0	0.0	0.0
Interest derivatives - Cash flow hedges	58.9	11.2	0.0	35.6	0.0	16.4	0.0
Power derivatives - Cash flow hedges	6.8	0.0	25.2	0.0	69.8	0.0	0.0
Other derivatives not designated as hedges	16.6	0.0	66.8	0.0	13.5	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 contingent liabilities	33.5	0.0	13.7	0.0	12.6	0.0	7.2

in EUR million	Carrying amount Dec 31, 2018	non-cash Carrying amount Dec 31, 2018	Carrying value of 2019 cash flows Interest *) 2019	Carrying value of 2019 cash flows Redemption *) 2019	Carrying value of 2020-2023 cash flows Interest 2020-2023	Carrying value of 2020-2023 cash flows Redemption 2020-2023	Carrying value of 2024 et seq. cash flows Interest 2024 et seq.	Carrying value of 2024 et seq. cash flows Redemption 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
Bank loans	5,235.1	0.0	125.6	239.1	459.2	757.6	834.8	4,238.4
Finance leasing sub-lease and CBL liabilities	358.7	65.3	13.1	26.5	35.3	126.7	20.7	140.2
Other financial liabilities	4,181.7	37.9	70.3	342.3	190.7	1,187.6	1,224.4	2,377.9
Trade payables	1,012.5	0.0	0.0	983.3	0.0	29.2	0.0	0.0
Other liabilities	992.4	0.0	0.0	983.9	0.0	7.4	0.0	1.1

*) 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."

in EUR million	Carrying amount Dec 31, 2018	Cash flows 2019 Interest 2019	Cash flows 2019 Redemption 2019	Cash flows 2020-2023 Interest 2020-2023	Cash flows 2020-2023 Redemption 2020-2023	Cash flows 2024 et seq. Interest 2024 et seq.	Cash flows 2024 et seq. Redemption 2024 et seq.
Derivative financial receivables							
Other derivatives not designated as hedges	26.8	0.0	65.2	0.0	21.7	0.0	0.0
Power derivatives with cashflow hedges	44.0	0.0	34.6	0.0	58.8	0.0	0.0
Cash paid		*0.0*	*34.6*	*0.0*	*58.8*	*0.0*	*0.0*
Derivate financial liabilities							
Interest reate derivates not designated as hedges	3.2	0.8	0.0	2.5	0.0	0.0	0.0
Interest derivatives - Cash flow hedges	87.1	21.5	0.0	55.2	0.0	26.7	0.0
Power derivatives - Cash flow hedges	0.0	0.0	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
Financial guarantees							
Guarantees from cross-border leasing	54.0	3.9	3.1	12.8	15.1	2.4	35.8
Other contingent liabilities	35.0	0.0	15.3	0.0	12.4	0.0	7.3

The table includes all financial instruments held in the portfolio as at the reporting date for which payments have already been contractually agreed. Estimated payments for future new liabilities were not taken into account in future cash flows. Foreign currency amounts have been translated using the reporting date rate in each case. Variable interest payments from financial instruments were determined based on the interest rates applicable on the reporting date.

Guarantees of the federal government

As explained in Note 25, bonds, certain liabilities to banks and liabilities to EUROFIMA are guaranteed by the federal government.

29.3. Hedging transactions

Hedge Accounting

ÖBB 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. The ÖBB Group only uses cash flow hedges.

A cash flow hedge mitigates the exposure to fluctuation of future anticipated cash flows from the financial assets and liabilities recognised in the Statement of Financial Position, and from planned transactions. For cash flow hedges, the effective portion of the change in the fair value of the hedging instrument is recognised under other comprehensive income in equity (cash flow hedge reserve) until the cash flow resulting from the hedged item affects profit or loss; the ineffective portion of the change in the fair value of the hedging instrument is recognised in the Consolidated Income Statement. 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 Group meets the requirements of IFRS 9 for hedge accounting as follows:

At the inception of the hedge, the relationship between the financial instrument used as hedging instrument and the underlying transaction, and the objective for the hedge are documented. The documentation includes assigning the hedging instruments to the respective hedged assets and liabilities, 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, a hedge becomes ineffective and the hedge relationship is terminated.

The ÖBB 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 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 Group has entered into payer interest rate swaps (receive variable – pay fixed) to hedge the interest payment risks of the underlying transactions. 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 of the cash flow hedges:

Dec 31, 2019 **Maturity**	Number of swaps	Nominal volumne in EUR million
Portfolio	17	298.8
thereof maturing 2020	*5*	*73.9*
thereof maturing 2024 et seq.	*12*	*224.9*

Dec 31, 2018 **Maturity**	Number of swaps	Nominal volumne in EUR million
Portfolio	23	643.8
thereof maturing 2019	*1*	*100.0*
thereof maturing 2020	*6*	*93.9*
thereof maturing 2021	*2*	*200.0*
thereof maturing 2023 et seq.	*14*	*249.9*

The effectiveness of the hedging relationship is assessed using the Critical Terms Match method. Ineffectiveness is determined using the dollar offset method. For this purpose, a hypothetical derivative is formed for cash flow hedges that reflects the conditions contained in the underlying hedged item.

Changes in the fair value of interest rate swaps designated as hedging instruments with respect to future interest payments for variable interest liabilities are recognised in equity through other comprehensive income (see Consolidated Statement of Changes in Shareholders' Equity). These amounts are recognised as finance costs in the period in which the corresponding interest payments from the hedged item affect profit or loss (EUR 20.1 million [previous year: EUR 25.8 million expense]). Further, ineffective portions of hedge accounting relationships amounting to EUR 0.02 million (PY: EUR 0.02 million) were recognised through profit or loss. As at the reporting date, EUR 17.5 million (PY: EUR 1.1 million) from the expiry of cash flow hedges, which are subsequently reversed, were recognised in other comprehensive income in equity: 2020: EUR 8.4 million (PY: EUR 0.1 million), 2021 to 2023: EUR 8.4 million (PY: EUR 0.6 million), 2024 et seq. EUR 0.7 million (PY: EUR 0.4 million).

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 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 procured on the electricity market, the ÖBB Group is strongly affected by electricity price volatility. The risk management strategy therefore arranges for price hedging.

A material 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, or that 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 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 certainty, which is necessary as the basis for price calculation.

Against the background of the procurement strategies and for risk diversification, the ÖBB Group decided on a non-current 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 entered into power transactions (long-term procurement contracts, power forward contracts on the purchasing side). These power transactions are used to hedge the price for procuring power for the planned purchase quantities taking into account the 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. Where purchase contracts are offset by matching counter-transactions, both transactions are recognised at fair value through profit or loss after the final purchase contracts have been negotiated. The amount recognised in other comprehensive income until conclusion is transferred to the Income Statement once the forward is settled.

In the case of cash flow hedges designated for power purchase and sales forwards, 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 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 the term range (Note 18). Derivatives with a negative fair value are stated in the financial liabilities either as current or non-current, depending on their term range (Note 25).

Power derivates designated as hedges Dec 31, 2019 **Maturity**	Number of swaps	MWh	**Nominal volumne** in EUR million	**Average exercise price** in EUR	**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 derivates designated as hedges Dec 31, 2018 Maturity	Number of swaps	MWh	**Nominal volumne** in EUR million	**Average exercise price** in EUR	**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*

CO_2 emission rights in cash flow hedge relationship Dec 31, 2018 Maturity	Number of swaps	Tons	Nominal volumne in EUR million	Average exercise price in EUR	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*	*0.3*

As at 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 over-hedging as a result of reductions in the PEM, although this will balance out again over time.

The fair value of the power purchase and power sales forwards as at the reporting date is determined based on the EEX (European Energy Exchange) futures rates discounted on the basis of current yield curves. The market valuation of the emission allowance forwards at the reporting date is based on the European Emission Allowance Futures settlement price.

Amounts that are transferred from other comprehensive income to the income statement 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	CHF	CHF 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
Operating facilities addition	5.5	0.0	5.5	1.4	4.1
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
Operating facilities	-0.9	0.0	-0.9	-0.2	-0.7
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, 2018	**-1.0**	**4.2**	**3.2**	**0.8**	**2.4**

CO_2 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**

CO_2 emission rights in EUR million	OCI after tax
As of Jan 01, 2018	*0.5*
Realized	-0.3
Change	2.3
As of Dec 31, 2018	**2.5**

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 quantity actually consumed.

	Dec 31, 2019			
Power derivatives not designated as hedges **Maturity**	Number of swaps Purchases	Nominal volumne in EUR million	Number of swaps Sale	Nominal volumne 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 volumne in EUR million	Number of swaps Sale	Nominal volumne in EUR million
Portfolio	91	89.8	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 (see Note 18). Derivatives with a negative fair value are stated in the financial liabilities (see Note 25). Changes to the fair value of power derivatives without hedge relation are recognised in the other financial result in the income statement.

In addition, diesel hedges were concluded at a small amount.

29.5. Additional disclosures according to IFRS 7

Capital management

The objective of the financial management of the ÖBB Group is to sustainably increase the shareholder value and to maintain a capital structure appropriate for upholding the excellent credit rating. Due to the corporate group's special situation and its statutory mission, and also as a result of the public sector's commitment to subsidise infrastructure expenses (both the construction as well as the operation and maintenance) not covered by the company's income from current operations, the management of the capital structure focuses mainly on indicators which measure leverage and on the following key indicators, which are compared to their respective budget figures: number of employees, EBIT margin, equity ratio, net working capital. The Company defines equity as share capital, additional paid-in capital and other reserves as well as retained earnings and non-controlling interests, if any.

Managed equity as at Dec 31, 2019 amounts to EUR 2,632.1 million (PY: EUR 2,516.1 million).

Additional disclosures regarding the financial instruments

Cash and cash equivalents, trade receivables as well as other financial receivables mostly have short remaining maturity. Accordingly, their carrying amounts as at the closing date closely approximate the fair value. The fair values of other non-current receivables correspond to the present values of the payments associated with these assets discounted taking into account the respective interest rates.

Trade payables and other liabilities, as well as other financial liabilities, are mainly short-term; the amounts reported approximate the fair values. The fair values of bank loans and other financial liabilities are determined as present values of the future interest payments and redemptions with the relevant applicable yield curve applied. 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 stated with the relevant balance sheet items in the tables below relate solely to the 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 non-current 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 measurement), 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 valued based on input parameters in accordance with Level 2.

Financial assets Dec 31, 2019 in EUR million	Carrying amount	Less non-financial instru-ments	Financial instru-ments	FVtPL equity instru-ments	manda-torily at FVtPL	at amortized cost	Lease	Cash	Hedge Accoun-ting	Fair value
Non-current assets										
Financial assets	286.1	0.0	286.1	5.3	0.0	251.7	25.8	0.0	3.3	305.7
Other receivables and assets	131.8	116.6	15.2	0.0	0.0	15.2	0	0.0	0.0	15.2
Current assets										
Financial assets	34.9	0.0	34.9	0.0	12.0	13.5	4.2	0.0	5.2	34.9
Trade receivables	595.7	21.2	574.5	0.0	0.0	574.5	0.0	0.0	0.0	574.5
Other receivables and assets	313.0	198.2	114.8	0.0	0.0	114.8	0.0	0.0	0.0	114.8
Cash and cash equivalents	64.3	0.0	64.3	0.0	0.0	0.0	0.0	64.3	0.0	64.3
Total carrying amount per categorie				**5.3**	**12.0**	**969.7**	**30.1**	**64.3**	**8.5**	

Financial liabilities Dec 31, 2019 in EUR million	Carrying amount	Less non-financial instruments	Financial instruments	At Amortised Cost	At Fair Value through Profit and Loss (Held for Trading)	Hedge Accounting	Lease	Fair value
Non-current liabilities								
Financial liabilities	22,823.0	0.0	22,823.0	22,463.6	6.4	51.1	301.9	24,592.0
Other liabilities	40.1	34.8	5.3	2.6	0.0	0.0	2.7	5.3
Current liabilities								
Financial liabilities	2,519.7	0.0	2,519.7	2,416.8	12.7	14.6	75.6	2,566.2
Trade payables	879.8	10.8	869.0	869.0	0.0	0.0	0.0	869.0
Other liabilities	1,564.1	355.4	1,208.7	1,208.7	0.0	0.0	0.0	1,208.7
Total carrying amount per categorie				**26,960.7**	**19.1**	**65.7**	**380.2**	

Financial assets Dec 31, 2018 in EUR million	Carrying amount	Less non-financial instru-ments	Financial instruments	FVtPL equity instru-ments	Mandatori-ly at FVtPL	at amortized cost	Cash	Hedge Accoun-ting	Fair value
Non-current assets									
Financial assets	324.4	0.0	324.4	9.3	0.0	294.2	0.0	20.9	343.0
Other receivables and assets	146.8	133.0	13.8	0.0	0.0	13.8	0.0	0.0	13.8
Current assets									
Financial assets	62.5	0.0	62.5	0.0	26.8	12.6	0.0	23.1	62.5
Trade receivables	549.8	15.4	534.4	0.0	0.0	534.4	0.0	0.0	534.4
Other receivables and assets	358.8	251.7	107.1	0.0	0.0	107.1	0.0	0.0	107.1
Cash and cash equivalents	94.5	0.0	94.5	0.0	0.0	0.0	94.5	0.0	94.5
Total carrying amount per categorie				**9.3**	**26.8**	**962.1**	**94.5**	**44.0**	

Financial liabilities Dec 31, 2018 in EUR million	Carrying amount	Less non-financial instruments	Financial instruments	At Amortised Cost	At Fair Value through Profit and Loss (Held for Trading)	Hedge Accoun ting	Lease	Fair value
Non-current liabilities								
Financial liabilities	21,722.0	0.0	21,722.0	21,532.4	6.1	65.9	117.6	25,156.1
Other liabilities	45.7	37.2	8.5	2.4	0.0	0.0	6.1	8.5
Current liabilities								
Financial liabilities	2,424.4	41.0	2,383.4	2,332.3	17.7	21.2	12.2	2,745.3
Trade payables	1,022.2	9.7	1,012.5	1,012.5	0.0	0.0	0.0	1,012.5
Other liabilities	1,311.8	327.9	983.9	983.9	0.0	0.0	0.0	983.9
Total carrying amount per categorie				**25,863.5**	**23.8**	**87.1**	**135.9**	

Offsetting of financial instruments

In accordance with the regulations set forth in IFRS 7.13C, balancing and potential offsetting that is actually performed in the Statement of Financial Position 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 contractual partners.

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 derivative assets	12.0	-0.9	11.1
Power derivative 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 derivative assets	26.8	-14.2	12.6
Power derivative liabilities	-16.5	0.1	-16.4

Net financial results by measurement category

Broken down by measurement categories, the net result is represented as follows:

Result of subsequent measurement

Dec 31, 2019 **in EUR million**	Interest income/expenses	At fair value	Foreign Currency Translation	Result from impairment	Result from disposal	Result from investments
Financial Assets measured at Amortised Cost (FAAC)	21.1	0.0	-0.7	0.5	1.2	0.0
FVtPL (equity instruments)	0.0	0.0	0.0	0.0	0.0	0.9
Financial Instruments measured at FVtPL (mandatory approach)	0.0	-10.9	0.0	0.0	0.0	0.0
Financial Liabilities Measured at Amortised Cost (FLAC)	-587.4	0.0	-3.0	0.0	0.0	0.0
Hedge Accounting	-23.5	0.0	-0.2	0.0	0.0	0.0
Cash and cash equivalents	0.0	0.0	-0.1	0.0	0.0	0.0

Dec 31, 2018 **in EUR million**	Interest income/expenses	At fair value	Foreign Currency Translation	Result from impairment	Result from disposal	Result from investments
Financial Assets measured at Amortised Cost (FAAC)	15.5	0.0	1.9	-0.4	0.0	1.3
Held-to-Maturity Investments (HtM)						
FVtPL (equity instruments)	0.0	0.1	0.0	0.0	0.0	0.1
Financial Instruments measured at FVtPL (mandatory approach)	0.0	-1.7	-0.2	0.0	0.0	0.0
Financial Liabilities Measured at Amortised Cost (FLAC)	-616.8	0.0	-6.7	0.0	0.0	0.0
Hedge Accounting	-24.7	0.0	-0.2	0.0	0.0	0.0
Cash and cash equivalents	0.0	0.0	-0.1	0.0	0.0	0.0

The interest income/expenses from financial liabilities classified as "Financial liabilities measured at amortised cost" (expenses in the net amount of EUR 587.4 million [previous year: EUR 616.8 million]) mainly comprises interest expenses from bonds and loans. Furthermore, interest income from the compounding and discounting of trade payables is subsumed under this classification. The net financial results do not include any expenses arising from allowances on receivables.

29.6. Derivative financial instruments

The following table shows 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.

	Assets		Shareholders' equity and liabilities	
in EUR million	Carrying amounts as of Dec 31, 2019	Carrying amounts as of Dec 31, 2018	Carrying amounts as of Dec 31, 2019	Carrying amounts as of Dec 31, 2018
Interest rate swaps				
withount hedge relation	0.0	0.0	2.5	3.2
with cash flow hedges	0.0	0.0	58.9	87.1
Power forwards				
withount hedge relation	12.0	26.8	12.3	16.5
with cash flow hedges	8.5	44.0	6.8	0.0
Other derivatives				
Derivates without a hedging relationship	0.0	0.0	4.3	4.1
Total	**20.5**	**70.8**	**84.8**	**110.9**

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
Derivates designated as hedge instrument	0.0	8.5	0.0	8.5
Derivates held for trading	0.0	12.0	0.0	12.0
Equity instruments	0.0	0.0	5.3	5.3
Financial assets	**0.0**	**20.5**	**5.3**	**25.8**
Derivates held for trading	0.0	19.1	0.0	19.1
Derivates designated as hedge instrument	0.0	65.7	0.0	65.7
Financial liablilities	**0.0**	**84.8**	**0.0**	**84.8**

Dec 31, 2018 in EUR million	Level 1	Level 2	Level 3	Total
Derivates designated as hedge instrument	0.0	44.0	0.0	44.0
Derivates held for trading	0.0	26.8	0.0	26.8
Equity instruments	0.0	0.0	9.3	9.3
Financial assets	**0.0**	**70.8**	**9.3**	**80.1**
Derivates held for trading	0.0	23.8	0.0	23.8
Derivates designated as hedge instrument	0.0	87.1	0.0	87.1
Financial liablilities	**0.0**	**110.9**	**0.0**	**110.9**

The various 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 29.3.

30. Leasing transactions

30.1. Lessor

The assets leased to third parties are on the one hand investment property (IAS 40), and on the other hand 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 other railway undertakings against payment of a usage fee is charged based on a current price list (kilometres travelled 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). The long-term agreements relate to building rights granted for property. Contingent lease payments relate exclusively to lease agreements.

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 non-cancellable operating lease agreements amount to:

Dec 31, 2019 in EUR million	Total	up to 1 year	1 to 5 years	more than 5 years
Land and buildings	429.2	49.2	126.4	253.6
Other technical equipment and machinery	0.3	0.0	0.1	0.2
Other plant, furniture and fixtures	0.5	0.3	0.2	0.0
Automobiles and trucks	8.3	1.7	4.4	2.2

Dec 31, 2018 in EUR million	Total	up to 1 year	1 to 5 years	more than 5 years
Land and buildings	397.9	45.9	122.4	229.6
Other technical equipment and machinery	0.4	0.0	0.1	0.3
Other plant, furniture and fixtures	0.3	0.1	0.2	0.0
Automobiles and trucks	1.5	0.6	0.8	0.1

The ÖBB Group leases out equipment that is classified as an operating lease. The agreements have different contractual terms customary in the market, depending on the leased object.

The assets included in the property, plant and equipment and assets leased by way of "operating leases" feature the following residual carrying amounts as at the reporting dates:

Net carrying amount of the assets per group of assets	Dec 31, 2019 in EUR million	Dec 31, 2018 in EUR million
Investment property	163.9	155.3
Land and buildings	63.8	46.1
Technical equipment and machinery	5.7	5.0
Other plant, furniture and fixtures	1.6	0.8
Intangible assets	0.1	0.1
Total	**235.1**	**207.3**

Finance lease

The following table provides an analysis of the maturities of lease receivables and shows the undiscounted lease payments to be received after the reporting date. According to IAS 17, the Group did not have any finance leases as lessor in the previous year.

Dec 31, 2019	Minimum lease payments in EUR million	Included interest income in EUR million
2020	4.5	0.3
2021 - 2024	16.2	0.7
after 2025	10.5	0.2
Total of minimum lease payments	**31.2**	**1.2**
less interest	-1.2	
Present value of lease payments	**30.0**	

30.2. Lessee

Rights of use

Since Jan 1, 2019, property, plant and equipment has also included the right-of-use assets from leasing agreements. The leases mainly concern buildings and the fleet of vehicles. The leases have a maximum term until 2061. The rights of use are presented as property, plant and equipment (see Note 14). For leases, the agreed period for which there is a waiver of termination or an extension option is used to estimate 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 provides an analysis of the maturities of lease liabilities in accordance with IFRS 16 and shows the undiscounted lease payments to be paid after the reporting date.

Dec 31, 2019	Minimum lease payments in EUR million	Interest expense included in EUR million
2020	99.9	15.4
2021 - 2024	286.7	39.2
after 2024	318.0	26.4
Total of minimum lease payments	**704.6**	**81.0**
less interest	-81.0	
Present value of lease payments	**623.6**	

In the previous year, the ÖBB Group had contractually agreed the following minimum lease payments with lessors for the non-cancellable finance lease agreements in accordance with IAS 17:

Dec 31, 2018	Minimum lease payments in EUR million	Interest expense included in EUR million
2019	30.4	11.9
2020 - 2023	159.2	32.4
after 2023	166.9	18.8
Total of minimum lease payments	**356.5**	**63.1**
less interest	-63.1	
Present value of lease payments	**293.4**	

In the 2018 financial year, the future minimum lease payments on account of non-cancellable operating leases were comprised as follows for each of the following periods:

2018 **in EUR million**	up to 1 year	1 to 5 years	more than 5 years
Land and buildings	27.6	87.7	172.1
Automobiles and trucks	39.4	25.8	0.0
Other plant, furniture and fixtures	0.2	0.1	0.0
Total	**67.2**	**113.6**	**172.1**

In the 2018 financial year payments from minimum lease payments amounting to EUR 73.4 million were recognised as expenses. Contingent lease payments have not been agreed. In the 2018 reporting year, no significant future minimum lease payments from non-cancellable sub-lease agreements were recognised. The operating lease agreements mainly referred to buildings, fleet of vehicles, furniture and fixtures, and computer equipment.

Amounts recognised in the Income Statement

in EUR million	2019
Interest expenses for lease liabilities	4.3
Expenses for short-term leases	52.0
Expenses for leases of a low-value asset	3.3
Expenses from variable lease payments not included in the measurement of lease liability	6.6

Amounts recognised in the Consolidated Statement of Cash Flows

in EUR million	2019
Total cash paid for leases	-94.2

Payments for short-term leases and for leases of low-value assets are shown unchanged in the operating cash flow.

Extension options

Some property rental agreements contain extension options 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 date of provision and again if a significant change in circumstances occurs whether it is sufficiently certain that the extension option will be exercised. The leases contain no specific restrictions or commitments.

Sale and leaseback transactions

A sale and leaseback transaction was completed for 150 freight wagons in 2014. This resulted in a gain of EUR 1.3 million. Of this amount, EUR 1.2 million is deferred and amortised in profit or loss over the remaining maturity of the contract. EUR 0.2 million is released in the income statement annually. The contract ends in 2020.

In the fourth quarter of 2015, 1,066 container cars were sold for EUR 26.3 million and in the same period a leaseback contract for 800 wagons was signed. This transaction gives rise to a sale-and-leaseback finance lease. The lease liability for 800 wagons as at Dec 31, 2015, amounted to EUR 18.1 million. The sales income in the amount of EUR 19.8 million for the 800 wagons is released over six years, distributed across the term of the lease.

30.3. Cross-border lease agreements

Between May 1995 and June 2006, Austrian Federal Railways (now ÖBB-Infrastruktur AG) entered into one (PY: two) cross-border lease transactions (CBL transactions), and ÖBB-Produktion Gesellschaft mbH and ÖBB-Personenverkehr AG each entered into one CBL transaction (PY: one), both of which were still valid as at Dec 31, 2019.

The remaining CBL transaction of ÖBB-Infrastruktur AG is linked via subleases of ÖBB-Produktion GmbH and ÖBB-Personenverkehr.

All three (PY: four) CBL transactions are sale-and-leaseback transactions. In this transaction, the contractual partner is the buyer of the assets and leases them back to the respective companies of the ÖBB Group. Some payment obligations, including the 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. Minimum ratings are no longer used. Rolling stock subject to the CBL transactions is maintained regularly in accordance with the provisions of the agreements and may, in principle, not be sold, leased, pledged as collateral, or decommissioned.

Release of CBL transactions

In the 2019 reporting year there was a premature termination. The prematurely terminated transaction related to ÖBB-Infrastruktur AG and was linked to ÖBB-Produktion GmbH via sublease agreements.

Remediation of the rating trigger for UniCredit Bank Austria

In previous years, three transactions were restructured due to the rating downgrade. 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 at 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

Beneficial ownership to the property, plant and equipment remains with the ÖBB Group. Due to unchanged continuing business ownership, property, plant and equipment sold and leased back is still recognised in the property, plant and equipment of the ÖBB Group. IFRS 16 (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 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 of the agreements, and are therefore not accounted for. Some transactions ("non-linked transactions") must therefore be (partially) considered in the Statement of Financial Position ("on balance") in the Consolidated Financial Statements.

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 impairment 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 at Dec 31, 2019, financial assets associated with non-linked leasing transactions amounted to EUR 142.6 million (PY: EUR 193.2 million). At Dec 31, 2019, related financial liabilities amounted to EUR 239.3 million (PY: EUR 295.0 million). These lease liabilities include finance lease liabilities in the amount of EUR 156.8 million (PY: EUR 163.1 million).

Impairments were determined based on historical probabilities of default, measured by the credit rating of the contractual parties and the remaining maturity of the transaction. As at Dec 31, 2019 there were allowances on investments in the amount of EUR 0.1 million (PY: EUR 0.1 million).

Accounting for transactions without substance (linked transactions)

In accordance with SIC 27, the Company did not recognise any assets or liabilities for these transactions. Legal obligations under the lease agreements resulting from the failure of the banks or leasing institutes to comply with their payment obligation to the investors, which they assumed for the ÖBB Group companies in return for a single payment, are recognised as contingent liabilities. As at 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 Arrangements). 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 rail 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 (Article 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 notification of the Swiss 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 – 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 at 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 in principle 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 July 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 July 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 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.

There were intensive negotiations in 2019, and an agreement was reached at the meeting on 19 Dec 2019 regarding an allocation key at official level. The next steps will be for the Liechtenstein delegation to have this result confirmed by the Government and to receive a mandate to negotiate 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 companies and related persons consist of affiliated, not fully consolidated companies of 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-Holding AG and members of the Board of Management and the Supervisory Board as well as management executives of fully consolidated subsidiaries of ÖBB-Holding AG), and close relations as well as related companies related of 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 B. Österreichische Bundes- und Industriebeteiligungen GmbH, OMV Aktiengesellschaft, Telekom Austria AG, Autobahnen- und Schnellstraßen-Finanzierungs-Aktiengesellschaft, Schieneninfrastruktur-Dienstleistungsgesellschaft mbH, Verbund AG) and which are also classified as related companies in accordance with IAS 24, there are business relationships within the ÖBB Group’s services portfolio at arm’s length conditions. The transactions within the meaning of IAS 24 that were carried out with these companies during the two reporting years were related to ordinary operating business, they were of minor significance in overall terms, amounted to less than 3% of cost of materials and purchased services, and less than 2% of revenue. Unpaid invoices from or to these companies on the reporting date are disclosed as trade receivables and trade payables and at this point are no longer treated separately.

Purchases were made at market prices less standard volume discounts and other discounts based on the scope of the business relationship. The following table presents the volume of the transactions carried out between group companies included in the Consolidated Financial Statements and related companies and related persons during the financial year, as well as the receivables or liabilities resulting from these transactions at the end of the financial year:

	Members of the executive bodies of the Group and their related persons and companies			Associated companies		Subsidiaries, not consolidated	
in EUR million, rounded	2019	2018 only the Quehenberger Group	2018 other	2019	2018	2019	2018
Sale of goods/ rendering of services (total revenue)	0.1	9.1	0.0	35.4	31.1	0.7	1.1
Purchase of goods/ services (total expenditure)	0.1	16.5	0.1	38.8	36.8	5.6	6.4
Receivables as of Dec 31	0.0	0.9	0.0	5.3	6.4	0.1	0.2
Liabilities as of Dec 31	0.0	1.5	0.0	6.7	5.3	1.1	3.6

Transactions with the Group’s executive bodies, related persons and related companies are primarily transactions with companies in which members of the Supervisory Board or managing directors have a controlling influence.

No guarantees or investment grants were issued to or accepted from affiliated, not fully consolidated companies. There were no transactions carried out in both financial years with members of the Board of Management that required disclosure. No guarantees were given to associated companies in the two reporting years. The liabilities and guarantees assumed by the Republic of Austria and the Österreichische Kontrollbank AG are presented in Note 25.

Transactions with and benefits from the Republic of Austria, master plan for investments in the infrastructure and guarantees provided by the Republic of Austria

ÖBB-Personenverkehr and Rail Cargo Austria sub-groups

In accordance with the Austrian Federal Railways Structure Act (Bundesbahnstrukturgesetz), public service contracts are concluded with the Republic of Austria on local and long-distance passenger transport by railway. ÖBB-Personenverkehr AG accordingly provides public services. The services charged to the Republic of Austria amount to EUR 756.0 million (PY: EUR 714.2 million). On the basis of transport service agreements, services are provided for the federal provinces and the municipalities that were charged at EUR 388.3 million for the financial year (PY: EUR 396.0 million).

Rail Cargo Austria AG, like all other railway operators that provide services in the form of single-wagon transport, unaccompanied combined rail transport and rolling highway (combined road/railway transport), receives subsidies in accordance with the aid programme for rail freight granted by the European Commission to the Republic of Austria. The grants guaranteed by the Republic of Austria to Rail Cargo Austria AG amounted in 2019 to EUR 83.3 million (PY: EUR 86.2 million).

ÖBB-Infrastruktur sub-group

General

ÖBB-Infrastruktur AG is a railway infrastructure company whose activities are of public interest and are further defined in Article 31 of the Austrian Federal Railways Act (BBG). The basis for the financing of the Company is given in Article 47 of the Austrian Federal Railways Act (BBG), 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, to the extent that the tasks are included in the business plan pursuant to Article 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 Article 42 (1) and (2) of the Austrian Federal Railways Act (BBG).

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 Article 31 of the Austrian Federal Railways Act (BBG), 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 awards ÖBB-Infrastruktur AG

- a grant pursuant to Article 42 (1) of the Austrian Federal Railways Act (BBG), at the request of ÖBB-Infrastruktur AG, in particular for the operation of the rail 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 Article 42 (2) of the Austrian Federal Railways Act (BBG) for the maintenance, planning, and construction of the rail infrastructure.

Two separate agreements on the grants pursuant to Article 42 (1) and (2) of the Austrian Federal Railways Act (BBG) 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 ÖBB-Infrastruktur AG in the grant agreements in accordance with Article 42 of the Austrian Federal Railways Act (BBG). 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 March 21, 2018 and by the ÖBB-Infrastruktur AG Supervisory Board on April 20, 2018.

In June 2017, the Republic of Austria, represented by the BMK in coordination with the BMF, and ÖBB-Infrastruktur AG formally concluded the grant agreements pursuant to Article 42 of the Austrian Federal Railways Act (BBG) which regulates the grants from 2016 onwards. The grants agreements are therefore also valid for 2019.

Infrastructure financing

The grant agreement pursuant to Article 42 (2) of the Austrian Federal Railways Act (BBG) is based on the business plan to be prepared by ÖBB-Infrastruktur AG pursuant to Article 42 (6) of the Austrian Federal Railways Act (BBG). One component of the business plan is the six-year master plan to be prepared by ÖBB-Infrastruktur AG pursuant to Article 42 (7) of the Austrian Federal Railways Act (BBG), which has to comprise the annual funds for maintenance (in particular repairs and reinvestments) and for expansion investments. 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 expansion investments (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 rail infrastructure operated by ÖBB-Infrastruktur AG. The amount of the grant is fixed taking into account the liquidity requirements based on the business plan of ÖBB-Infrastruktur AG, the limit of the total grant prescribed in accordance with Article 42 of the Austrian Federal Railways Act (BBG) and the objectives (performance and output objectives) according to the grant agreement pursuant to Article 42 (1) of the Austrian Federal Railways Act (BBG). Changes in the functionality and/or the scope of the rail 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 and the Federal Ministry of Finance prior to any such change.

In 2019, based on the valid grants agreement for 2016 to 2021, a grant in the amount of EUR 963.7 million (PY: EUR 873.1 million) was awarded for expansion investments 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 AG 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 grant pursuant to Article 42 (1) of the Austrian Federal Railways Act (BBG) is based in particular on the six-year business plan to be prepared by ÖBB-Infrastruktur AG pursuant to Article 42 (6) of the Austrian Federal Railways Act (BBG), which comprises a detailed description of the measures required to fulfil its tasks of providing a secure rail 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 Article 45 of the Austrian Federal Railways Act (BBG), 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 grant agreement defines the objectives to be achieved by ÖBB-Infrastruktur AG in connection with this grant pursuant to Article 42 of the Austrian Federal Railways Act (BBG).

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 Article 42 (6) of the Austrian Federal Railways Act (BBG).

The compliance with the obligation for ÖBB-Infrastruktur AG to guarantee and constantly improve the quality and safety of the operated rail infrastructure, which results from the Austrian Federal Railways Act (BBG), 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 grant will be reduced by the portion of operating expenses incurred for rail 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 Article 42 (6) of the Austrian Federal Railways Act (BBG).

The entire grants for 2019 in accordance with Article 42 of the Austrian Federal Railways Act (BBG) amount to EUR 2,328.1 million (PY: EUR 2,271.5 million) taking into account the deduction of the amounts from prior years of EUR 81.5 million (PY: EUR 2.4 million). The grant for expansion investments and reinvestments including previous year amounts 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 improved operating performance and more favourable interest rate trends, the EUR 1,444.9 million (PY: EUR 1,398.4 million) grant for operation and inspection, maintenance, fault elimination and repair was reduced by a total of EUR 243.1 million (PY: EUR 251.8 million).

The grant 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 annual financial statements is made as a reduction in the grant pursuant to Article 42 (1) of the Austrian Federal Railways Act (BBG) 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, as well as inspection, maintenance, fault elimination, and repair. The amounts deferred in connection with the grants for expansion investments 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 deferred amount from maintenance of EUR 7.8 million (PY: € 0.0 million) can be found under deferred income. The final settlement of the annuity relating to the Brenner Base Tunnel resulted in a repayment 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 down as follows:

in EUR million	Total grant	Accruals	Recognized in income 2018
§ 42 (1) Operation	861.4	-331.0	530.4
§ 42 (2) Inspection, maintenance, disposal and repair	583.5	-14.4	569.1
§ 42 (2) Expansion and reinvestment	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	Accruals	Recognized in income 2017
§ 42 (1) Operation	837.3	-342.9	494.4
§ 42 (2) Inspection, maintenance, disposal and repair	561.1	0.0	561.1
§ 42 (2) Expansion and reinvestment	873.1	-51.3	821.8
Total	**2,271.5**	**-394.2**	**1,877.3**

Reference is made to Note 25 with regard to the liabilities assumed by the federal government and financing from 2017, which are mainly taken out through loans from the Republic of Austria, to be provided by the Austrian Treasury (OeBFA).

In addition, there were other grants (generally investment grants for investment measures) from the Austrian federal state governments in the amount of EUR 41.7 million (PY: EUR 36.2 million) or from municipalities amounting to EUR 19.7 million (PY: EUR 12.9 million). Furthermore, EU subsidies amounting to EUR 10.5 million (PY: EUR 2.0 million) were granted. 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

The Board of Management of ÖBB-Holding AG consisted on the reporting date of two members. In accordance with section 266 (2) of the Austrian Commercial Code (UGB), the ÖBB-Holding AG Board compensation for Board members active in the reporting years amounted to EUR 1,412 thousand (PY: EUR 1,266 thousand). This includes claims from previous periods and benefits in kind. Furthermore, statutory contributions to the severance insurance scheme amounted to EUR 21 thousand in the year under review (PY: EUR 19 thousand), and contributions to a pension fund amounted to EUR 47 thousand (PY: EUR 43 thousand). Compared to the previous year's total of EUR 122 thousand, provisions for vacations increased by EUR 79 thousand to EUR 201 thousand. The current employment contracts do not provide for any severance payment obligations. As at Dec 31, 2019, provisions for target agreements amounted to EUR 329 thousand (PY: EUR 403 thousand).

The total remuneration of the members of the Board of Management is composed of a fixed, variable, and in-kind 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 subsidiaries, and managing directors 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 general, 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. These objectives are based on the Group's overall results, its strategy and the focus of the Group's activities. 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-Holding 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 relationship in accordance with the general terms and conditions of employment with Austrian Federal Railways (AVB). The Company itself assumes no pension commitments.

Remuneration of members of the Supervisory Board

In accordance with the rules of procedure for the Supervisory Board of ÖBB-Holding 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 – as in the previous year – 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 chairperson of the Supervisory Board receives 200% of the basic remuneration, and a Vice Chair within ÖBB-Holding AG receives 150% of the basic remuneration. Members of the Supervisory Board who are members of the Board of Management, employee representatives, managing directors or employees of the ÖBB Group do not receive any Supervisory Board remuneration.

The compensation of the shareholder representatives on the Supervisory Board of ÖBB-Holding AG for their activities at ÖBB-Holding AG and other group companies amounted to EUR 308 thousand (PY: EUR 165 thousand); they were paid EUR 213 thousand retroactively for their activities in 2018. The remuneration of the other members of the Supervisory Board at the Group companies amounted to EUR 398 thousand (PY: EUR 140 thousand); they were paid EUR 124 thousand retroactively for their activities in 2018.

33. Notes on the Statement of Cash Flows

The Statement of Cash Flows shows the change in cash of the ÖBB Group from inflows and outflows of funds in the reporting year. The Statement of Cash Flows is divided into cash flows from operating activities, from investment activities and from financing activities. Operating parts of the Statement of Cash Flows are presented using the indirect method.

In addition to cash and cash equivalents (see Note 22), liquid funds also include other current financial liabilities and liabilities to banks in the amount of EUR 160.9 million (PY: EUR 33.7 million). The part of the interest payment that is capitalised under IAS 23 as part of the cost of qualifying assets is included in operating cash flow. The federal grants totalling EUR 102.3 million (PY: EUR 91.1million) 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 liabilities from CBL transactions as well as the reversal of accrued expenses and deferred income due to finance lease transactions. As regards proceeds and expenditures with respect to the acquisition of consolidated companies, reference is made to Note 34 and the figures in brackets there.

The following table shows 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 financial liabilities							
Bonds	12,720.5	0.0	-1.3	1.1	-1,296.6	0.0	11,423.7
Bank loans	4,996.0	0.0	281.9	1.2	-270.1	0.0	5,009.0
Financial liabilities leasing	340.2	397.4	-75.6	0.5	-91.3	0.0	571.2
Other financial liabilities	3,665.3	0.0	2,210.7	0.0	-42.4	-14.5	5,819.1
Total non-current financial liabilities	**21,722.0**	**397.4**	**2,415.7**	**2.8**	**-1,700.4**	**-14.5**	**22,823.0**
Current financial liablilities							
Bonds	1,539.5	0.0	-1,540.0	0.0	1,299.6	0.0	1,299.1
Bank loans	206.3	0.0	-60.5	0.6	144.0	0.0	290.4
Financial liabilities leasing	18.6	15.6	-18.6	0.0	78.9	0.0	94.5
Other financial liabilities	626.3	0.0	-58.1	0.0	108.4	-1.8	674.8
Total excluding financial liabilities, which are part of cash and cash equivalents	**2,390.7**	**15.6**	**-1,677.2**	**0.6**	**1,630.9**	**-1.8**	**2,358.8**
Current liabilities to banks, which are part of the fund of cash and cash equivalents	32.8	0.0	0.0	0.0	127.0	0.0	159.8
Current other financial liabilities, which are part of the fund of cash and cash equivalents	0.9	0.0	0.0	0.0	0.2	0.0	1.1
Total current financial liabilities	**2,424.4**	**15.6**	**-1,677.2**	**0.6**	**1,758.1**	**-1.8**	**2,519.7**

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 financial liabilities						
Bonds	14,256.2	-1.2	2.2	-1,536.7	0.0	12,720.5
Bank loans	4,832.4	198.9	1.9	-37.2	0.0	4,996.0
Financial liabilities leasing	334.3	-5.3	0.6	10.6	0.0	340.2
Other financial liabilities	3,416.5	560.3	1.8	-311.9	-1.4	3,665.3
Total non-current financial liabilities	**22,839.4**	**752.7**	**6.5**	**-1,875.2**	**-1.4**	**21,722.0**
Current financial liablilities						
Bonds	0.0	0.0	0.0	1,539.5	0.0	1,539.5
Bank loans	220.5	-22.5	0.0	8.3	0.0	206.3
Financial liabilities leasing	16.5	-9.9	0.0	12.0	0.0	18.6
Other financial liabilities	465.0	-172.0	0.0	339.0	-5.7	626.3
Total excluding financial liabilities, which are part of cash and cash equivalents	702.0	-204.4	0.0	1,898.8	-5.7	2,390.7
Current liabilities to banks, which are part of the fund of cash and cash equivalents	3.8	0.0	0.0	29.0	0.0	32.8
Current other financial liabilities, which are part of the fund of cash and cash equivalents	4.1	0.0	0.0	-3.2	0.0	0.9
Total current financial liabilities	709.9	-204.4	0.0	1,924.6	-5.7	2,424.4

34. Group companies

The business activities of the ÖBB Group are as follows:

ÖBB-Personenverkehr

This sub-group comprises all the activities in the area of passenger transport and service. The business fields refer to long-distance railway transport, short-distance railway transport and bus transport, as well as the travel agency activities of Rail Tours Touristik GmbH.

Rail Cargo Austria

In order for the Rail Cargo Austria sub-group to position itself based on the needs of customers and markets and also be able to offer customised solutions in addition to binding service commitments, the purpose of the company is classified into five complementary, transnational railway services:

- Freight forwarders: Rail Cargo Logistics (RCL) – rail freight forwarding with industry expertise
- Operator: Rail Cargo Operator (RCO) – high-frequency long haul shuttles (intermodal, conventional, mix) between economic regions
- Carrier: Rail Cargo Carrier (RCC) – RU (railway undertaking = carrier service) for Group-owned traction stock B. base load, single-wagon transport)
- Cars: Rail Cargo Wagon (RCW) – railcar lessor
- TS: Technical Services (TS) – Maintenance of rolling stock

ÖBB-Infrastruktur

The tasks of the ÖBB-Infrastruktur sub-group comprise:

- planning and construction of rail infrastructure including high-performance tracks, planning and construction of related projects and the provision of railway infrastructure including equipment and facilities
- provision, operation and maintenance of safe rail infrastructure corresponding to requirements (maintenance, inspection, repair, operational planning and shunting)

The key activities of the ÖBB-Infrastruktur sub-group furthermore comprise the purchase of power, power supply and power portfolio management as well as the rental, development and utilisation of real estate.

Holding/Other activities

This is where the various management, financing and service functions of ÖBB-Holding AG, of its other investments B. ÖBB-Business Competence Center GmbH, ÖBB-Finanzierungsservice GmbH, ÖBB-Werbung GmbH), and the ÖBB-Produktion Gesellschaft mbH (provision of traction services) are combined.

Until its disposal in 2019, Q Logistics GmbH handled the storage and contracted logistics business division (general cargo transport and food logistics). This business division is recorded as discontinued operation in the year under review (see Note 19).

Information for the 2019 financial year on subsidiaries, associates, investments, other holdings and changes in the ÖBB Group as at Dec 31, 2019:

Changes in the basis of consolidation

Rail Cargo Operator-Port/Rail Services GmbH and iMobility GmbH were consolidated for the first time in the year under review. Rail Cargo Carrier – Germany GmbH was merged retroactively from Jan 1, 2019 with Rail Cargo Carrier – PCT GmbH and renamed Rail Cargo Carrier – Germany GmbH. In addition, Rail Cargo Wagon – Austria GmbH was merged with Rail Cargo Austria AG in the year under review. The subsidiary European Contract Logistics – Czech Republic s.r.o. was sold in 2019 and has thus been removed from the basis of consolidation of the companies accounted for using the full consolidation method.

As at Dec 31, 2018, HAELA Abfallverwertung GmbH, Terminal Brno, a.s. and Breitspur Planungsgesellschaft mbH were included in the consolidated financial statements for the first time using the equity method of accounting. ÖBB-Fernbus GmbH was merged with ÖBB-Personenverkehr AG with retroactive effect as at Jan 1, 2018. 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.

Other changes to the schedule of investments

Additional acquisitions, newly established companies and changes in the type of consolidation are indicated by parenthetical notes in the schedule of investments below.

Rail Cargo Group	Country, registered office	Type of consolidation
Purchase		
100% Rail Time Polska Sp. z o.o.	PL-01-460 Warszawa	V0
Dissolution after liquidation		
37.08% ICA Romania s.r.l.	RO-020572 Bucaresti	E0

ÖBB-Infrastruktur Group	Country, registered office	Type of consolidation
Merger with ÖBB-Projektentwicklung GmbH		
100% Businesscenter Linz Entwicklungs- und Verwertungs GmbH & Co	A-1020 Vienna	V0
100% Europaplatz 1 Projektentwicklung GmbH & Co KG	A-1020 Vienna	V0
100% Modul Office Hauptbahnhof Graz GmbH & Co KG	A-1020 Vienna	V0

Other companies	Country, registered office	Type of consolidation
Sale		
100% European Contract Logistics - Czech Republic s.r.o.	CZ-50002 Hradec Králové	V

Abbreviations and footnotes

V	Affiliated, fully consolidated company
V0	Affiliated company not fully consolidated due to its minor significance
E0	Investee not recorded using the equity method due to its minor significance

ÖBB-Holding AG held direct or indirect (through other affiliated companies) investments in the following companies as at the reporting date (without investments in short-term joint ventures):

Parent company	Country, registered office	Type of consolidation
100% Österreichische Bundesbahnen-Holding Aktiengesellschaft	A-1100 Vienna	V

ÖBB-Personenverkehr	Country, registered office	Type of consolidation	
100% ÖBB-Personenverkehr Aktiengesellschaft	A-1100 Vienna	V	
├▶ 100% ÖBB-Postbus GmbH	A-1100 Vienna	V	
└▶ 100% ČSAD AUTOBUSY České Budějovice a.s.	CZ-37001 České Budějovice	V	
├▶ 100% Österreichische Postbus Aktiengesellschaft	A-1100 Vienna	V	
├▶ 100% Rail Tours Touristik Gesellschaft m.b.H.	A-1100 Vienna	V	
├▶ 98.57% FZB Fahrzeugbetrieb GmbH	A-1100 Vienna	V	
├▶ 50% (100%) ÖBB-Produktion Gesellschaft mbH	A-1100 Vienna	V	*)
├▶ 49.9% City Air Terminal Betriebsgesellschaft m.b.H.	A-1300 Vienna-Airport	E	
├▶ 49% (100%) ÖBB-Technische Services-Gesellschaft mbH	A-1110 Vienna	V	*)
├▶ 100% Technical Services Hungaria Járműjavító Kft.	HU-3527 Miskolc	V	
├▶ 60% ÖBB STADLER Service GmbH	A-1150 Vienna	V	
├▶ 51% Technical Services Slovakia, s.r.o.	SK-91701 Trnava	V	
└▶ 51% TS-MÁV Gépészet Services Kft.	HU-1097 Budapest	V	
├▶ 10% Railteam B.V.	NL-1012 AB Amsterdam	0	
└▶ 6.8% (7.48%) Bureau central de clearing s.c.r.l.	B-1060 Brussels	0	

*) The remaining shares are held by other companies in the ÖBB Group.

Rail Cargo Austria	Country, registered office	Type of consolidation
100% Rail Cargo Austria Aktiengesellschaft	A-1100 Vienna	V
├▶ 100% Rail Cargo Logistics - Austria GmbH	A-1100 Vienna	V
├▶ 100% Rail Cargo Terminal - Sindos Societe S.A.	GR-57400 Thessaloniki	V
├▶ 100% Rail Cargo Logistics - Bulgaria EOOD	BG-1303 Sofia	V
├▶ 100% Rail Cargo Logistics - Croatia d.o.o.	HR-10000 Zagreb	V
├▶ 100% Rail Cargo Logistics - Czech Republic s.r.o.	CZ-61400 Brno	V
├▶ 100% Rail Cargo Logistics - Environmental Services GmbH	A-1100 Vienna	V
├▶ 50% AUL Abfallumladelogistik Austria GmbH	A-1220 Vienna	E0
└▶ 50% HAELA Abfallverwertung GmbH	A-4470 Enns	E
├▶ 100% Rail Cargo Logistics - Germany GmbH	D-60329 Frankfurt am Main	V
├▶ 100% Rail Cargo Logistics - Hungaria Kft.	HU-1133 Budapest	V
├▶ 100% Rail Cargo Logistics - Italy S.r.l.	I-20832 Desio	V
├▶ 100% Rail Cargo Terminal - Desio S.r.l.	I-20832 Desio	V
└▶ 100% Rail Cargo Terminal - S. Stino S.r.l.	I-30029 Santo Stino di Livenza	V
├▶ 100% Rail Cargo Logistics - Poland Sp.z o.o.	PL-02-796 Warszawa	V
├▶ 100% Rail Cargo Logistics - Romania Solutions SRL	RO-75100 Otopeni	V
├▶ 100% ooo "Rail Cargo Logistics - RUS"	RU-620014 Yekaterinburg	V
├▶ 100% Rail Cargo Logistics Uluslararasi Tasimacilik Lojistik ve Ticaret Limited Sirketi	TR-34303 Halkali-Istanbul	V
├▶ 51% Rail Cargo Logistics - BH d.o.o.	BiH-71000 Sarajevo	V
├▶ 74% Rail Cargo Logistics d.o.o.	SLO-1000 Ljubljana	V
└▶ 49% Rail Cargo Logistics - Goldair SA	GR-19300 Athen/Aspropyrgos	E

Rail Cargo Austria (continued)	Country, registered office	Type of consolidation	
├▶ 100% Rail Cargo Carrier Kft.	HU-1133 Budapest	V	
├▶ 100% Rail Cargo Carrier – Germany GmbH (formerly Rail Cargo Carrier – PCT GmbH; retroactively merged and renamed as of Jan 01, 2019 in May 2019)	D-85055 Ingolstadt	V	
├▶ 100% Rail Cargo Carrier d.o.o.	SLO-1000 Ljubljana	V	
├▶ 100% Rail Cargo Carrier - Bulgaria EOOD	BG-1303 Sofia	V	
├▶ 100% Rail Cargo Carrier - Croatia d.o.o.	HR-10000 Zagreb	V	
├▶ 100% Rail Cargo Carrier - Czech Republic s.r.o.	CZ 130 00 Praha 3	V	
├▶ 100% RAIL CARGO CARRIER - ROMANIA SRL.	RO-75100 Otopeni	V	
├▶ 100% Rail Cargo Carrier - Slovakia s.r.o.	SK-82105 Bratislava	V0	
├▶ 100% Rail Cargo Carrier - Poland Sp.z.o.o. (renamed; before January 2020: Rail Time Polska Sp. z o.o.) (purchase of all shares in May 2019)	PL-02-017 Warszawa	V0	
└▶ 75% Rail Cargo Carrier – Italy s.r.l. (intra-group transfer of 25% to Rail Cargo Austria AG in Dec 2018)	I-20832 Desio	V	*)
├▶ 100% Rail Cargo Operator - ČSKD s.r.o.	CZ-13000 Praha 3	V	
├▶ 100% Rail Cargo Operator - Austria GmbH	A-1100 Vienna	V	
├▶ 100% Rail Cargo Operator - Hungaria Kft.	HU-1133 Budapest	V	
├▶ 100% Rail Cargo Operator-Port/Rail Services GmbH	D-28195 Bremen	V (PY: V0)	
├▶ 100% Rail Cargo Terminal - Praha s.r.o	CZ-13000 Praha 3	V	
├▶ 100% Rail Cargo Terminal - BILK	HU-1239 Budapest	V	
├▶ 100% LOGISZTÁR Kft.	HU-1239 Budapest	V0	
├▶ 33.33% boxXagency Kft.	HU-1239 Budapest	E0	
└▶ 29.39% RAILPORT ARAD SRL	RO-315200 Judentul Arad	E	
├▶ 33.07% Terminal Brno, a.s.	CZ-61900 Brno	E	
└▶ 32.56% ADRIA KOMBI d.o.o., Ljubljana	SLO-1000 Ljubljana	E	
├▶ 99.99% Rail Cargo Hungaria Zrt.	HU-1133 Budapest	V	
├▶ 30% Agrochimtranspack Kft.	HU-4623 Tuszér	E0	
└▶ 0.67% (7.48%) Bureau central de clearing s.c.r.l.	B-1060 Brussels	0	
├▶ 66% Rail Cargo Logistics GmbH	A-1100 Vienna	V	
├▶ 100% Rail Cargo Logistics s.r.o.	CZ-619 00 Brno	V	
└▶ 47.5% VADECO SRL	RO-900733 Constanta	E	
├▶ 51% (100%) ÖBB-Technische Services Gesellschaft mbH	A-1110 Vienna	V	*)
├▶ 100% Technical Services Hungaria Járvmüjavitó Kft.	HU-3527 Miskolc	V	
├▶ 60% ÖBB STADLER Service GmbH	A-1150 Vienna	V	
├▶ 51% Technical Services Slovakia, s.r.o.	SK-91701 Trnava	V	
└▶ 51% TS-MÁV Gépészet Services Kft.	HU-1097 Budapest	V	
├▶ 50% (100%) ÖBB-Produktion Gesellschaft mbH	A-1100 Vienna	V	*)
├▶ 25% (100%) Rail Cargo Carrier - Italy s.r.l. (group transfer of 25% from Rail Cargo Carrier Kft. in December 2018)	I-20832 Desio	V	*)
├▶ 18.4% Xrail AG	B-4058 Basel	0	
├▶ 3.53% Intercontainer-Interfrigo (ICF) SA i. L.	B-1060 Brussels	0	
└▶ KD-Anteil Kombiverkehr Deutsche Gesellschaft für kombinierten Güterverkehr mbH & Co. Kommanditgesellschaft	D-60486 Frankfurt am Main	0	

*) The remaining shares are held by other companies in the ÖBB Group.

ÖBB-Infrastruktur	Country, registered office	Type of consolidation
100% ÖBB-Infrastruktur Aktiengesellschaft	A-1020 Vienna	V
├▶ 100% Austrian Rail Construction & Consulting GmbH	A-1020 Vienna	V0
├▶ 100% Austrian Rail Construction & Consulting GmbH & Co KG	A-1020 Vienna	V0
├▶ 100% Güterterminal Werndorf Projekt GmbH	A-1020 Vienna	V
├▶ 100% Mungos Sicher & Sauber GmbH	A-1150 Vienna	V
├▶ 100% Mungos Sicher & Sauber GmbH & Co KG	A-1150 Vienna	V
├▶ 100% Netz- und Streckenentwicklung GmbH	A-1020 Vienna	V0
├▶ 100% ÖBB-Güterzentrum Wien Süd Betriebsgesellschaft m.b.H.	A-1020 Vienna	V0
├▶ 100% ÖBB-Immobilienmanagement Gesellschaft mbH	A-1020 Vienna	V
├▶ 100% ÖBB-Projektentwicklung GmbH	A-1020 Vienna	V
├▶ 100% ÖBB-Realitätenbeteiligungs GmbH & Co KG	A-1020 Vienna	V
├▶ 100% Elisabethstraße 7 Projektentwicklung GmbH & Co KG	A-1020 Vienna	V
├▶ 100% Elisabethstraße 9 Projektentwicklung GmbH & Co KG	A-1020 Vienna	V
├▶ 100% Gauermanngasse 2-4 Projektentwicklung GmbH & Co KG	A-1020 Vienna	V
├▶ 100% Mariannengasse 16-20 Projektentwicklung GmbH & Co KG	A-1020 Vienna	V
└▶ 100% Operngasse 16 Projektentwicklung GmbH & Co KG	A-1020 Vienna	V
├▶ 100% ÖBB-Stiftungs Management Gesellschaft mbH	A-1020 Vienna	V0
├▶ 100% Rail Equipment GmbH	A-1040 Vienna	V
├▶ 100% Rail Equipment GmbH & Co KG	A-1040 Vienna	V
├▶ 51% WS Service GmbH	A-3151 St. Georgen am Steinfeld	V
├▶ 50% Galleria di Base del Brennero - Brenner Basistunnel BBT SE	I-39100 Bozen	E
├▶ 43.05% Weichenwerk Wörth GmbH	A-3151 St. Georgen am Steinfeld	E
├▶ 25% Breitspur Planungsgesellschaft mbH	A-1010 Vienna	E
├▶ 8% HIT Rail B.V.	NL-3500 HA Utrecht	0
└▶ KG-Anteil Tiefgarage Stuben Gesellschaft m.b.H. & Co. KG	A-6762 Stuben/Arlberg	0

Others	Country, registered office	Type of consolidation
100% iMobility GmbH	A-1040 Vienna	V (PY: V0)
100% ÖBB-Business Competence Center GmbH	A-1030 Vienna	V
└▶ 34% Wellcon Gesellschaft für Prävention und Arbeitsmedizin GmbH	A-1030 Vienna	E
100% ÖBB-Finanzierungsservice GmbH	A-1100 Vienna	V
100% ÖBB-Werbung GmbH	A-1100 Vienna	V
100% [1] Q Logistics GmbH (acquisition of 19.9% as of Nov 20, 2018 and of 20.1% as of Dec 17, 2018)	A-1120 Vienna	V
├▶ 100% European Contract Logistics (podjetje za spedicijo, prevoznistvo in trgovino) d.o.o.	SLO-2000 Maribor	V
├▶ 100% European Contract Logistics - Slovakia s.r.o. „v likvidácii“	SK-83104 Bratislava	V0
├▶ 95% European Contract Logistics - Serbia d.o.o.	SRB-11070 Novi Beograd	V0
└▶ 45% logMASter Kft.	HU-2151 Fot	E
26% Verkehrsauskunft Österreich VAO GmbH	A-1150 Vienna	E0
2% EUROFIMA Europäische Gesellschaft für die Finanzierung von Eisenbahnmaterial AG	CH-4001 Basel	0

[1] by May 2017: 100%; by Nov. 2018: 60%; by Dec. 2018: 79.9%.

Shares in % in parentheses show the recognised investment held by multiple companies within the entire ÖBB Group. Disclosures prefixed by “previous year:” relate to the previous year’s figures.

Abbreviations

V	affiliated, fully consolidated company
V0	Affiliated company not fully consolidated due to its minor significance
E	Investee reported using the equity method (associated company)
E0	Investee not recorded using the equity method due to its minor significance
0	Other investee companies
i. L.	in liquidation

The following presents the equity and net income from those subsidiaries 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; exceptions are marked with a corresponding footnote.

		Shareholders' equity in kEUR		Profit or loss in kEUR		
Rail Cargo Group		Dec 31, 2019	Dec 31, 2018	2019	2018	
100%	Rail Cargo Carrier - Slovakia s.r.o.	484	405	65	38	1)
100%	Rail Cargo Carrier - Poland Sp.z.o.o. (former: Rail Time Polska Sp. z o.o.)	n/a	76	n/a	27	
100%	LOGISZTÁR Kft.	667	723	-36	-36	1)
50%	AUL Abfallumladelogistik Austria GmbH	740	110	-182	-190	1)
33.33%	boxXagency Kft.	-73	96	-55	76	
30%	Agrochimtranspack Kft.	n/a	362	n/a	-54	

Abbreviations and footnotes

[1] Preliminary figures for 2019.
n. A. not applicable

		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

		Shareholders' equity in kEUR		Profit or loss in kEUR		
Others		Dec 31, 2019	Dec 31, 2018	2019	2018	
100%	European Contract Logistics - Slovakia s.r.o. "v likvidácii" (i. L.)	i. L.	i. L.	i. L	i. L	
95%	European Contract Logistics - Serbia d.o.o.	235	241	8	16	1)
26%	Verkehrsauskunft Österreich VAO GmbH	2,675	2,423	-558	-606	

The equity of foreign companies is translated into EUR at the exchange rate applicable on the reporting date. Net income is translated into EUR at the average rate. The figures were determined in accordance with the respective national accounting law.

Abbreviations and footnotes

[1] Preliminary figures for 2019
i. L. In liquidation

35. Events after the reporting date

Due to the coronavirus crisis that broke out in Austria in March 2020, this month saw daily passenger declines of up to 70% with corresponding declines in revenue. Rail passenger transport is currently essentially only possible within the Austrian national border because of the border closures and strict entry regulations. Almost all night trains were also discontinued in March 2020. Ski bus services were discontinued about one month earlier than planned. In regional bus services, some transport associations switched to holiday timetables in March 2020. In air transport, Laudamotion GmbH and Austrian Airlines AG have ceased operations and schools and universities have been closed.

In terms of volume, the effects of the crisis on freight traffic were initially felt primarily in maritime container transport operations, where the Rail Cargo Group recorded a sharp decline of up to 50%. As the crisis continued, there were increasing signs of temporary plant shutdowns in the industry, and the first volumes were cancelled by customers. As in 2019, the main focus was on the automotive sector. The Rail Cargo Group must assume that there will be a chain reaction in the near future with significant cargo declines in all segments. Potential for additional volumes was seen above all with transports to/from Italy, here primarily in the consumer goods sector and in continental container transport operations.

Aside from this, the consequences for construction projects cannot yet be foreseen.

The concrete effects of the coronavirus on the 2020 financial statements cannot yet be assessed. The current forecasts for economic growth are subject to the reservation that the actual economic impact of the coronavirus for the year 2020 as a whole is not yet foreseeable. 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 seems realistic that the company’s net assets, financial position and result of operations will be negatively affected by the coronavirus crisis.

Following the conclusion of the consultation, the Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology initiated the drawing up of the grant agreements by the contracting parties for the years 2018 to 2023.

On March 24, 2020, the members of the Board of Management of ÖBB-Holding AG released the audited Consolidated Financial Statements as at Dec 31, 2019 for submission to the Supervisory Board. The Supervisory Board is charged with reviewing the Consolidated Financial Statements and declaring whether it approves the Consolidated Financial Statements.

There are no further reportable events after the reporting date that have a material effect on the net assets, financial position and results of operations.

36. Executive bodies of the parent company of the ÖBB Group

In financial year 2019 (up to 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-Holding AG:

Members of the Board of Management

Ing. Mag. (FH) Andreas Matthä		Chairman of the Board of Management
Mag. Josef Halbmayr MBA	until March 31, 2019	
Mag. Arnold Schiefer	from Apr 1, 2019	

Members of the Supervisory Board

Mag. Gilbert Trattner		Chairman
Dr. Kurt Weinberger		First Vice Chair
Mag. Andreas Reichardt	until June 3, 2019	Second Vice Chair
Mag. Christian Weissenburger	from June 24, 2019	Second Vice Chair (from July 10, 2019)
Roman Hebenstreit		Third Vice Chair/Employee Representative
Dr. Barbara Kolm		
Karl Ochsner		
Dr. Cattina Leitner		
DI Dr. Monika Forstinger		
Mag. Arnold Schiefer	until March 31, 2019	
Mag. Wolf Dieter Hofer	from Apr 1, 2019	

Mag. Andreas Martinsich		Employee representative
Günter Blumthaler		Employee representative
Mag. Olivia Janisch		Employee representative

A report on compensation paid during the reporting period is presented in Note 32 ("Transactions with related companies and related persons").

Vienna, March 24, 2020

The Board of Management

Ing. Mag. (FH) Andreas Matthä

Mag. Arnold Schiefer

Auditor's Report*

Report on the Consolidated Financial Statements

Audit Opinion

We have audited the consolidated financial statements of **Österreichische Bundesbahnen-Holding 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 financial 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 and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU and with Section 245a Austrian Company Code (UGB).

Basis for Opinion

We conducted our audit in accordance with Austrian Standards on Auditing. Those standards require that we comply with International Standards on Auditing. 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 in accordance with any other agreed rules and/or regulations, 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.

Responsibilities of the 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 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 and for such internal controls as management determines are 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 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 Austrian Standards on Auditing 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 Austrian Standards on Auditing, which require the application of ISA, we exercise professional judgment and maintain professional skepticism throughout the audit.

We draw attention to the fact that the English translation of this long-form audit report according to Section 273 of the Austrian Company Code (UGB) is presented for the convenience of the reader only and that the German wording is the only legally binding version.

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 reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of 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.

Report on Other Legal and Regulatory Requirements

Comments on the Consolidated Management Report

Pursuant to Austrian Generally Accepted Accounting Principles, the group 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.

Management is responsible for the preparation of the Group's 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.

We draw attention to the fact that the English translation of this long-form audit report according to Section 273 of the Austrian Company Code (UGB) is presented for the convenience of the reader only and that the German wording is the only legally binding version.

Opinion

In our opinion, the management report for the Group was prepared in accordance with the valid legal requirements 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 Group's 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 Group's management report and the auditor's report thereon. The annual report is estimated to be provided to us after the date of the auditor's report. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion 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, as soon as it is available, and, in doing so, to consider whether - based on our knowledge obtained in the audit – the other information is materially inconsistent with the consolidated financial statements or otherwise appears to be materially misstated.

Vienna, March 24, 2020

BDO Austria GmbH

Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Mag. Christoph Achzet	Mag. Peter Bartos
Chartered Accountant and Auditor	Chartered Accountant and 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 UGB (Austrian Company Code) applies to alternate versions.

We draw attention to the fact that the English translation of this long-form audit report according to Section 273 of the Austrian Company Code (UGB) is presented for the convenience of the reader only and that the German wording is the only legally binding version.

GLOSSARY

approx.	approximately
AVB	General Terms and Conditions of Employment with Austrian Federal Railways
BMF	Federal Ministry of Finance
BMK	Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology
bn	billions
Capital employed	= fixed assets + working capital assets + working capital liabilities
CBL	cross-border leasing
CER	Community of European Railway and Infrastructure Companies
CO_2	carbon dioxide
COSO	Committee of Sponsoring Organisations of the Treadway Commission
EBIT	earnings before interest and taxes. EBIT corresponds to operating profit (not including earnings of investments accounted for using the equity method) on the Consolidated Income Statement.
EBITDA	= EBIT + depreciation and amortisation
EBIT margin	= EBIT / total income
EBT	earnings before taxes
ECB	European Central Bank
EIA	environmental impact assessment
EMTN	euro medium-term note
EP	European Parliament
Equity ratio	= equity / total capital
EUR	euros
Free cash flow	= cash flow from operating activities + cash flow from investing activities
FTE	full time equivalent
GDP	gross domestic product
GWh	gigawatt hour
GWL	public services
IASB	International Accounting Standards Board
ICS	internal control system
IFAC	International Federation of Accounts
IFRIC	International Financial Reporting Interpretations Committee
IFRS/IAS	International Financial Reporting Standards
ISA	International Standards on Auditing
kEUR	EUR thousand
km	kilometre

mil.	millions
Net debt	= interest-bearing borrowings – interest-bearing assets
Net gearing	= net debt / equity
OeNB	National Bank of Austria
Payroll ratio	= personnel expenses / total income
pkm	passenger kilometre (= passengers transported x kilometres travelled)
PP&E ratio	= property, plant and equipment / total assets
PP&E-to-net-worth ratio	= equity / property, plant and equipment
PP&E-to-net-worth ratio II	= (equity + non-current borrowings) / PP&E
PY	previous year
R&D	research and development
Railjet	new long-distance train
RCC	Rail Cargo Carrier
RCG	Rail Cargo Group
RCO	Rail Cargo Operator
Return on equity	= EBT / equity
Return on total assets	= EBIT / total capital
ROCE	= EBIT / capital employed
RS	railway station
RU	railway undertaking
SCHIG	railway infrastructure service company (Schieneninfrastruktur-Dienstleistungsgesellschaft m.b.H.)
SIC	Standards Interpretation Committee
t	tonnes
Tenured employees	tenured employees are ÖBB employees who are subject to the General Terms and Conditions of Employment with Austrian Federal Railways (AVB), joined the company prior to Jan 1, 1995, and cannot be dismissed, pursuant to the provisions of the AVB. This term is usually understood to refer also to the former postal officers at Postbus.
TGTkm	total gross tonnage kilometres = cargo weight + weight of the train x kilometres travelled
tkm	tonne kilometres (= tonnes transported x kilometres travelled)
Total income per employee	= total income / average number of employees (headcount)
Traction	propulsion for trains
Train-km	train kilometres
USD	United States Dollar
WIFO	Austrian Institute of Economic Research
Working capital	= inventories (excl. real estate recovery projects and prepayments on orders) + trade receivables – trade payables

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Disclaimer
This report contains forward-looking estimates and statements made on the basis of all the information available to us at the present time. Forward-looking statements are usually characterised by the use of words such as “expect,” “estimate,” “plan,” and “anticipate.” Readers should be aware that actual developments – and, as such, actual results – may deviate from the expectations voiced in this report for various reasons.

The information provided in this report has been compiled to the best of our knowledge and verified with due and proper care. Subject to typesetting errors and misprints. This Annual Report is published in electronic format only: **konzern.oebb.at/gb2019** unsereoebb.at

That was 2019

11/07
Start for Lienz Mobility Centre

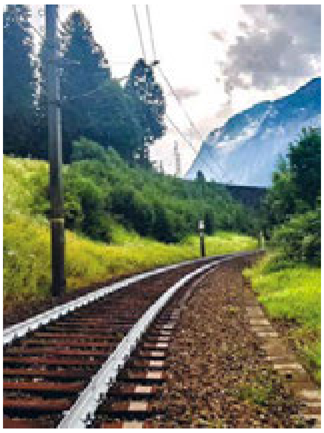
With an investment of EUR 29 million, the Lienz Mobility Centre is the largest sub-project of the East Tyrol package. By December 2021 the station will be completely modernised and rebuilt.

19/07
ÖBB invests in next generation vehicle maintenance

ÖBB-Technische Services has set up a competence centre at the St. Pölten location for EUR 29 million. The systems are state-of-the-art for the maintenance of local transport vehicles and diesel components as well as future trend-setting drive technology.

20/07
ÖBB colours the rails for heat protection

In Vorarlberg ÖBB is colouring sections of track white in order to reduce the temperature of the rails by about five to eight degrees Celsius. This is intended to prevent the rails from heating up, which is happening more as a result of climate change, and to reduce damage in the form of rail deformation and track distortion.



16/09
CO_2 neutral mobility in the focus of the European Mobility Week

For the European Mobility Week 2019, ÖBB focuses on CO_2 neutral mobility. With Rail&Drive and Bike & Ride, for example, ÖBB is already closing another gap – the last mile – in order to bridge the route to the station in a climate-friendly way.

27/09
Prize for ÖBB's "Gleisgeschichten"

At the Cannes Corporate Media & TV Awards, ÖBB stood its ground against strong international competition. Among 950 submitted films, the ÖBB's "Gleisgeschichten" (track stories) were awarded the Golden Dolphin Trophy. With the "Gleisgeschichten", ÖBB brings people with a special connection to bus and train to the screen.

30/09
Test runs for the ÖBB Cityjet eco

From Oct 17, the prototype train with electric-hybrid battery drive was running almost silently and emission-free on selected non-electrified regional lines in Upper Austria. The first real passenger operations of the Cityjet eco in Lower Austria brought valuable insights and made us optimistic.

» Continued from the front cover section

02/10

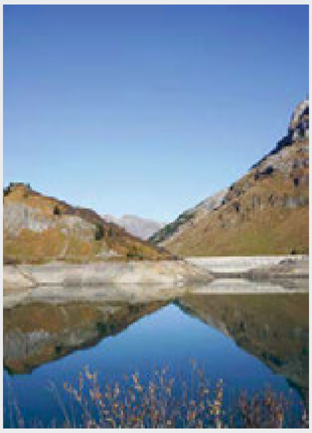
A new brand for ÖBB

ÖBB has gone through a company-internal cultural development programme lasting several years and also designed a new marketing concept that is more open, more tangible and more emotional. The new slogan takes a clear stance: "ÖBB. Today. Tomorrow. For us.", because ÖBB is the solution for the people, environment and economy that makes the most sense.

23/10

Timetable 2020: more connections, new services

Noteworthy in the new timetable year: more connections and additional services and offers, ÖBB VORTEILSCARD Jugend is free of charge on your 18th birthday, the Nightjet rides to the capital of Europe, massive upgrade of local and regional transport.



18/11

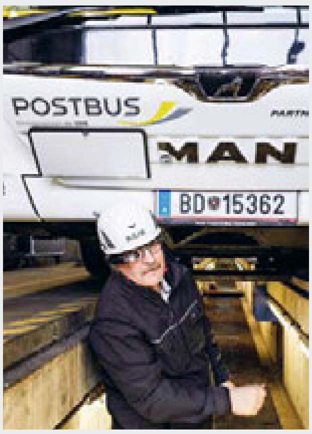
Technology update for the Spullersee power plant

The preparatory work for the renewal of the Spullersee power plant has begun. Over the next two years, the power plant will become cutting edge. The pressure pipelines and pipe tunnels are also being renovated from the ground up and partly replaced.

19/11

Innovation award for Postbus

ÖBB-Postbus has been awarded the TÜV AUSTRIA Science Award in the category "Companies" for the project "Smart Glasses with Assisted Reality Function". This means that newly purchased buses are inspected after delivery and an acceptance protocol is drawn up. Every year, Postbus purchases between 240 and 280 new buses.



05/12

Double award at the Employer Branding Award 2019

With its new employer image, ÖBB was awarded the prize for the best employer brand of the year 2019 and CEO Andreas Matthä was named Employer Brand Manager of the Year.

> "The new timetable sends yet another strong signal for climate-friendly travel in Austria. With more and modern trains for our commuters, we want to make the change to rail even easier!" **ÖBB CEO ANDREAS MATTHÄ**

14/12

Night operation of the suburban railway in Vienna

In future, the suburban railway will run every half hour during the nights from Friday to Saturday and Saturday to Sunday and every half hour on nights before public holidays, offering a fast, safe and inexpensive journey home every 30 minutes.

4.2 mil.

TONNES OF GREENHOUSE GAS EMISSIONS SAVED IN AUSTRIA THROUGH ÖBB TRANSPORT SERVICES BY TRAIN AND BUS

CO_2 EMISSIONS BY AUSTRIAN FEDERAL RAILWAYS COMPARED WITH...

PRIVATE CARS

1:26

HGV

1:44

AIRPLANES

1:51

(As of 2018)

Makes sense.

ANNUAL REPORT 2019
ÖBB-HOLDING AG