We move Austria forward.

ANNUAL REPORT 2015
ÖBB-HOLDING AG

Key Performance Indicators

Earnings ratios (IFRS) (million euros, rounded)

	2015	2014	2013
Revenue	5,172	5,270	5,239
Total income	6,345	6,355	6,248
Cost of materials and services	-1,751	-1,764	-1,793
Personnel expenses	-2,337	-2,408	-2,341
Other operating expenses	-451	-460	-530
EBITDA	1,806	1,723	1,584
Depreciation and amortization (incl. impairment)	-949	-859	-829
EBIT	857	864	755
Financial result	-664	-692	-652
EBT	193	172	103
ROCE (%)	3.7	3.9	3.6

Balance sheet ratios (IFRS) (million euros, rounded)

Total assets	26,475	25,746	24,631
Non-current assets	25,140	24,334	23,322
of which: Property, plant and equipment	*23,453*	*22,724*	*21,765*
Current assets	1,335	1,411	1,310
Equity	1,922	1,692	1,589
Equity ratio (%)	7.3	6.6	6.5
Financial liabilities	22,317	21,811	20,778
Net debt	21,306	20,839	20,024
Gross capital expenditure	2,032	2,057	2,170
Net debt/EBITDA (ratio)	11.8	12.1	12.6
Net gearing (ratio)	11.1	12.3	12.6

1/19
Employee survey proves popular

Our employees participated in large numbers in our second major employee survey. Two months later, the results reveal that healthcare issues, the extent to which employees feel challenged, and the feeling of camaraderie score the highest marks. Areas for improvement included issues such as bureaucracy, time pressure and openness in communication.

1/27
"Chris Gott" in Prague

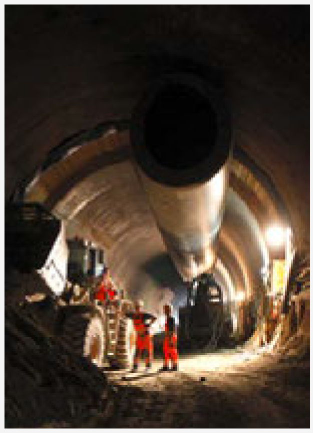
ÖBB started the new year off with an advertising campaign for the new SparSchiene to Prague. Austrian personalities Christoph Fälbl and Ciro De Luca were on hand to promote the popular 19 euro ticket, along with Czech star Karel Gott.

2/1
"Error culture" project is aunched

The motto "Prevent mistakes instead of making them" describes a campaign of change to a corporate culture that deals openly with mistakes, so that sensible changes are made as quickly as possible.

2/5
Fire in the Koralm tunnel

When an emergency generator caught fire on a tunnel boring machine, the multi-stage tunnel rescue concept kicked in. Rescue teams wearing breathing apparatus drove into the tunnel. With the aid of thermal imaging cameras they are able to locate and rescue all 40 construction workers in the dense smoke.



2/21
Highway bridge collapse at Frohnleiten

A structural support weighing more than 850 tonnes – part of a new highway bridge – topples onto the tracks of the Southern line. The resulting unscheduled replacement service was among the largest in ÖBB's recent history, requiring the re-routing of some 10,000 passengers and multiple freight trains each workday.

3/1
Customers give top marks to ÖBB

Very good marks for punctuality, safety and comfort help ÖBB to its best-ever overall score in the customer satisfaction survey. Staff on board the trains and buses and at stations, in particular, all scored top marks.

A look back at 2015

YEAR IN REVIEW. The railway rocks the Song Contest, Vienna Central Station becomes fully operational, new local transport trains take to the tracks …

4/3

Neighborly assistance for DB after a storm

An ÖBB team helps its German colleagues get the connection between Rosenheim and Munich back up and running after storm Niklas. The ÖBB specialists rolled up from Tyrol, along with two overhead wiring maintenance vehicles.

4/29

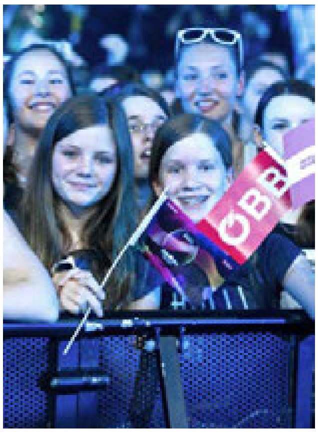
World's first railway solar power plant

Solar energy captured by 7,000 m² of panels near Bruck an der Leitha is converted into green traction power for the first time ever. It produces enough power to drive 200 trains from Vienna to Salzburg.

5/18

ÖBB rocks the Eurovision Song Contest

Building bridges: thousands of passengers arriving and departing with no traffic jams – ESC 2015 in Vienna was a logistical tour de force. Thanks to ÖBB – official mobility and logistics partner – the ESC was held as a green event for the first time ever in its 60-year history.



6/8

Railjet shows its ÖFB pride

The first fully branded railjet sporting the dress of the Austrian national football team is moving through the country. It took 500 hours to apply 1,660 m² of vehicle wrap to the 206-meter premium train.

7/13

1st electrically powered Postbus in Tyrol

A 12 meter Postbus powered solely by electricity is being tested for the first time on lines serving the greater region of Innsbruck. Fully charged, the bus has a range of up to 220 km.

With a brand valued at EUR 1.871 billion, ÖBB moves up from 8th into 6th place among Austria's strongest brands.

7/8

Strength of the ÖBB brand

With a brand valued at EUR 1.871 billion, ÖBB moves up from 8th to 6th place in the ranking of Austria's strongest brands – a increase in value of 5.5 percent makes it the second fastest growing brand.

8/31

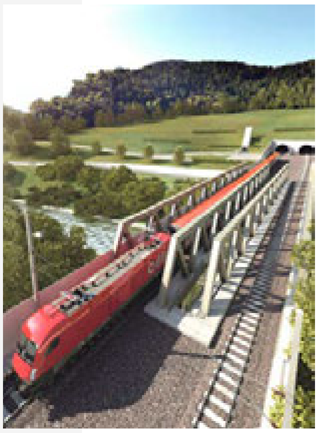
Quick and unbureaucratic

When the wave of refugees from the Middle East starts to swell, thousands flood across the Hungarian, and later the Slovenian, borders. ÖBB adopted a humanitarian approach, providing sleeping arrangements at the stations and and ensuring a safe onward journey to Germany at all times. The extraordinary commitment of so many of our employees and the stance taken by ÖBB was praised by the public.

7/23

Construction of the Semmering base tunnel commences

Following completion of the preliminary work, two shafts are now being built at Fröschnitzgraben in Styria through which tunnel construction will push forward for around 13 km toward Gloggnitz and Mürzzuschlag.



9/22

Rail Cargo Carrier-Germany

Rail Cargo Group (RCG) expanded its portfolio of traction stock by purchasing German rail freight company EBM Cargo, effective September 22, and changing its name to Rail Cargo Carrier-Germany. With this acquisition, ÖBB's freight transport business unit continues to expand its production operations between the North Sea, Mediterranean and Black Sea.

8/6

A mighty feat with a delicate touch

In a tense nighttime mission, the old bridge weighing 115 tonnes across the Salzach River near Schwarzach-St. Veit was lifted off of its anchors with the help of two mobile cranes, set down, and carted off.

8/21

VCÖ rail survey produces gratifying results

More than 13,600 passengers who were interviewed feel that much has improved. They appreciate – as always – the friendly and competent crew and are pleased with the renovated stations. They would also like to see even more train connections and require better cellphone reception on board.

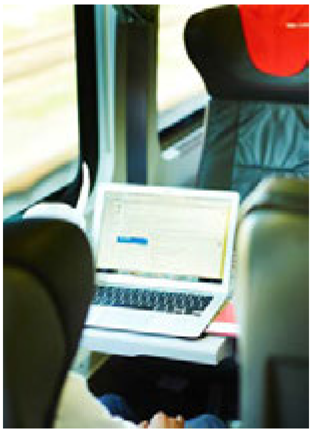
9/23

Cityjet assembly starts

After in-depth preparations, assembly of the new premium train for local transport use commenced at the TS workshop in Jedlersdorf. Between now and the end of 2017, TS engineers plan to assemble 80 Cityjet trains at the workshop.

10/4
Koralm railway – Send-off for the 3rd mega drill

Carinthia and Steiermark get closer every day. A third tunnel boring machine begins digging meter by meter – powered by a 10,000 horsepower drive and fitted with a drill head measuring ten meters in diameter.

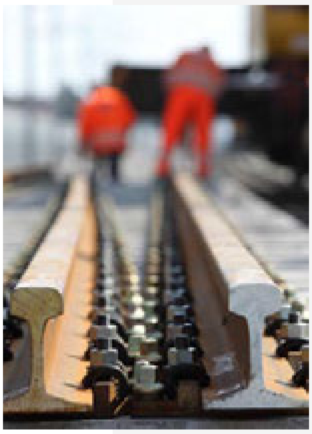


10/9
Launch of the broadband campaign

Surfing at a speed of 230: Between now and 2018, 1,500 kilometers of rail tracks are being equipped to provide on-board cellphone and internet reception with no interruption and high surf speed at top train speed.

10/14
New master plan

By 2021, around EUR 14.6 billion will be invested in expanding, improving and extending the Austrian railway network, with the aim of drawing still more passengers and freight to rail transport.

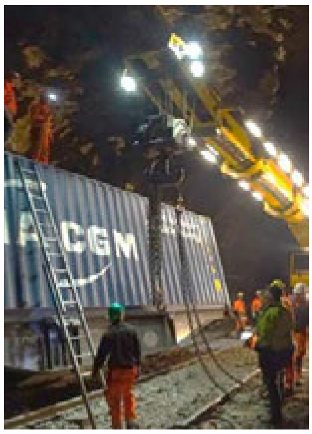


10/22
Focus 2020 strategy

ÖBB's new strategy builds on four pillars: responsibility, efficiency, team and customer. The central aim is to become European quality leader in the rail sector. This means making the company fit for the future, and defending and further expanding the strength of ÖBB Group in a changing mobility market. The strategy is being implemented through nearly 200 specific operational projects throughout the Group.

12/01
Freight train derails

When a freight train derails in a tunnel on the Ghega line, clearing proves to be a difficult task. A massive effort ensured that the line was made ready for operation again in time for the change of timetable.



12/13
Vienna Central Station goes fully operational

The heart of Austria's railways begins to beat. From now on, all long-distance transport from and to Vienna passes through the new Vienna Meidling/Vienna Central Station system. All trains stop at both stations – 1,100 of them every day at Central Station.

12/14
Service Design Center on track

The new Service Design Center creates a Group-wide platform for all customer initiatives and a framework for quickly implementing creative ideas. The aim is to use creative methods to strengthen the existing skills of our employees.

Between now and 2021, ÖBB plans to invest EUR 14.6 billion to further increase passenger and freight volume moving by environmentally friendly rail.

Contents

DIGITAL. A PDF version of the Annual Report for 2015 and two related videos can be found at: konzern.oebb.at/gb2015

ANNUAL REPORT 2015. STATEMENT OF THE BOARD OF MANAGEMENT

BOARD OF MANAGEMENT OF ÖBB-HOLDING AG. Mag. Christian Kern (CEO), Mag. Josef Halbmayr MBA (CFO)

Assuming responsibility for Austria. Two entirely different events marked the financial year that has just ended for ÖBB. The movement of refugees posed one challenge for the company, and the other arose from the trend in international rail freight, which came under pressure across Europe, not least as a result of low oil prices and the ensuing competition from road freight. Despite these general conditions, ÖBB Group is able to report the best result in its history, with EBT of EUR 192.8 million and more passengers transported by rail than ever before.

Financial year 2015 also marked the completion of ÖBB's strategic "FIT 2015" program, which was primarily aimed at making ÖBB financially strong enough to again invest in the future of the Group from its own funds. This goal was achieved in 2014 – one year earlier than planned. EBT increased again in 2015, by around EUR 21 million compared to 2014.

More rail passengers than ever before

Last year, more passengers than ever before traveled on ÖBB trains. Local transport volume increased by 2.3 million to a total of around 203.7 million passengers. In long-distance transport, the increase of just over two percent was particularly gratifying. Around 34.3 million passengers in total used Railjet, IC, and the like.

By contrast, passenger volumes on buses declined again, due partly to demographic trends and the associated decline in numbers of students and apprentices, and partly to the competition for tenders. In 2015, about 220.9 million passengers used ÖBB-Postbus services.

Vienna central Station – System successfully changed

The Group plans to make full use of all digitalization options to enable even better satisfaction of customer requirements.

The end of last financial year marked the commencement of full operation at Vienna central Station as ÖBB implemented one of its biggest changes to the domestic rail system. Since then, all long-distance trains operated by ÖBB pass through the nodes of both Vienna Meidling and Vienna central Station. Equally, all provincial capitals are now directly linked to Vienna Airport and travel times have been further reduced. Overall, this extensive changeover was completed without problems, and acceptance among passengers has been good. Individual criticisms in the initial stages were remedied during operation the year after, or are currently being addressed.

Rail Cargo Group continues to dictate the pace

2015 was a difficult year for rail freight across Europe. Persistently poor economic performance and the associated decline in freight volumes was joined by low oil prices, which further exacerbated the competitive situation with road freight.
As in past years, however, the Rail Cargo Group can once again look back on a successful year in 2015. With EBT of around EUR 57.2 million, the freight transport division of ÖBB defended its position as one of the very best rail freight operators in Europe. Both Rail Cargo Austria and Rail Cargo Hungaria remain the clear leaders in their respective domestic markets.

Changing Austria forever

In recent years, ÖBB-Infrastruktur AG has executed some 250 projects which have changed the appearance of the railways forever and played a major role the success of rail transport in Austria. With hundreds of new or renovated railway stations, the safety and comfort of our passengers at the stations has improved, as has accessibility to our trains. Flagship projects – such as the central Stations in Vienna, Salzburg and Graz, or the station at Vienna Airport – were completed both on time and on budget, as were numerous regional stations throughout Austria.
They were joined by key freight transport projects, such as the modifications to the terminal in Ludesch, substantial progress in the construction of the major terminals in Inzersdorf and Wolfurt, and continuation of the major tunnel projects at Brenner, along the Koralm line and at Semmering.

Adoption by the Austrian Government and Parliament of the new ÖBB master plan for 2016 through 2021 has secured the continuation of the modernization program at the same undiminished pace over the coming years.

MAG. JOSEF HALBMAYR MBA. Board of Management of ÖBB-Holding AG (CFO)

Ambitious goals
A new Group strategy was approved in the financial year just ended. Apart from confirming our earnings targets, "Focus 2020" places customers even more firmly at the center of all our actions.
As was already the case with our FIT 2015 strategy, the goals are clearly defined for Focus 2020: Between now and 2020, ÖBB intends to transport a total of 500 million passengers and 150 million tonnes of freight. It plans to achieve these goals by expanding its passenger transport business – specifically by launching long-distance bus services, car sharing, etc. – and by further internationalizing its freight transport business. Equally, it plans to make full use of all digitalization options as a Group to enable even better satisfaction of customer requirements and optimization of production workflows.

MAG. CHRISTIAN KERN. Board of Management of ÖBB-Holding AG (CEO)

We would like to take this opportunity to thank all of our staff and employee representatives, without whose constructive and dedicated help in implementing our defined goals we would not have been able to enjoy the success of the past, nor would we able to achieve the goals for the future.

As in past years, our well-known unity within the company enables us look optimistically toward the future.

Mag. Christian Kern
Chairman of the Board of Management
ÖBB-Holding AG

Mag. Josef Halbmayr MBA
Member of the Board of Management
ÖBB-Holding AG

STATEMENT OF THE CHAIRWOMAN OF THE SUPERVISORY BOARD

Strong foundations. These financial statements are a continuation of a success story, and the company has again gained new strength. ÖBB will need this strength in the challenging years to come: Low growth and massive competition describe what will be a difficult environment. I am convinced that ÖBB is both well equipped and well positioned to embrace these challenges.

MAG. BRIGITTE EDERER.
Chairwoman of the Supervisory Board of ÖBB-Holding

Although it may seem unusual to start a comment on the annual report with a social topic, it is the right choice when looking back at 2015: ÖBB's performance during the refugee crisis shows just what this company is capable of: it has the capacity for truly great achievement coupled with an impressive ability to withstand crisis.
Our employees worked to their limits and, often enough, beyond. The feat of looking after thousands and thousands of people who literally arrived over night was remarkable. A human and logistical achievement combined.

To put the company's strength to use, it needs a solid economic foundation. As the latest figures show: ÖBB remains a robust company. A follow-up success to last year's massive increase in EBT was a difficult proposition, but it has happened, nonetheless. Not many major corporations are able to publish successful figures in these times, which is why the successful business performance of ÖBB is all the more gratifying and impressive. It is unambiguous proof of the capacity of our employees to perform and of the forward-looking ability of our management. These results give the company added strength. It will need this strength to withstand difficult conditions and retain its ability to invest in the future.

Significant contribution to gross domestic product
The economic climate is becoming harsher. As a global phenomenon, growth is expected to remain slow over the longer term. Even China – at one time a giant engine of growth – is showing signs of weakness. In a globalized economy, ÖBB cannot escape the impact – on both its business in Austria and on freight transport in its markets abroad.

Oil prices remain low, which is beneficial in the short term but a burden for the world economy and global growth in the medium term and, as such, for freight transport volume. The high price of gasoline has long been an argument in favor of taking the train, but that no longer applies. Measures to make passenger travel by train the better – rather than cheaper – alternative are therefore all the more important.

The greatest strength of our company is an asset of immeasurable value: our employees.

On the matter of weak economic growth, the investments made by ÖBB make a significant contribution to gross domestic product. The Group is a leading business and a stable engine of growth in a weak economic climate. It is not only industry and SMEs that benefit from ÖBB's capital investment – around 80 percent of all contracts are awarded to local small and mid-sized businesses. The economy benefits as a whole: A state-of-the-art and well-developed infrastructure is a decisive advantage in the global competition among locations.

The entire portfolio of services offered by ÖBB in the transport markets – passenger, freight, and Postbus – faces increasingly fierce competition. Public debate in Austria centers, above all, on the competition for passenger transport on the Western line, although a European debate about the high level of predatory competition in freight transport would be more relevant. Rushed liberalization without providing a regulatory framework comes at the expense of the major state-owned railways which, in turn, compete fiercely against each other in the fight for share of market. This is an enormous challenge, which ÖBB's freight division embraces aggressively with new transport solutions throughout Europe.

Expertise and passion

The new Group strategy establishes the right policies and areas of focus, with our customers positioned at the top of our pyramid of goals. The "from carrier to customer" philosophy is also an important indicator of our corporate culture: ÖBB wants to convey its expertise and passion in the best possible way. Our primary aim is to inspire enthusiasm among customers for our bus and rail services. The foundation is strong: good grades for customer satisfaction, the highest scores for punctuality, competitive freight services, investments made in on-board Wi-Fi and new rolling stock.

ÖBB is not like other companies. We are charged with providing a public service. This responsibility extends beyond serving the most profitable routes. The predatory competition in freight transport focuses on the profitable routes. ÖBB is the only provider that continues to serve areas with single-car transport needs, which are not very profitable. We provide this transport network because industry needs it for their production sites. To sum up: the railway is not a "business" in the conventional sense. It is also public service with public financing. It includes the duty of efficiency, which not results in better workflows and cost-consciousness. Efficiency also improves our public reputation.

The greatest strength of our company is an asset of immeasurable value: our employees. We are witnessing major changes in our workforce, and demographic trends are becoming increasingly important. ÖBB plans to keep the experience its older employees bring to the company with the right programs. We want them to stay healthy and continue to provide their expertise. At the same time, more apprentices are being recruited. ÖBB remains the largest provider of technical apprenticeships in Austria, and wins on important points in the competition for young talent. ÖBB's guiding theme is connection. It connects generations within the company just as it connects regions and markets.

ÖBB can navigate any great challenge because it has what it needs for the task – financial strength, expertise and passion.

Mag. Brigitte Ederer
Chairwoman of the Supervisory Board of ÖBB-Holding AG

"Taking the train is always an adventure."

HERTA ANDAHAZY

Moving Austria

Modern mobility. ÖBB offers comprehensive mobility services for all of Austria through its train and bus networks. But the company's responsibility extends far beyond this.

ORIGINAL QUOTES. Some of our passengers are quoted in this report. The passenger statements on the opposite and following pages are quotes from interviews conducted on ÖBB trains in March 2016. Excerpts are also available on video at konzern.oebb.at/gb2015

We make Austria mobile

RAIL TRAVEL is now "in". Austrians are the most dedicated train travelers in the EU, and rank among the top countries in the world for rail travel.

The train is trending. It's as simple as it is true. Because trains make people mobile. Which is important in times like this. In urban areas, the automobile is losing its aura, and its significance along with it Today's younger people, especially, no longer feel they need a car to call their own. They would rather be able to choose what best suits each situation from among the various means of transport available. This may be a public service – rapid transit, subways, trams and buses – but could also be a bicycle or even a car, which is increasingly likely to be shared. Multimodally: this is how people move in today's growing urban areas. Multimodally, economically, and with concern for the environment. Basically, a silent revolution is taking place that permanently changes the nature of everyday mobility.
This revolution is unfolding in a way that it feels more like a gentle evolution for passengers, which is attributable first and foremost to the railway. This is the very nature of the railway, but also its mandate and purpose.
ÖBB is Austria's largest and most important mobility service provider. And also something more: The railway is an essential part of the infrastructure in any country. It is, so to speak, written in its DNA. After all, a railway is more than "just" mobility service provide; for as long as it has been with us – nearly 200 years ago now – it has set the pace of progress, and of both economic and, ultimately, social change in every respect. It is safe to say that the railway drives Austria forward, that it makes Austria mobile. In every respect.
Without railways, the industrial revolution in the 19th century would have been inconceivable; the takeover of in the young United States may have been completely different, and tourism – the experience of faraway places brought closer – would never have taken hold. Not in the formerly impassable areas, found everywhere in the mountainous regions south of Salzburg.

Connections to the remotest valleys

Even in the most remote corners of Austria, service is available. It may be an ÖBB Postbus that takes you to

"I have long since stopped using the car for many of my trips. I can't drive as fast as the Railjet."
HELMUT KRENN

MOBILITY SERVICE PROVIDER. The railway drives Austria forward. It makes Austria mobile. In every respect

a station, and from there – possible by single track – on to the next node to a bigger, faster line, and then to a station on the world map.
This is the railway triad – a system of local and regional transport, long-distance transport and buses. These interlinked systems enable ÖBB to navigate long routes, to provide ample capacity at frequent intervals in urban areas, and to service even the most remote valleys in sparsely populated areas.
It is simply there. As a fast train in the early morning rush hour bringing thousands of passengers reliably to the city centers, as a regional train ensuring good connections in rural areas, and as an ÖBB Postbus offering mobility even in places where the tracks don't go.
This is exactly what makes ÖBB so reliable – it crosses the country like veins through a body, like a nervous system, like a pattern of streams and rivers. And it is always available locally. To move on, to be mobile, to get from A to B regardless of where A and B are located or how far apart they might be. The fact is that an entire country, an entire continent can be reached and experienced from even the smallest station in Austria, from a tiny waiting room in the countryside.

TRANSPORT HUB. 45 trains per hour, a connection every one and a half minutes

Mobility keeps moving

VIENNA CENTRAL STATION. central Station commenced full operations when the new timetable came into effect in December 2015. At the same time, biggest change to the timetable in 25 years took place.

Nowhere else are the manifold nature and characteristics of the railways manifested as clearly as they are in Vienna's new central Station. No, that is not a given. Exactly here – this example of a newly built station in a fast-growing European capital – is almost perfect evidence of how the importance of the railways is changing in the 21st century. It opened on December 13, 2015. Or, to be more precise, it became fully operational after partial operation for a year. Since then, rail traffic has been flowing through Vienna, from North to South, from East to West. Three trans-European networks were bundled together here, linked with each other, and connected to Austrian local and long-distance transport services. It had an immediate impact on travel quality, and especially travel times. The new timetable that came into effect on December 13, 2015 marks the biggest change within ÖBB in 25 years. Every day, 1,100 trains stop at Vienna central Station. That equates to more than 45 trains per hour on average, one connection every one and a half minutes, spanning rapid transit, regional trains, Intercity trains and Railjet. It is a strong, vibrantly beating heart.
One that brings to life a mobility concept with a positive impact, not just in the Eastern region, but on all rail transport throughout Austria and Europe. It brings Munich closer to Budapest, Prague closer to Graz, Salzburg closer to Bratislava, and Linz closer to the Vienna Airport. And, for the first time ever, all provincial capitals in Austria are linked to the national capital – with no need to change trains, and from just one station. Not geographically, but certainly in terms of time.

Regularly scheduled transport services take a quantum leap

Specifically, this means the following: Since December 13, 2015 a

"Investment is definitely important. Expanding public transport is a good idea." **CORNELIA POSCH** long-distance train with connections between the West-East and North-South axes, and to the Airport, leaves the station at every half and full hour. All long-distance trains that ÖBB operates to and from Vienna – Railjets, Intercitys, Eurocitys, ICEs and Euronight trains – pass through central Station and use the station in Vienna Meidling as a second transfer hub. Accordingly, any and all of ÖBB's long-distance destinations at all points of the compass can be reached by changing trains just once, at the most.

A quantum leap.

Railjets and ICs set off to the West once an hour, while the ICE runs at two-hour intervals. Trains to the South leave once an hour bound for Graz and once every two hours bound for Klagenfurt. Equally, a Railjet to Prague leaves every two hours; the same applies to Budapest, and an IC/EC heads for Ostrava three times a day, with two of these connections continuing on to Warsaw. Vienna is a hub. A European junction. Easier, better designed, more convenient. That is one side of the coin. The other is speed. Prior to December 13, 2015, if you wanted to get from Salzburg – where you would arrive at West Station – to the old South Station or even the central Station you would have needed to allow an extra 20 minutes in your schedule. 20 minutes – at least. Now, you can get from Salzburg central Station to Vienna central Station in two hours 22 minutes, and will often find your connection is already waiting for you on the opposite platform. Anyone traveling from St. Pölten to Klagenfurt only needs to change once, in Vienna Meidling. Equally, passengers journeying from Bruck an der Mur to Budapest change at central Station. Again, just once. The same applies for passengers traveling from Innsbruck to Wiener Neustadt, a journey that takes just four hours 33 minutes (compared to five hours 27 minutes by car, not counting delays caused by roadwork or traffic jams).

CENTRAL STATION. Open, smartly designed and customer focused

1,100

trains stop every day at Vienna central Station, the new through station and central transport hub in the East of Austria. **That equates to more than 45 trains per hour on average,** one connection every one and a half minutes – Railjets, Intercitys, regional trains and trams.

And a few more examples: Since December 13, it takes 30 minutes less to travel between St. Pölten and Wiener Neustadt, or between Linz and Budapest or Klagenfurt and Budapest. The journey from Graz to Amstetten is 42 minutes shorter. So everything is on track.

Transport hub for Austria and central Europe

Well, maybe not everything is on track. ÖBB is a provider of mobility services. And, as such, needs to take a broader view and see the bigger picture. Which is why the new central Station and new timetable also ensure the best possible connections to international flights. Equally, five state capitals in the West have been linked directly to Vienna Airport since December – via Vienna Meidling and Vienna central Station. Every day, 32 ÖBB Intercity and 27 ÖBB Railjet trains run between Salzburg and the airport alone. Today, the journey takes just

PROVIDER OF MOBILITY SERVICES. Satisfied customers, their impressions and positive experiences are not just

four hours 35 minutes from Innsbruck, two hours 49 minutes from Salzburg, and just one hour 42 minutes from Linz. Two long-distance trains arrive at Vienna Airport Station every hour. They include the Intercity trains connecting Attnang-Puchheim, Vöcklabruck, Wels, St. Valentin, Amstetten and Tullnerfeld to Vienna Airport.
And what applies for the West also holds true for the South. It takes only four hours 18 minutes now to travel from Klagenfurt to Vienna Schwechat (with one change at Vienna central Station), three hours two minutes from Graz, 55 minutes from Wiener Neustadt or Baden, and 48 minutes from Mödling.
Simpler, faster and more convenient – that's OBB's new offer to its guests. And this offer is also how ÖBB sees itself. It performs a public supply service by connecting all of Austria. Even those regions that are somewhat off the major routes, far from the race courses that are generally considered profitable. These regions cannot be pushed aside and forgotten. This is a mandate given to ÖBB by the Republic of Austria when the public authorities commission ÖBB to provide transport services that allow as many people as possible to take part in business, social and cultural life. Performing this service requires investment spending – to expand and maintain tracks, facilities and buildings. In short, to provide a high-performance infrastructure for the good of the general public. You might call the railway a communal project, and the funding provided for it a social policy decision. One that affects the overall economy.

The benefits of performance

INVESTMENT. Investing in infrastructure drives economic growth, much like investing in education and innovation.

Investing in infrastructure lays the cornerstones for long-term prosperity. And not just that: Investing in railway infrastructure has had a short-term economic effect of contributing 0.6 percent growth to GDP. An essential factor in time of economic weakness.
To put it differently: If the public sector had not invested in expanding the railway infrastructure, the Republic would have slid into recession in recent years, with all the associated consequences, such as increased unemployment, lower tax income, and slumps in export business. Instead, the specific actions taken over the past years and decades created the essential foundation of knowledge, technology and expertise on which Austria’s railway supply industry has been able to build and successfully evolve into a

“Comfort has improved in recent years, and trains are also noticeably cleaner.” **CHRISTINE WADITZER**

a daily challenge, but also the best advertisement

global champion. That is industrial policy with a long-term view. And yet still only one aspect, albeit an important one.

By performing transport services on behalf of Austria, ÖBB also plays its part in reducing greenhouse gases. The more attractive and extensive the public transport system becomes, the more people will be willing to dispense with their automobiles. In light of the two degree target formulated by the UN Convention on Climate Change in Paris in 2015, the railway and its mobility services are essential to providing a climate-compatible alternative.

To be sure, it is an alternative that can only be effective if its services and programs are wanted and used. The European Commission has praised Austria in glowing terms in this respect. Of all EU members, Austria has by far the most dedicated and satisfied train passengers, not least due to ÖBB's top ranking in terms of punctuality.

The railway from the customer's perspective

CUSTOMER SATISFACTION. For a mobility service provider like ÖBB, customer satisfaction is a top priority. ÖBB achieves consistently good grades in surveys, and is trending upward.

ÖBB is a service provider, a provider of mobility. Its success stems from the satisfaction and trust of the people who use its services, be they commuting or traveling long-distance, or frequent or occasional passengers.

Every year in fall, Austrian transport association Verkehrsclub Österreich (VCÖ) publishes the results of its tests of rail operators in Austria, a comprehensive, enormously detailed survey of customer satisfaction, mobility behavior and user motivation. For its survey in 2015, 13,600 passengers were interviewed. ÖBB was given good grades across the board.

1,425

kilometers – the average distance traveled by each Austrian using the railway. This makes **Austrians the most dedicated rail passengers in the EU,** and third worldwide after the Swiss, who travel 2,430 kilometers, and the Japanese, who travel about 1,900 kilometers each year.

Austrians travel an average of 1,425 kilometers by train each year and per capita, making them the most dedicated rail passengers within the European Union. The only country with higher per capita figures per year is Switzerland, where passengers travel some 1,000 kilometers more. The authors of the VCÖ survey have determined that these figures could be achievable in Austria, as well. Within the space of ten years. The trend is obvious: 38 percent of all passengers take the train more often. A statistic that rises to 44 percent for the under-30 age group.

A company thrives on the satisfaction of its customers. Their impressions, their positive experiences are its best advertisement. The crew scored highest, and cleanliness and seating availability scored well.

55 percent of the passengers interviewed felt in each case that the railway was becoming more punctual and the cars more comfortable, and that service was improving. This experience, this comfort, is what passengers expect.

The availability of connections is no less important, nor are travel times. Every second passenger has noticed that trains are running more frequently. Six out of ten rail passengers also confirmed that overall travel times had improved. Better connections and shorter travel times are unbeatable arguments for switching from road to rail: 55 percent of rail passengers now take the train for journeys they used to make by automobile.

If we want to encourage even more people to switch, to bring our passenger statistics on a par with Switzerland within a decade, we must put a broad range of specific and correctly timed measures in place: more frequent connections, including and especially for evenings and weekends (to respond to greater flexibility in work hours and changing needs resulting from this trend); a consistent-interval timetable; a simple and modern ticketing system.

GOOD GRADES. The crew scored top marks in an annual survey

Being mobile and gaining time for yourself

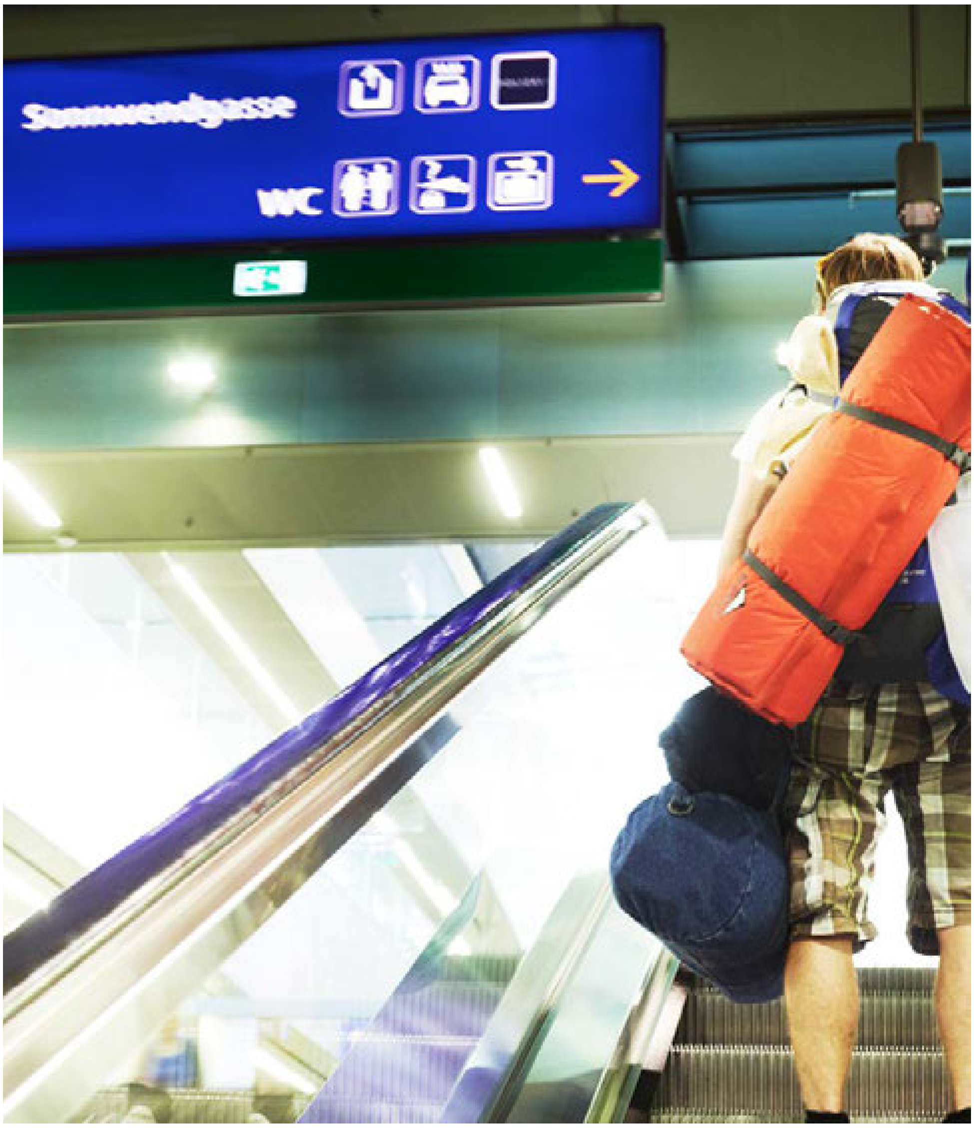
MODERN MOBILITY. The various means of transport are being combined more and more. In these new travel strategies, the railway is often the backbone. The benefit is obvious: You gain time.

Another sign of the times: People are no longer using just one means of transport. Instead, they are combining multiple options. The railway and its mobility services constitute the backbone of the transport system in this respect.
Additionally, older travelers appreciate personal contact and therefore want to find someone they can talk to, both at the ticket counter and in the train. A consistent-interval timetable and a more tightly knit rail network are also important to this group. Barrier-free entry to the trains is also important here: 60 percent of those over age 74 rated this as particularly important. By contrast, younger passengers value fast trips and good internet and cellphone reception. And, of course, the power socket for each seat. ÖBB is already working on implementing all of these suggestions, wishes and needs. This is not so much a list of dreams for the future, but rather a specific catalog of measures.
Crew, frequency and speed are not the only criteria producing positive reactions. There are the stations, as well. You might call them the reception area for passengers. Two thirds of the passengers interviewed confirmed that the quality of Austria's railway stations had improved immensely. The central Stations in Klagenfurt, Linz and Salzburg ranked among the very best in this category, but were topped by Vienna central Station, which Austria's rail passengers put in first place. It is admired for its architecture, accessibility, and cleanliness.

New station for a new city

In a way, we have come full circle. Vienna central Station is more than "just" a railway station. It embodies the new image of the railway. It is

"Expanding the railways is exactly the right thing to do. Making good connections can only be positive." **HANS CHRISTIAN FELLINGER**



CENTRAL STATION. The entryway to modern Vienna and portal for travel throughout Europe

open, generous, smartly designed and customer focused. It is modern, fast and multimodal. It is a hub, connecting and joining. But it is not a palace as stations used to be. The signals it sends are different, less conspicuous. More subtle. It blends into the city, adopts its contours, continues them, expands on them, adds to them, quickens them. At the same time it sets the pace, provides stimulus.

A city rarely has the opportunity to create something new in its center. To gain formerly closed-off space for the city and its residents. That is exactly what has happened with Vienna central Station. It is not just a transport building that has been erected; a whole new district is emerging around this station. Complete with housing, schools, corporate offices and hotels.

Vienna shows its modern face when travelers arrive by train from all over Europe. A city that has rediscovered its position, its standing on this continent. And right at the heart of this new quarter is the central Station, the place that connects Vienna to all of Austria, and to Europe. A natural fit.

Taken together, this describes the success of the railway in this young century very well. Rarely has a company adapted so fittingly and repeatedly to new needs and new challenges over time. On one hand, it is a company that produces innovation time and again with and through industry. Engineering and technological innovations, materials and motors. This represents an asset in terms of knowledge and expertise that is increasingly important in an information society such as ours. At the same time, by contracting and through the work in its own shops, ÖBB ensures a steady flow of training, thus creating the knowledge that is being passed on. Enhanced, renewed, always up to date. Ready to take the next leap and stay mobile in this field, as well.

At the same time, ÖBB is a company that can read the signs of the times like scarcely any other. To acquire, hold and keep customers, you need to take care of them, find out what they what, understand their needs, and take the appropriate actions. Just getting them from A to B is not enough. On the contrary, even if a trip is a daily routine you need to make it pleasant and positive experience.

Last but not least, a further enormous challenge is looming, not just for ÖBB but for all railway operators and our society. We must reduce greenhouse gas emissions to minimize the greenhouse effect and keep its consequences within bearable limits. Yet again, the railway find itself setting the pace and ensuring movement in this area as well. Providing the mobility that is urgently needed. The train is trending. How true.

38

percent of all passengers take the train more frequently. A statistic that rises to **44 percent for the under-30 age group.** And 55 percent of rail passengers now take the train for journeys they used to make by automobile.

Focus on 2020

STRATEGY. By 2015, we had made ÖBB FIT for the future. Now we are working on Focus 2020. In order to continue writing the success story of our four pillars: responsibility, efficiency, team and customer.

There are timetables, and then there are timetables. One of these is the guide for trains and passengers. It dictates the rhythm of mobility in Austria, day in, day out. It therefore ranks among the most important information published by the railway, providing the details of when, how and where to. It provides orientation.
And then there is the other kind of timetable – what you might call the in-house versions that describe and define the what, when, how and where to for the Group. They are essential if a company is to move forward. These timetables are more commonly known as strategy programs. The "FIT 2015" strategy program was approved back in 2010 and set the course for the health and growth of the Austrian Federal Railways. By rigorously focusing the entire Group on competitiveness and quality, the goal was to make ÖBB financially strong enough to again invest in the future of the Group from its own funds.
The program affected every area of the company, without exception. And especially freight transport, where costs were reduced and capacity utilization improved. These measures were joined by site optimizations, new products, and the pooling of services in a shared service center. The comprehensive program produced quick and lasting effects, enabling all sub-groups within ÖBB to generate a positive operating result of (EBIT) in the first year of FIT 2015.
This initial success was placed on a sustainable footing by the dedication of all ÖBB employees and their willingness to drive change forward and support it in every way. Alongside necessary cuts, the dedication and commitment of all employees increased productivity at ÖBB considerably. Above all, their willingness to adapt to the times and take on new assignments or functions within the company played an important role.
ÖBB's new strategy – "Focus 2020" – plans to build on, and continue, the success achieved in all areas of the company in recent years. The central aim of Focus 2020 is to respond to foreseeable changes, which certainly will not circumvent Austria, with the right service offering – before anyone else does.
In short, Focus 2020 will not only defend, but also expand our established strength in the market. And, to make the Austrian Federal Railways so successful that, by 2020, it will be transporting 500 million passengers and 150 million tonnes of cargo, rank among Austria's top 10 employers, and operate so profitably that it can strengthen its investment in its own future.

1.871

billion euros – the value of the ÖBB brand. ÖBB ranks sixth in terms of Austria's most valuable brands. **Its brand value increased by 5.5% year on year,** making ÖBB the second-fastest growing brand in Austria.

Rail travel is "in"

ÖBB has managed to turn itself around and is now in the black. Restoring the good reputation of ÖBB was, however, just as important as the success of our business operations, if not even more so. Today, rail travel is "in". This is demonstrated by the fact that Austrians are not only the most dedicated train travelers in the EU; they also rank among the top countries in the world for rail travel: On average, every Austrian travels 1,425 kilometers by train each year. Only the Swiss (2,430 kilometers per person) and Japanese (1,912 kilometers) travel more by train.
And: Austrians are happy with their railways, as confirmed by the third customer satisfaction survey presented in spring 2015. Further

"I recently traveled to Innsbruck. It will be great when trips are this fast on the southern route."

MARTIN KOHNLECHNER

Our goals

Customers

We transport **500 million passengers** and **150 million tonnes of freight** in Europe.

Team

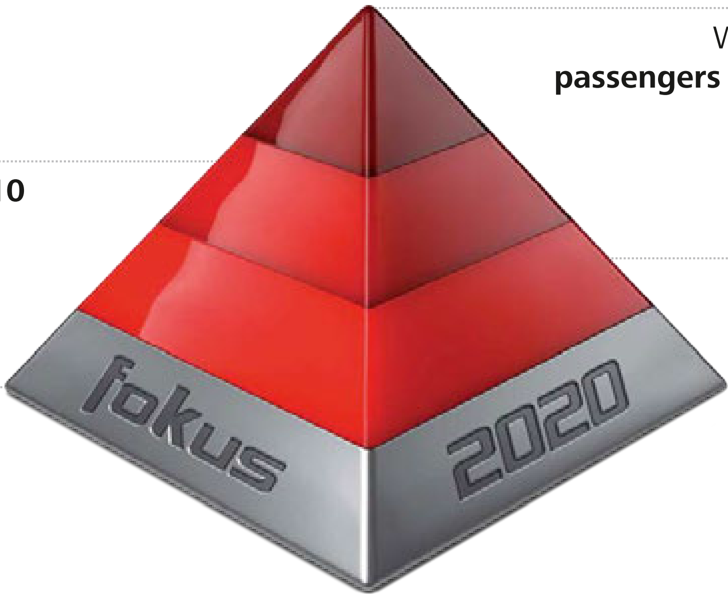
We rank among the **top 10** employers.

Efficiency

We **earn our cost of capital** and invest in our future.

Responsibility

We earn **trust** through **sustainability** and **safety.**



STRATEGY PYRAMID. Responsibility is the base and customers are, of course, at the top

CUSTOMER. We inspire enthusiasm for the rail-way. With products and services that are simple and available digitally

RESPONSIBILITY. We embrace our responsibility with environmentally conscious mobility, and earn trust

improvement was confirmed in all of the companies surveyed (passenger transport, infrastructure and Postbus), with a total score of 79 out of 100 points. An image such as this also makes its mark on brand value, which also increased considerably. By EUR 596 million to be precise, or about 47 percent compared to 2010 according to the calculations of the European Brand Institute in fall 2015. Currently valued at EUR 1.871 billion, ÖBB now ranks sixth among Austria's most valuable brands.

Four pillars for 2020

FIT 2015 brought momentum and renewal. We must now actively and unerringly continue to drive this positive trend. This is the purpose of our new Focus 2020 strategy program. This time, the aim is to prepare the company for the demands of the future – not only to defend, but to expand the strength of ÖBB Group in the market. Focus 2020 builds on four pillars: customer, team, efficiency, and responsibility. In all, the strategy includes around 160 operational projects within the Group. Simply stated, it can also be said: ÖBB is a company and a brand, and it has a goal – to provide reliability and safety as a European quality leader, and to inspire enthusiasm for train travel.
Goals such as these are important. They emotionalize, create focus. Both of which will be important in the years to come. After all, the challenges facing Austrian Federal Railways are not getting smaller. And the environment will be marked by weak growth economically and massive change socially.

More competition

Competition in passenger transport, specifically, is intensifying. The Fourth Railway Package represents the EU's next step toward liberalizing the railway markets in Europe. Following freight transport and bus operations, passenger rail transport will also be opened to new competitors. ÖBB must therefore win over its customers with its products and services to an even greater and sustainable degree.
The high standards that ÖBB has set itself for years will pay off in this respect. Compared with many other railways in Europe, ÖBB occupies leading positions in numerous areas and sets benchmarks, for example in respect of train protection or, in the near future, broadband availability with on-board Wi-Fi.
Even in past years, numerous initiatives have focused on customers and their needs – in both passenger and freight transport. Moving – and above all staying – closer to customers also means evolving as a company, implementing new methods and work procedures to become faster and more flexible.

An environment

that is changing. Opportunities and challenges

- Liberalization and increasing competition
- Internationalization and competition in freight transport
- Low fuel prices
- Unavoidable losses in domestic market share
- Essential investment spending on rolling stock
- Increasing cost pressure
- Synergy potential
- Difficult general economic conditions
- Weak growth forecasts
- Changes in customer and mobility needs

Mobility from a single source

This is a fundamental requirement for responding correctly and pro-actively to further changes. It is a fact that the entire mobility market is on the verge of change. Demographic trends, new technologies and especially increasing digitalization in virtually all areas of our lives also bring change to mobility behavior. For ÖBB, this means preparing for totally new market

"I believe public transport is environmentally friendly. So why not use it if it is available?"

CHRISTINE MERKINGER

sustainability and safety

players and competitors, and for new customer requirements. Customers will have more providers to choose from in an open market and will therefore need to be won over by ÖBB's products and services over the long term. Rail customers want all-inclusive solutions, products from a single source, and from a model that incorporates all available alternatives and modes of transport. And they want to be able to find these products easily; transparently and – because they are digital – they must be available anywhere, any time. They want simple, interconnected products incorporating several, or preferably all, modes of transport. To survive in this new, much more dynamic world of mobility, the entire company must be clearly positioned and aligned to sustainable success in the marketplace and among customers.
ÖBB-Fernbus was founded in October 2015 in response to the rapid growth in the European market for long-distance bus travel. This limited liability company – a subsidiary of ÖBB-Personenverkehr AG (90%) and ÖBB-Postbus GmbH (10%) operating under its own brand – aims to grab as big a piece of the pie that is the growing market for long-distance bus travel as possible and, in doing so, to round off the existing products and services offered by ÖBB. In the interest of our customers, ÖBB wants to enhance its rail transport program by offering long-distance bus travel. ÖBB-Fernbus will offer international destinations that are currently hard to reach by train, thus expanding the portfolio of destinations offered by ÖBB. In addition, the Group can appeal to new price-conscious customers with attractive special offers.

Best place to work

Just as Focus 2020 faces outward toward our customers, so the strategy also faces inward toward the employees at ÖBB. One key aim is to rank ÖBB among the top 10 employers in Austria. The underlying vision has been clearly defined: ÖBB is passionate about performance, and inspires enthusiasm as a top employer.
As an employer brand, ÖBB can build on the successes achieved in recent years. In the "CAREER'S BEST RECRUITERS" survey, ÖBB ranked third in the "Transport and Traffic" sector. In 2015, ÖBB took first place in the annual "The Best To Start" campaign conducted by the Austrian job and graduate network "absolventen.at". And in the annual Universum Student Survey Austria, the company was ranked among the top 50 most attractive employers in Austria.
In the coming years, ÖBB's employer branding efforts will be flanked and supported by a measure that will speed us down the track: the ÖBB Career Train! This train, a Talent, brings visibility to the job diversity within the company, drawing the attention of customers to ÖBB as a potential employer on various routes in Lower Austria and Vienna. The diversity of the jobs landscape and a modern design, coupled with a central symbol of the company, creates the ideal link between attractive services and the ÖBB employer brand. As more than half of all rail passengers are female, this initiative targets females and aims to help raise the share of women in the company.
ÖBB wants to rank among the top 10 employers in Austria by 2020. A survey of employers was commissioned in 2015 to ensure the goal is sustainably measurable.

Success built on four pillars

Customer
We inspire enthusiasm for the railway. With products and services that are simple and available digitally.
The goal: to transport 500 million passengers and 150 million tonnes of freight.

Team
We connect performance with passion, and inspire enthusiasm as a top employer.
The goal: to be a top 10 employer – for apprentices, engineers and business graduates.

Efficiency
We work efficiently, profitably and flexibly. This is how we insure business success.
The goal: to earn our cost of capital and enable investment in our future.

Responsibility
We embrace our responsibility – with safe and environmentally conscious mobility.
The goal: to earn the trust of society through sustainability and safety.

EFFICIENCY. We work efficiently, profitably and flexibly

The four pillars at a glance

FOCUS 2020. A pyramid spanning four levels describes ÖBB's new strategy. Responsibility forms the base, with the customer at the top.

Numerous initiatives in past years have already focused on our customers and their wishes – in both passenger and freight transport. Digitalization is a key theme, alongside modern and contemporary mobility solutions. Therefore, following the successful test at three stations, we are Wi-Fi availability in our trains and stations will continue to be expanded. Additionally, ÖBB is actively working on new solutions to respond to changes in mobility behavior. Platforms are being developed in collaboration with partners to incorporate car and bike sharing along with trains and buses. One example is the eMORAIL project aimed at linking eMobility solutions with the railway. Another is SMILE, which aims to simplify the use of different means of transport.

Building and strengthening the team

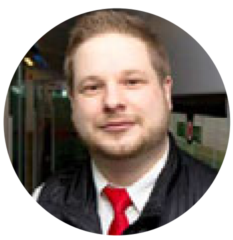
Moving closer to our customers also means evolving as a company and implementing new methods and work procedures. As an employer, ÖBB relies on a team that is passionate about performance. Much is being done to strengthen both passion and the performance.
ÖBB not only runs one of the largest apprenticeship programs in Austria; it also sets standards in the field of training.
Likewise in its special programs to foster the talent and management of the future. Comprehensive generation and diversity management and supporting the work-life balance are further means by which ÖBB is, and intends to remain, an attractive employer for everyone.

Remaining efficient

In all of these efforts, the new strategy also continues to focus on efficiency. ÖBB aims to be efficient, flexible and profitable enough to remain competitive and have the ability to invest its future from its own funds. Review our cost structure will therefore remain with us as a constant process. Enormous savings potential still exists in our overly complex bureaucracy.

"Customers are more satisfied. They are friendlier, say hello more often. They smile back."

FABIAN TITZ, CONDUCTOR



Areas of focus

Customer

Passenger transport: Passengers growth and satisfaction: improve services, products and fleet quality, new business areas (e.g. long-distance buses), portfolio of innovative international products

Freight transport: More volume through internationalization: expand into markets in Northwest and Southeast Europe, restructure the operators' network, expand our presence throughout Austria, refurbish cars and traction vehicles

Digitalization: Wi-Fi and mobile communication in trains and at stations, Ticketshop 2.0 travel app

Team

Attractive employer: charity and social initiatives, employer branding, diversity, executive performance management, talent management, expansion of training programs.

Generational management: work time models, occupational reintegration, career models, strategic HR plans

Efficiency

Increasing efficiency: ECL turnaround, RCG service portfolio optimization, competitive cost structures, shared services and overhead

Responsibility

Environmental protection: expansion of renewables, reduction of climate impact and noise, safety for customers, infrastructure, fleet

TEAM. We connect performance with passion, and inspire enthusiasm as a top employer

We are therefore implementing our "Speed Up!" program to examine our structure once again and make ÖBB even leaner and faster. Focus is not, however, solely on reducing costs. Instead, we want to make all of our processes better and more customer friendly. At ÖBB the goal of quality leadership takes precedence over cost targets.

Embracing responsibility

Responsibility ultimately plays an important role in quality leadership. As a company focusing on sustainability, ÖBB embraces its responsibility. After all, mobility is what drives both a modern society and a healthy economy. And ÖBB can play an important role in making this mobility both environmentally compatible, and safe and affordable for everyone. We plan to increase the use of renewable energy and ensure that all resources are used efficiently and economically in order to reduce our climate impact. As a company that embraces responsibility, however, ÖBB also addresses issues such as noise protection and operational safety, both in the trains and at the stations. With a view to the long term.

The infrastructure of the future

EXPANSION. ÖBB is building the rail network for the 21st century with a large-scale investment program. It will enhance comfort, shorten travel times and provide consistent, efficient timetables.

Faster, shorter, better, easier. The railway in Austria must become all of these. This was the mandate issued by the Federal Government to ÖBB in fall 2015. Together with an capital investment budget of EUR 14.6 billion to expand, extend and improve the Austrian rail network.

This makes a statement. Even more, it is a fundamental decision with consequences extending far into the future. First, to expand public transport – a fundamentally necessary step in these times of climate change in order to minimize CO_2 emissions as much as possible.

Second, to provide the country, the Republic, society and business with the most high-performing transportation infrastructure possible for generations to come.

But first things first. The measures defined in the master plan for 2016 through 2021 will further strengthen the railways' ability to compete and perform. They will drive the crucial shift – from a climate policy perspective – of traffic to rail transport, raise the quality of service for both passengers and freight to a sustainable new level, and provide urgently needed stimulus to the Austrian economy. This is the very nature of ÖBB – what affects it also affects the country and its people in many areas. There are very few other companies so closely interwoven with everyday life as ÖBB. This integration is so deep that it hardly draws attention.

Quality requires investment

Accomplishing the tasks facing ÖBB does, however, require investment. Becoming faster, shorter, better and easier is not merely the product of perfect service and structural reform. It requires new and expanded infrastructure so that the railway network can expand and be ready for future needs, and in order to equip railway and transport stations in the most functional and modern way possible. This is how the EUR 14.6 billion that ÖBB is receives from the Federal Government between now and 2021 will be used.

In fact, ÖBB is actually being given this money "in trust". After all, whatever ÖBB invests in on behalf and in the name of the Republic ultimately benefits both the general public and its fellow competitors. Directly and long term.

All in the plan

One main focus of the master expansion plan is the expansion of the TEN routes through Austria, especially on the Western and Southern lines. With tangible consequences. Vienna–Graz in 1:50 instead of 2:40 hours, Vienna–Venice in 6:00 instead of 8:00 hours, Vienna–Munich in 3:45 instead of 4:10 hours or Vienna–Prague in 3:50 instead of 4:30 hours – these travel times are going to become reality. The construction programs already in place on these lines (within Austria's borders) will be continued. These include, for example, completion of the four-track Western line between Vienna and Wels, building the Brenner

Current projects

In the master plan

Koralm railway, Graz–Klagenfurt, completion by 2023, cost: around EUR 5.4 bn
Brenner base tunnel, completion by 2026, cost: around EUR 5 bn
Semmering base tunnel, completion by 2025, cost: around EUR 3.3 bn
Vienna–Wiener Neustadt, four tracks, completion by 2023, cost: around EUR 0.66 bn
Linz–Marchtrenk, four tracks, completion by 2025, cost: around EUR 0.66 bn
Asten–Linz, four tracks, completion by 2025, cost: around EUR 0.54 bn
Ybbs–Amstetten, four tracks, completion by 2019, cost: around EUR 0.5 bn
St. Pölten track completion, completion by 2017, cost: around EUR 0.4 bn
Vienna South cargo center, completion by 2017, cost: around EUR 0.3 bn
Salzburg central Station–Freilassung, three tracks, completion by 2016, cost: around EUR 0.2 bn
Wels–Passau, modernization, completion by 2019, cost: around EUR 0.2 bn

"If you take public transport a lot, you are naturally eager to see connections being extended."
THERESA STICKLER

CAPITAL INVESTMENT. Between now and 2021, ÖBB will invest EUR 14.6 billion in expanding, extending and improving the Austrian rail network.

MASTER PLAN PROJECTS. An excerpt of some of the important projects in the new master plan. Primary aim: to increase capacity and speed

base tunnel, and establishing the Southern line system. In addition to the new Vienna central Station, the latter entails expansion of the Pottendorf line, the Semmering base tunnel, the redesigned Graz central Station, the construction of the Koralm railway and the expansion of the line between Graz and Spielfeld. Looking ahead to the target railway network in 2025, these investments and expansions are essential for a consistent-interval timetable in passenger transport across all of Austria.

Expanding the mobile data network

There are new projects in the master plan in addition to those already known. These include the expansion of the Marchegg branch and Ebenfurth loop, the train connecting Vienna Hütteldorf with Vienna Meidling or the FL.A.CH S-Bahn project spanning three countries (Liechtenstein, Austria, Switzerland). Capital expenditure will also focus on improving the quality of the existing network, which is now quite old, and on customer friendly measures, such as expanding the mobile data network.
Stations and stops throughout Austria will be redesigned, modernized and made accessible, and Park & Ride / Bike & Ride facilities will be built or expanded.
No less than one billion euros are earmarked for improving safety in the master plan period from 2016 through 2021. This will include both improving the ETCS train protection system and conveyance or improved protection of railway junctions.
Grasping the magnitude of this package is, however, really only possible by considering that most of the Austrian railway network dates back to when Austria was still a monarchy. This system is now set to be thoroughly modernized in a comprehensive program aimed at making the infrastructure fit for the 21st century. And in creating something for generations to come. The master plan also dictates the pace – in the truest sense of the word.

"I would like better cellphone reception on the train." **KAMIL KAPLAN**

DRILL HEAD. 10 meters in diameter, 2,500 tonnes and a 10,000 horsepower drive

Everything on schedule

INTEGRATED CONSISTENT-INTERVAL TIMETABLE. Expanding the railway network throughout Austria is also essential for a bigger and better future. The consistent-interval timetable makes train travel easy to plan, creating a whole new level of quality for passengers.

It has already been rolled out across all of Switzerland and has been put in place on some initial routes in Austria – the integrated, consistent-interval timetable. As the expansion of the domestic railway network progresses, the consistent-interval timetable will be implemented in Austria as well, step by step.
The driving force behind this development is our commitment to inspiring enthusiasm for the railway as a means of transport among as many people as possible. To achieve this, access must be simple. ÖBB is making this possible – with a consistent-interval timetable throughout Austria providing regular departure times that are easy to remember, and connections in all directions. Expanding the lines will enable the trains to run faster so that rapid transit and regional trains can connect at defined interval nodes with virtually no waiting time. Together with the shorter intervals, a standardized and tightly knit timetable will create an impressive product. Even in the evenings, at night, or on weekends. The railways will thus create a reliable basic structure into which other means of transport, such as ÖBB-Postbus products can be optimally integrated.
Reliability, predictability. And making the system easier to use, with faster travel times throughout the entire year will make the train an easy choice.

New projects in local transport

Marchegg branch expansion – the line is part of the core TEN-T network. The expansion will make it possible to commence long-distance transport between Austria and Slovakia. The journey between Vienna and Bratislava will then be reduced from currently 65 to 40 minutes.
Total cost: around EUR 0.4 bn
Commissioning: 2022

Ebenfurth loop – the project will enable implementation of the integrated consistent interval timetable in parts of Burgenland and Lower Austria. The loop will create a direct link from Vienna down the Pottendorf line to the new interval node at Eisenstadt, a journey of 45 minutes.
Total cost: around EUR 0.2 bn
Commissioning: 2025

Feldkirch-border closest to Nenden, expansion of local transport services – the expansion of the Feldkirch–Buchs rail line will bring local transport in sync at half-hourly intervals with long-distance Vienna–Zurich transport and aims to encourage more people to opt for the train.
Total cost: around EUR 0.1 bn
Commissioning: 2024

Vienna Hütteldorf–Vienna Meidling connecting train – the project creates the infrastructure needed to increase local transport services between Hütteldorf and Meidling. It will also enable an S-Bahn connection between East and West via Vienna from Hütteldorf to Aspern North. Parts of the 12th and 13th districts will have better access to public transport and the barrier effect of the tracks in the city center will be eliminated as the new track will be partly elevated.
Total cost: around EUR 0.3 bn
Commissioning: 2024

Bruck a. d. Mur–Graz, station conversions – the line is part of the Baltic-Adria axis of the core EU network. The project will eliminate capacity bottlenecks in the part connecting Semmering base tunnel–Koralm railway with the aim of encouraging more road and freight transport on the southern axis to opt for rail. The local transport services will also be expanded and improved. Stations along the line will be converted to modern standards.
Total cost: around EUR 0.2 bn
Commissioning: 2023

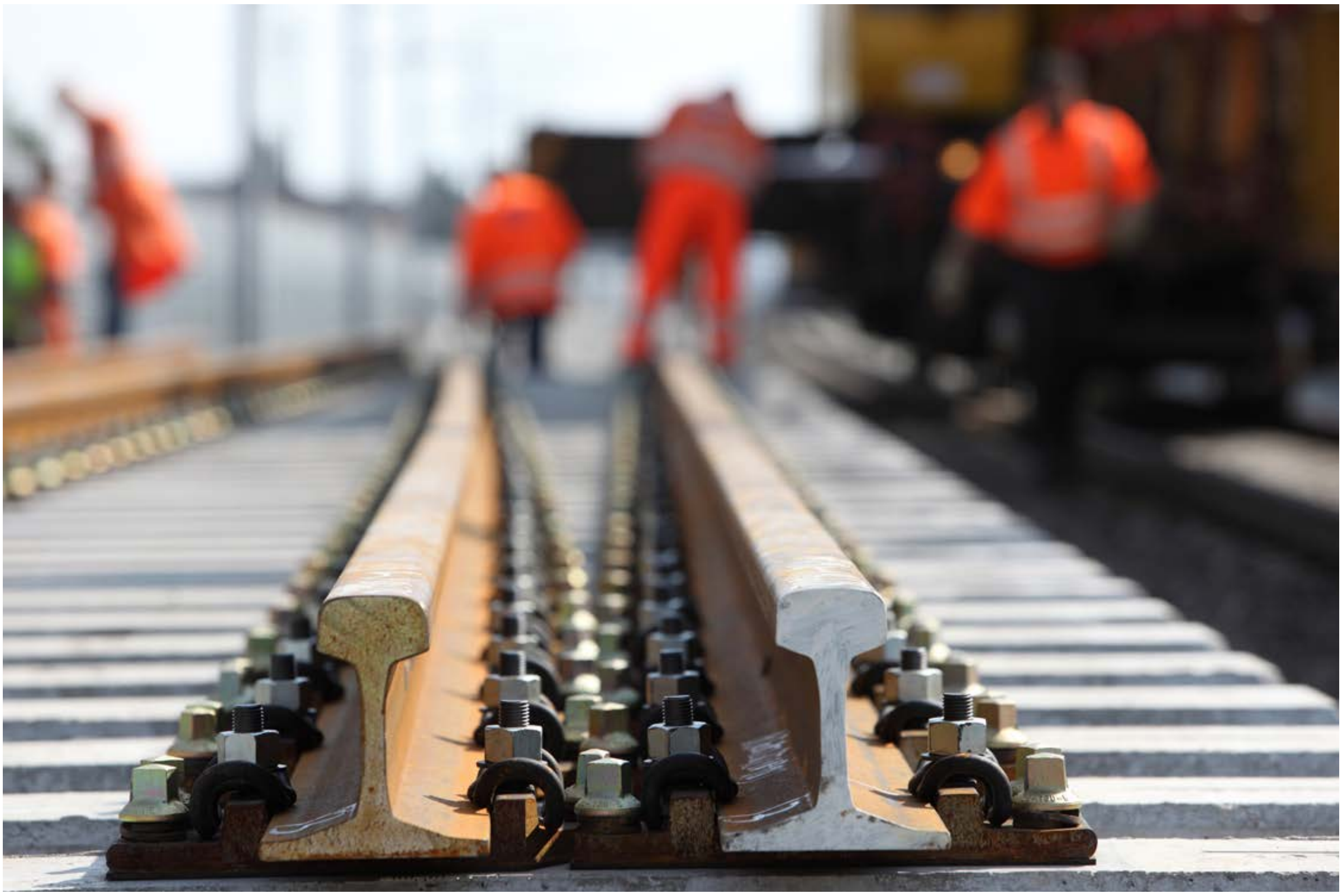
RAILWAY EXPANSION. Capital expenditures will created around 40,000 jobs each year in Austria

Every Railjet, Intercity, REX and every tram departs and arrives at exactly the same time, every hour, in the integrated consistent-interval timetable. Passengers will know the times of "their" trains and will not need to consult a timetable as we know it today. In rural parts of the country, a connection will be available at least hourly every day of the week. And at fifteen minute intervals on workdays in urban areas.
The so-called interval nodes form the backbone of a functioning integrated consistent-interval timetable. These are the stations where several lines meet from different directions. The interval node then arises at specific times. In the case of a node on the full hour, all of the trains on the connected lines arrive a few minutes before the full hour and leave a few minutes after it. Guaranteeing the availability of a connection in any direction. At set intervals, be they every hour, half hour or fifteen minutes, but always regular.
The main centers on the Western and Southern lines already have interval nodes. Trains at ten long-distance nodes meet nearly on the minute. The integrated consistent-interval timetable is now being gradually expanded. In addition to 26 interval nodes in long-distance transport, an increasing number of local transport nodes are being put into service or improved in the regional centers.
And so the master plan really does dictate the pace at which Austria will be mobile from 2025 onward. Easy and fast. That is one impact of the investment program.

Economic footprint

But it is not the only one. The capital expenditure over the coming years will make Austria more mobile. At the same time, these investments will create around 40,000 jobs in Austria each year. A survey conducted by Industriellenvereinigung examined the "economic footprint of the railway system." And the result is not at all bad.
It reveals, for example, that Austrian small and mid-sized enterprises (SMEs) benefit more than others from ÖBB's investment spending on infrastructure. Accordingly, some 80 percent of all contractors are SMEs with fewer than 250 employees. The stimulus goes mainly to the construction industry. Which is not really surprising since – in light of the large project volumes and duration – the general contractors are usually major construction corporations, and subcontractors benefit in turn.
It is primarily the intermediary inputs to construction that creates contracts for a plethora of sectors, such as cement and concrete manufacturers, freelance service providers, wholesale, timber manufacturers, metal products, electrical equipment or rubber and plastic goods. The ratio of SMEs is very high particularly in these sectors. In addition, ÖBB's investments in infrastructure have a big regional impact.
This is one of the direct, immediately tangible and measurable effects of the master plan and its associated investments in the country's mobility infrastructure.
Ultimately, the entire Austrian economy will benefit as new jobs spawn new apprenticeship programs and

"Investing is important. We need local public transport. Everybody can't just take the car, and certainly not riding alone." **THOMAS HUBRICH**



INFRASTRUCTURE EXPANSIONS. They raise the value and quality of Austria as a center of business at the heart of Europe.

thus create job prospects, especially for younger people. Knowledge is created – expertise in railway construction and the railway industry, which is a heavyweight in Austria's export economy. Examples of best practices will be tangible and visible, and will open the door to markets outside Austria for our enterprises at home.

And it should be noted that the impact of infrastructure measures is sustainable. It lays a foundation for future undertakings and success. Or to put it more concisely: Infrastructure programs raise the value and quality of Austria as a center of business at the heart of Europe.

Benefits for everyone

The big-picture impact, however, is built on details. Important details. And not least on the satisfaction of our customers. Which is why the measures and implementation of the master plan will create the best conditions for thousands of commuters and students who take the train to work or school every day. Faster connections, easier connections, enhanced comfort, increased reliability are all essential – especially for this target group. Over the next five years, their daily routines will become significantly easier and more convenient as the integrated consistent-interval timetable is gradually rolled out. Business travelers will find even better conditions for working on the train, with better and faster connections from one city center to another representing a genuine alternative to other means of transport, including air travel.

This master plan ultimately represents an enormous puzzle, like a mosaic where each stone has its place, and everything ultimately fits together to create a grand whole.

And even this grand whole is not the end. On the contrary. It is actually the basis for continuing improvements, for still more innovation, adaptation, better products, and greater proximity to our customers. ÖBB is already thinking beyond 2021 and 2025, revising and adding to targets for the rail network for 2040.

Simple schedules

Better synchronized – thanks to connecting nodes throughout Austria on long-distance routes with optimum connections to local transport, enhanced with rail and bus links, etc.

Faster – thanks to specific expansion projects and accelerations, the average travel speed on fast rail links will increase from 88.5 to 98.9 km/h.

Expanded product portfolio – with regional transport running at hourly intervals, or shorter intervals in urban areas, and with rapid transit serving all national axes at hourly intervals.

Innovation comes from within

TRAINING. 1,700 – the number of apprentices currently learning a profession at ÖBB. An apprenticeship with the best prospects for a job with a future.

With 22 apprenticeship professions, hardly any other company offers such a broad choice of career opportunities. Added to which, ÖBB has an excellent reputation as a step on the career ladder: more than 98 percent of all ÖBB apprentices manage to complete their training, and more than 60 percent with excellent or good grades. And ÖBB apprentices regularly walk off with prizes and awards at nearly all vocational competitions.
It is therefore no surprise that apprenticeships with ÖBB are sought after. Other companies and sectors have to search for apprentices, whereas more than 3,000 young people apply to ÖBB every year, of whom 500 are accepted into training each September. As such, ÖBB is Austria's second largest company offering vocational training overall, and the largest for technical professions. Of the 1,700 apprentices, around 1,500 are trained in technical professions, respectively in ÖBB apprenticeship workshops. Other apprentices train for commercial or other professions. A total of 140 trainers are available to help them, ensuring not only the best possible vocational training for the apprentices, but also enhancing their social skills, in particular, during their apprenticeships.

The Group has launched an apprenticeship and training campaign, investing EUR 50 million in considerable upgrades to its training programs – especially for technical professions. The reason for this initiative is that ÖBB wants to keep most of the employees it trains for its own needs in future. At present, some 60 percent of all graduating apprentices stay at ÖBB. The Group wants to raise this ratio to a remarkable 80 percent by 2020 in light of the fact that more than 1,000 employees will be near retirement in 2020, creating a corresponding need for qualified professionals. In addition, requirements have increased in the technical professions, which must be met and for which eight new railway-specific apprenticeship professions have been created in recent years.

1,700

apprentices are learning a profession at ÖBB. Around 1,500 of them take technical vocational training at ÖBB's apprenticeship workshops. Around **140 trainers** are available to help them, ensuring they get the best possible vocational training.

Capital investments are focused, above all, on modernization and new construction of six apprenticeship workshops. In Vienna, where around 40 percent of the future training pool – more than 700 apprentices – will be trained in future, several apprenticeship workshops are being brought together into a new modern site. To this end, ÖBB paid about EUR 20 million to purchase a former printing machinery factory building in Favoriten in 2014. Once planning and the tender process have been completed, construction is scheduled to commence on the floor area measuring more than 10,000 square meters before the end of the year. The estimated investment cost for what will then be Austria's biggest training center is around ten million euros. ÖBB is also planning to extend and expand its facilities for Innsbruck and Feldkirch in Vorarlberg. And it has already started new construction of apprenticeship workshops in Knittelfeld. By 2018, high-quality training facilities for up to 200 apprentices will be built on a site measuring 6,000 square meters in the Upper Styrian town with its rich railway tradition.

Ever more women on board

The share of female apprentices is growing. While the share of women has always been high among the mobility agents in passenger transport and Postbus and among the RCG forwarding agents, the

"A couple of years ago, you felt barely tolerated as a passenger. That has changed." **HUBERT WEBER**

APPRENTICESHIPS AT ÖBB. More than 3,000 young people apply for jobs at ÖBB each year. Around 500 of them are accepted

FEMALE EMPLOYEES. ÖBB wants women to account for 20 percent of its employees by 2020

number of young women working as track construction or mechanical engineers is now increasing. Women account for 16 percent of all ÖBB apprentices, nearly half of whom are now learning a technical profession. We want to raise this ratio to 20 percent by 2020.

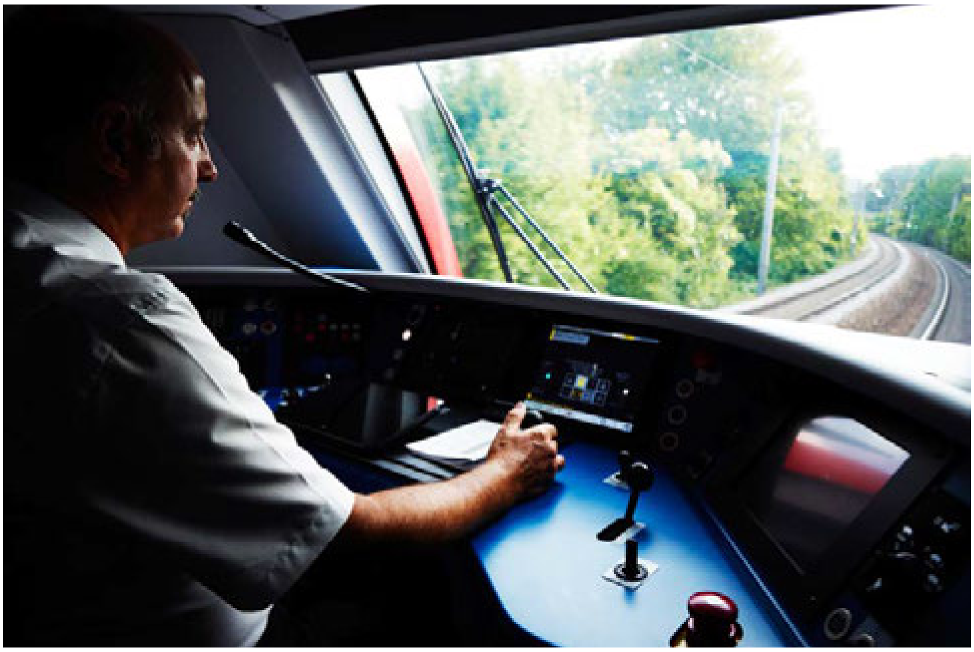
ÖBB Diversity Award

The ÖBB Diversity Charter also defines a target of 20 percent women among new hires in ÖBB Group by 2020. We intend to increase the share of women through specific recruitment drives, career workshops for women and men throughout the Group, seminars on the Equal Treatment Act, and gender & diversity management training programs for executives. In addition, ÖBB regularly organizes open days for girls in its apprenticeship workshops, and participates every year in relevant events, such as Girls' Day. One flagship project is the social counseling offered to the young women at the Floridsdorf apprenticeship workshops. Having started back in fall 2008 with twelve young women, 51 female apprentices now receive support through the Floridsdorf program – an achievement that earned the project one of the first ÖBB Diversity Awards.
And on this subject: the ÖBB Diversity Award is a further measure aimed at raising visibility and promoting the diversity within ÖBB Group – where the apprentices alone come from 24 different countries and 122 of these young employees are not Austrian nationals. This prize was awarded for the first time in May 2015 (retroactively for 2014). About 100 ÖBB employees submitted nearly 30 concepts in one of five categories – "Age", "Ethnicity", "Gender", "Ethical Management" and "Apprentices/Trainees/Talent". A jury comprised of in-house and external experts selected the best concepts. The most successful diversity manager at ÖBB was also recognized.

But, regardless of whether male or female: whoever is talented, and willing to perform and commit, will find an extensive training and personal development program at ÖBB. Group-wide personnel development will focus on enhancing leadership quality in the coming years. We also want to raise mobility among the management functions and promote a culture of feedback and performance with the aim of increasing the ratio of in-house promotions to management and raising the share of women in management positions.

With regard to railway-specific training the course for the future was also set last year. This involves bundling the Group-wide operational and technical training programs within ÖBB Group. To this end, a proprietary training campus will be built by 2019 to

"I almost always take the train into the city. By the way, the new Cityjet is really cool, I like it."
BIRGIT WAERDA



REALISTIC. Training for assignment on Fullcab simulators at the new training campus

On track to the training campus

TRAINING CAMPUS. The railway training center is being built in St. Pölten. In the future, all railway-specific training programs for all of Austria will be pooled at this site.

replace the older training centers in Vienna-Kundratstrasse and St. Pölten-Wörth, and to expand ÖBB's position as a leading provider of training in the Austrian rail sector. It will be located in St. Pölten, where the existing apprenticeship workshop and close cooperation with St. Pölten University of Applied Sciences provide the perfect foundations for pooling, at a single site, its railway-specific training programs from apprenticeship up to entrance qualification for a university of applied sciences.
Consequently, there will only be one centrally responsible provider of railway-specific training programs within the entire ÖBB Group, and only one operator of the training centers, and one provider of simulation and apprentice workplace facilities and other training aids. Services for in-house and external customers will help to establish the railway training center as a one-stop shop for railway-specific operational and technical training programs. The future training campus will also offer supplementary leisure and sports facilities to create a pleasant environment and a typical campus atmosphere for the next generation of train drivers, conductors and others while they complete their training there.

50

million euros are being invested by ÖBB in its **new training campus** in St. Pölten, where it plans to pool all of its railway-specific, operational and technical training programs and courses in a new, modern facility.

Employer for generations

ÖBB does not, however, just want to appear attractive as an employer for younger people; specifically appealing to older employees is another of its areas of focus. A very important one. The demographic trends and adjusting the retirement age to comply with legal requirements will result in a significantly growing number of older employees, and thus in a much higher average age at ÖBB as well. ÖBB is responding to these trends with its own Generational Management program and is working on implementing the general conditions needed to enable older employees to stay healthy and reamin on the job. Key areas of focus include designing inclusive workplaces and work processes for all generations, healthcare promotion and preventive measures. It also involves developing flexible work time models tailored to the individual stages of each employee's life.

DIVERSITY. More than 1,000 employees at ÖBB have a nationality other than Austrian. They come from more than 50 different countries

One culture for one company

EXPLOITING POTENTIAL. A new corporate culture is characterized by programs such as "Error Culture", "Speed Up!" for less bureaucracy, or "Service Design" for managing ideas professionally.

An appropriate corporate culture is also essential to fully tap the potential of the workforce within ÖBB Group. One key issue in this respect is our positive handling of mistakes. The purpose of our Group-wide "Error Culture" program is to prevent accidents from happening, to highlight near misses and unsafe situations, and thus to further increase safety in railway transport. The goal is not to point the finger at employees. The success of this program is therefore dependent on how the instrument is put to use: how error reports are responded to and reported mistakes dealt with. This requires, not just an error culture, but also a culture of trust.

Service Design for managing ideas

We also want to put a new culture in place to manage ideas. One visible sign of this effort is our "Ideas Workshop", which replaced the company suggestion program in March 2015. This new institution aims to give all employees at ÖBB the opportunity to actively help shape the further development of the company. Ideas can be submitted not just through the intranet but also via the internet at www.oebb.at/ideenwerkstatt. And employees can now track the processing status of their idea anytime from submission onward.

Ideas for bringing ÖBB even closer to its customers are particularly welcome as this is one of the aims specifically pursued by the Group with its "Focus 2020" strategy. A Service Design Center has therefore been set up as a Group-wide platform for all customer initiatives with the task of providing a framework for creative ideas and their rapid implementation. Particular focus is on strengthening the existing skills and experiences of all employees through creative methods. After all, it is those employees who are "on the front line" each day who offer

"ÖBB is like any other major corporation in my eyes – inflexible and bogged down in tradition on the one side, and full of good ideas on the other." ROBERT HOLZER

MANAGING IDEAS. Employees can use their knowledge for new developments

the biggest and best potential for innovation that continuously improve the railway for their customers.
The idea behind the Service Design project was spawned in the "talents for action" course that was initiated in 2012. The course involved a Service Design method to encourage participants to think outside the box, to view problems as fascinating challenges, and to develop new, and in some cases unconventional, solutions. Service Design is now in great demand throughout the company. The 60 or so graduates of ÖBB's proprietary "Creative Labs" are increasingly being asked to act as creative facilitators for in-house projects, such as "Error Culture" or "Speed Up!".

Speed Up! For less bureaucracy

Speed Up! is a program launched by ÖBB at the end of 2014 to eliminate bureaucracy. It is aimed at helping to speed up work processes, and save time and resources that can be better invested in the increasingly greater challenges and tasks of value creation and customer-focused activities.
Since fall 2015, Speed Up! has been on tour to get all ÖBB employees on board. This involves project management meeting with operational management in the regions to provide status reports on Speed Up!, discuss the measures implemented so far, and request feedback on the changes from practical application. The lessons learned and suggestions for improvement are incorporated into the assignments of the relevant Speed Up! team.
Internal accounting is one example of the effect Speed Up! is having. A total of about 250,000 individual invoices and about 1.7 million invoice items have to be checked. The measures put in place in October 2015 reduce the pure checking workload of those involved by up to two thirds. "PROCAT" is another Speed Up! project. Group purchasing is implementing PROCAT with the aim of simplifying and accelerating the procurement process for all members of staff in order to establish shorter, more transparent decision-making processes. This new tool enables employees to request what they need on their own using an online platform. The ordering procedure is reminiscent of shopping at Amazon.
An email information campaign aims to sharpen awareness for the efficient use of emails and proposes alternative and unbureaucratic means of communication.

Speed Up! For less bureaucracy

In the first stage of Speed Up!, more than **400,000 hours of bureaucracy,** which the company could save each year, were identified. The measures defined in response were and are being continuously implemented at all companies in **more than 1,500 individual steps** by the people responsible.

The Group's Speed Up! program for eliminating bureaucracy hurdles and accelerating processes has also compiled tips and tools for online communication within the Group that aim to simplify everyday working life and save time. One example is the email on holiday function: Normally, the typical first day back at work after vacation is spent sifting through hundreds of new emails, whereas it can be much more productive with the out of office assistant, which automatically deletes all emails sent to an employee during their absence. Senders receive a message naming the person responsible in their absence. This ensures that matters are dealt with quickly and unbureaucratically during an employee's absence, allowing them to start work again without distractions upon return from vacation.

Taking a new track

INNOVATIONS. With its efficient technologies, ÖBB is an important partner and driver for the Austrian railway industry, which ranks among the most innovative world-wide.

Its "Focus 2020" strategy program is a clear statement by ÖBB: It intends to be a European quality leader in the railway sector and to not only defend but further expand its position in a dramatically changing mobility market. About 160 Group projects have been defined to get this statement on track and make ÖBB even more efficient, faster and better. To achieve this, new ideas and new solutions are also needed in research and development, which is why around 95 initiatives are focusing on R&D.

And these innovations touch all areas, from rolling stock to servicing customers. While efforts focus on more comfort and raising efficiency in trains and cars, the keywords in customer service are digitalization and linkage. On the one hand, ÖBB trusts in its own powers of innovation and a corporate culture that does not point fingers for mistakes but instead encourages ideas. On the other, ÖBB is an important partner and driver for the Austrian railway industry, which ranks among the most innovative worldwide.

E-hybrid locomotive for shunting

This is demonstrated by the example of our e-hybrid locomotive for shunting. To date, diesel locomotives have mainly been used for disengaging, engaging and positioning – i.e., maneuvering – trains, since sidings in particular are not usually electrified. Apart from polluting the environment, diesel locomotives consume three times more energy than electric locomotives and cost four times as much in maintenance. As part of a "public procurement strategy that encourages innovation", ÖBB therefore joined forces with the Federal Ministry for Transport, Innovation and Technology (BMVIT) to initiate the development of an e-hybrid locomotive.
It combines an electric drive with a hydrogen drive and can recharge from the overhead cable during operation. A sustainable solution that not only significantly reduces noise emissions and exhaust fumes, but also energy and maintenance costs. The Austrian Research

HYBRID LOCOMOTIVE. A combination of electric and

Promotion Agency (Forschungsförderungsgesellschaft mbH, FFG) was commissioned to organize the multi-stage pre-commercial procurement tender. Development of the prototype commenced in October 2015, and the e-hybrid locomotive is scheduled for procurement by ÖBB-Infrastruktur AG at the beginning of 2017.
Further railway innovation topics that ÖBB is focused on include improving availability while simultaneously reducing the cost of maintaining its facilities, and generally making trains quieter, safer and more efficient in future. In an effort to strengthen the ability of rail to compete in transporting passengers and freight, ÖBB is also taking part in the "Shift2Rail" program organized by the EUropean Rail Operating community Consortium (EUROC). This railway technology and innovation initiative is a seven-year program initiated by the European Union with a budget of

"ÖBB is a very modern company that has become quite popular with the general public."

STEFAN SANGRIESSER

hydrogen drive designed to drastically reduce environmental pollution, even while maneuvering

about one billion euros: Alongside railway operators, the members of this public-private partnership also include industrial companies and research institutions. ÖBB's involvement focuses on infrastructure, with particular emphasis on increasing the availability of facilities, reducing life cycle costs, and developing innovative solutions for railway stations.

Focus on customers

It is, however, not only the hardware at ÖBB that is changing, but also its customers. And how. Digitalization and linkage are two mega trends that embrace all spheres of life and do not stop at mobility. On the contrary: today, anyone wanting to get from A to B is increasingly likely to use their smartphone. From planning routes to checking offers and prices, booking and online administration of trip and tickets, ever more tasks are being performed digitally. In addition, the internet is creating entirely new mobility options – car sharing, for example. So it is not surprising that ÖBB is working on several projects focusing on new mobility and the associated new customer requirements.

The purpose of "smile", for example, is to link individual transport and public transport. It is a joint venture with the Vienna public works department and other partners from science and industry. Customers can use an app to plan their trip from A to B, drawing on and combining services from all sorts of mobility providers. The "eMORAIL" project primarily targets commuters and aims to develop a sharing model involving e-vehicles. The pilot project links rail products with e-bike and e-car sharing programs to create an innovative and environmentally compatible mobility solution aimed at encouraging travelers to dispense with their own automobiles.
ÖBB has also developed a new travel app aimed at making it easier and quicker to buy tickets. It combines timetables, tickets and travel planning assistance for railways, buses and trams, as well as all transport associations in one app. Users just enter their departure and arrival stops to be offered the suitable tickets. The purchasing process takes less than five seconds to complete. Tickets are delivered by the app to the passenger's smartphone and can even be presented offline later.

Driving innovation for the railway system

Is ÖBB going to Qatar? Not directly, but certainly indirectly. For the third time now, Austrian construction corporation PORR was able to win a major contract for this mega project at the end of 2015, and has been commissioned to build 170 kilometers of "fixed track bed" for rail transport. The gravel-free and virtually maintenance-free system was developed jointly by PORR and ÖBB and is protected by global patent.

This innovation is just one of many that ranks Austria among the best in the world in terms of railway innovations. With 45 patents per million residents, Austria is home to the largest number of railway inventors – ahead of both Germany and France. Measured against its population, moreover, Austria ranks first in terms of rail-bound vehicles and equipment exports and fifth in absolute terms, with a market share of around 6.5 percent. Around three billion euros in revenue is generated by just the corporate members of the railway industry association from products and services provided to railway operators and their customers. These companies, which employ around 9,000 people in total, are market and technology leaders in many areas.

100 points for Green Points

GREEN RAILWAYS. The more Austrians travel by train, the greener the railways will be become. Whoever takes the train saves an enormous amount of CO_2 compared to all other means of transport. ÖBB Green Points are an expression of this green business model.

If ÖBB did not have a corporate design and were its signal color not red, we would have to paint ÖBB trains green from top to bottom. No other means of transport fits better with nature than the railway. An airplane emits more than 400 grams of CO_2, an automobile 170 grams, and a bus 75 grams of CO_2 per passenger kilometer, compared to just 13.9 grams from the railways. That means that airplanes and automobiles emit nearly 29 times and12 times more CO_2, respectively.
Environment Agency Austria has also calculated that ÖBB is the most climate friendly provider of mobility in Austria. But there is still room for improvement. Year by year. ÖBB is continuously reducing its greenhouse gas emissions by improving efficiency, using new, climate-friendly technologies, and encouraging ÖBB engine and Postbus operators to adopt an energy- and fuel-saving driving style. One example of this is the new ÖBB Cityjet, which is not only much more comfortable than the 4020 trains currently in service, but also weighs less. Around 130 kilograms less per seat, to be precise. With its aluminum lightweight construction and ability to recover energy when braking, together with numerous other measures – such as LED lighting throughout, for example – the Cityjet consumes about 20 percent less energy than 4020 trains. Even with air conditioning throughout.

The environment is helped by the fact that most (more than 3/4) ÖBB trains – especially on high frequency lines – run on electric power. And 92.1 percent of that power comes from renewable energy sources, and 90.2 percent of that is hydropower of which 35 percent is generated in hydropower plants belonging to ÖBB. A further 2.3 percent of ÖBB's traction power is generated from other sources of renewable energy, and the remaining 7.5 percent from natural gas.
Here, again, there is still room for improvement. The world's first railway solar power plant commenced operation in Bruck an der Leitha (in the area of Wilfleinsdorf) in Lower Austria in April 2015. The 7,000 square meters of solar panels produce around 1,100 MWh per year or a peak electrical output of up to 1 MWp (megawatt peak). This power is fed straight into the network, thus minimizing transfer losses.
The plant transforms solar power into traction power that can drive 200 trains from Vienna to Salzburg. Which, in turn, saves 400 tonnes of CO_2 every year.
The railway solar power plant is also equipped with weather data recording, monitoring and evaluation functions to analyze the behavior of the plant in different weather conditions, its energy output, and other parameters. These findings will be incorporated into the design of further ÖBB plants that are planned for construction along rail lines throughout Austria. The project was ranked third as one of the most

ENVIRONMENTALLY CONSCIOUS. Seven out of ten rail

"Green railways are not a marketing gimmick. Anyone can figure out for themselves that the railways emit less CO_2." **JOSEF GRABENWEGER**

passengers admit to switching from road to rail to play their part in protecting the environment.

innovative energy projects out of more than two dozen submissions for the EPCON AWARD 2015 energy management prize.
The greener ÖBB becomes, the more people travel by train. And this is happening. On average, Austrians travel 1,425 kilometers by train each year, making them the most dedicated railway passengers in the EU. These days, 55 percent of Austria's rail passengers take the train for trips they used to make by automobile. Two thirds of these passengers said their move was prompted by improved railway services and shorter travel times.
According to a survey conducted by VCÖ, seven out of ten rail passengers also switched from road to rail to play their part in protecting the environment. In order to make this contribution visible, and to communicate it lightheartedly, ÖBB launched its Green Points campaign in 2014 with the aim of no less than setting the wheels of the country's biggest environmental movement in motion.

Making CO_2 savings visible

One green point stands for 0.156 grams of CO_2 saved for each passenger kilometer traveled by train rather than automobile. The meaning becomes clear as soon as we start adding it up. Including the freight transported by rail rather than by automobile or truck, a total of around three million tonnes of CO_2 are being saved, summa summarum. Green points are saved using the eponymous app, which is available free of charge (www.green-points.at). Once loaded, every train journey can be converted into green points, which are used to support environmental projects. At the start of the campaign, eight projects were available for selection, with point targets defined for their realization. One of the projects ("Clear the flight paths for owls") has already reached

its target and has therefore been approved for implementation by rail passengers.
But it not just individual travelers who keenly collect green points. Companies have meanwhile also jumped on board the environmental train.
Since summer 2015, business passenger transport customers have also been collecting green points together with their employees, partners and customers. These include such top companies as ADEG, A1, Bank Austria, Post or SPAR, who together have already collected more than six million green points. The feedback from the companies is extremely positive. After all, they can use their commitment to the environment – in the shape of their CO_2 savings – for their own public relations work.

In keeping with the lighthearted nature of the program and thus encourage even more rail passengers to actively protect the environment, the Green Points app was extended at the start of 2016 to include new features such as social sharing, team collecting, and a commuter function. So far, more than 30 million green points have been collected in total, equating to CO_2 savings of 4,680 tonnes.
A success story that is attracting attention from around the globe. For example, the Green Points campaign won the Digital Communication Award and was recognized in the CSR (Corporate Social Responsibility) Communication category in Berlin in September 2015.

Assuming responsibility for Austria

CONNECTING. Safety and environmental protection, aid and support – ÖBB performs many tasks. Including tasks that extend beyond providing mobility. As a matter of course.

The railway connect.s That is, after all, its mission. It connects places, countries, regions and people with other places, countries, regions and people. This is their fundamental mandate. But that is not all it does. At least that is not how ÖBB sees itself. Its self-perception includes the idea of responsibility. Responsibility for the people who travel by train; responsibility to society as a whole; responsibility for the environment. None of which is mentioned in any laws. This feeling of responsibility is more something that is simply assumed, or what you might call inherent in ÖBB. Sometimes it is only apparent in details. Trivial things that can, however, make a difference in the end. Like safety. Day in, day out, thousands of students take ÖBB trains throughout Austria to get from their homes to school and back again. It is easy to underestimate hazardous situations at stations, on tracks and in trains, especially for this age group. Accidents can happen, although they shouldn't – students might be pressed for time and late, they may be distracted for an instant, or they may be trying to impress or competing for attention in other ways.
Since prohibiting signs on their own do not suffice, ÖBB is now implementing specific measures to reach youngsters between ages twelve and 14. By highlighting the potential dangers and proper behavior at the schools – communicating safety messages. Not of course using old-fashioned "stand at the front and lecture" methods, but by involving the students in the presentation in a lighthearted way that helps them grasp what correct and safe behavior actually is.

70,000

people found temporary **shelter in ÖBB buildings** during the refugee crisis. During this time, ÖBB operated a total of about 400 special trains and 1,300 bus transports to carry 300,000 refugees.

Feeling safe

Safety is a multifaceted term. Passengers, ÖBB's customers, want want safety and also need to feel safe. To strengthen and reinforce this feeling of safety, we are changing the lighting at 175 stations, brightening dark corners, giving walls and ceilings a friendlier look, and installing video surveillance where it makes sense and seems necessary. And, above all, increasing the presence of ÖBB staff. Because nothing makes a person feel safer than having someone to talk to, someone they can turn to. Especially when that someone is well trained and motivated.
But as the evening quiz show "Who wants to be a millionaire" teaches us on TV, we should also trust what has now become common parlance – "Phone-a-friend". Phone-a-friend is what we do when we are stuck and even "googling" doesn't help.
ÖBB now has phone-a-friend, too. For those passengers who worry about using ticket machines. How does it work, which button do I press on the screen, how do I choose my destination and method of payment? Older customers are of course mainly affected, but they are not alone. Phone-a-friend at ticket machines is there to help anyone who has a question, who needs to hear a voice guiding them through the menu. Simple, competent and uncomplicated. After all, this phone-a-friend is always helpful. Unlike the one on the quiz show, who can get it wrong.

Accessible and convenient

Providing assistance, no matter how much or little, is essential for a mobility service provider such as ÖBB. Mobility – the means of getting from A to B – is material to being being

"Money and environmental aspects made me switch. And I no longer get irritated when driving."
HANS WINKLER

DIVERSE MANDATES.
Active support in the refugee crisis or as mobility partner for the Eurovision Song Contest

ACCESSIBLE. Since 2005, the number of passengers with mobility issues has increased six-fold

part of social life. Guided by this principle, it is an inherent obligation for companies like ÖBB to make their services accessible to as many people as possible. Without exception.

Accessibility is the keyword.

But it is not just a keyword. Accessibility is a program that has been anchored in clearly defined regulations in legislative texts. It is a process that takes time to implement. For years, ÖBB has been striving to become more accessible for people with disabilities. By installing elevators in stations, and by planning and implementing barrier-free trains. In recent years alone, 27 million euros have been invested in converting existing rolling stock, while new procurements are always required to be barrier-free. Since 2006, only barrier-free buses have been purchased as well. If there are local transport routes operated by trains that are not entirely barrier-free, assistance is available from taxis provided specifically for this purpose.

These improvements are being noticed and welcomed. Back in 2005, only 2,500 passengers traveling with ÖBB were disabled, whereas this figure had increased to 15,000 by 2015. Although accessibility is actually a much farther-reaching issue. Barrier-free stations ultimately benefit everyone. Older people just as much as families with children, people with injuries just as much as passengers carrying heavy luggage. At present, 180 stops and stations around Austria are barrier free. By 2025 this figure will have increased to 270 stations that will be convenient in every sense of the word. To allow unrestricted mobility. Just as the law demands, just as ÖBB has been specifically working for years to improve.

Long-term environmental awareness

Responsibility for people also means responsibility for the environment. One is contingent on the other. ÖBB is basically an environmentally sustainable company as demonstrated purely by the fact that it transports 459 million passengers each year, of which 238 million take the train. Which contributes quite substantially to reducing Austria’s greenhouse gas emissions. A reduction that can even be quantified: Each passenger kilometer traveled with ÖBB saves 0.156 grams of CO_2. Not enough? Quite the opposite. An average of around 350 trains operate on ÖBB’s railway network, which is around 4,900 kilometers long. Adding together all the people, trains,trips and kilometers produces the proud figure of just over 10.7 billion passenger kilometers each year.

A key element in this equation is the fact that three quarters of ÖBB’s railway network is electrified, and that 92.1 percent of the traction power in Austria comes from renewable energy. And if you compare train performance with automobiles and trucks, all of the kilometers traveled by passengers or freight on rail each year save around three million tonnes of CO_2. ÖBB helps its customers understand this effect. By awarding green points. Each and every rail passenger can collect green points on every trip with the aid of an app.

Emergency shelter and soup kitchen

As we have shown, it is often small things that can have a big effect. Things that might be taken for granted, that can be put in place without much effort but with a lasting effect. For the benefit of the environment and humanity.

In their own way, stations are also natural habitats. They are not only frequented by people arriving, departing or working; they are often a place where the homeless seek shelter. Especially when the weather turns cold. Since 2012, ÖBB has been providing heated rooms as

“I only resort to my car if I have no other alternative and the distance is too far to cycle.” **RAFAEL SCHÖNBORN**

ACTIVE. A Caritas project in stations helps the homeless in colder weather

emergency shelters for the homeless in winter. These spaces are available in Vienna, Wiener Neustadt, Linz, St. Pölten, Graz, Salzburg and Innsbruck. They are tended to by social welfare organizations and provide shelter to homeless people. Still, just providing shelter is often not enough, which is why we also provide soup kitchens. As a matter of course and without making a fuss about it, prompted by the sense of responsibility we feel toward all members of society as a major Austrian corporation. This awareness is characteristic of ÖBB and its employees, and allows us to demonstrate our full potential in exceptional situations. When thousands of refugees were crossing Austria in August 2015 trying to get to Germany, ÖBB mobilized all its available resources and capacities within the shortest space of time to not only transport the refugees, but also to look after them, together with the police, emergency services, NGOs and countless volunteers. And at the same time, kept up normal operation of the railway with the customary high standards of quality.

179

stops and stations across Austria are barrier free. **By 2025 this figure will have increased to 270 stations.** In recent years alone, 27 million euros were invested in converting existing rolling stock to further improve unrestricted mobility.

During this time, ÖBB put on about 400 special trains and 1,300 bus transports to carry 300,000 refuges, while 70,000 people found temporary shelter in ÖBB buildings. The efforts of the employees extended far beyond what one might normally demand. They all provided unquestioning assistance and dedication. During a visit to Vienna West station, Austria's President Heinz Fischer commented: "This is red-white-red at its very best." And he was not, by any means, the only person to voice their praise and appreciation. Across the board, political parties, religious communities, NGOs, and the national and international media praised the efforts of the volunteers and ÖBB – who once again demonstrated how seriously it takes it responsibility to Austria.

“Public transport is enormously important for society.”

BETTINA SCHININGER

Corporate Governance

Transparency. The legal and factual regulatory framework for managing and supervising ÖBB Group's business activities.

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, 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 last evaluation of compliance with and deviations from what was then the Austrian Corporate Governance Code dates back to 2012.

The Board of Management of ÖBB-Holding AG pursues a corporate strategy that is aligned to the interests of its owner, the Republic of Austria, and its customers and employees. It reports to the Supervisory Board on a regular basis, presenting the business development and submitting certain business transactions of ÖBB-Holding AG or the Group companies for approval, in accordance with the Articles of Association and the law. The strategic orientation of the ÖBB Group is determined in close coordination with the Supervisory Board.

FEDERAL PUBLIC CORPORATE GOVERNANCE CODE (B-PCGK)

Points 12 and 13 of the B-PCGK stipulate that all companies subject to the Code will prepare a corporate governance report and publish it on the internet. ÖBB Group prepares its report in four sections to reflect the organizational structure of the Group.

1. ÖBB-Holding AG including the following subsidiaries
   a. ÖBB-Finanzierungsservice GmbH
   b. ÖBB-Werbung GmbH
   c. ÖBB-Business Competence Center GmbH
   d. European Contract Logistics - Austria 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

3. ÖBB-Personenverkehr AG including the following subsidiaries
   a. Österreichische Postbus Aktiengesellschaft
   b. ÖBB-Postbus GmbH
   c. Rail Tours Touristik Gesellschaft m. b. H.
   d. FZB Fahrzeugbetrieb GmbH
   e. ÖBB-Fernbus GmbH
   f. 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. ÖBB-Technische Services GmbH
   f. ÖBB-Produktion GmbH
   g. Rail Cargo Logistics-Czech Republic s.r.o.
   h. Rail Cargo Logistics s.r.o.
   i. Rail Cargo Operator-ČSKD s.r.o.
   j. Rail Cargo Terminal-Praha s.r.o (formerly RCA Terminal s.r.o.)
   k. Rail Cargo Carrier-Czech Republic s.r.o.
   l. Rail Cargo Carrier-Germany GmbH
   m. Rail Cargo Hungaria Zrt
   n. and other companies in the rest of Europe

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

DECLARATION OF COMPLIANCE / DEVIATIONS

ÖBB Group has adopted the B-PCGK and complies with it in accordance with the information provided in this report. In previous years, ÖBB complied voluntarily with the regulations set down in the Austrian Corporate Governance Code.

Elisabethstrasse 9 Projektentwicklung GmbH & Co KG, Gauermanngasse 2-4 Projektentwicklung GmbH & Co KG and WS Service GmbH, all of which are part of ÖBB-Infrastruktur AG, have not implemented the B-PCGK. The reason for the two project companies in particular is that they have been established only for the purpose of property development, executing leasing and project development accordingly. This is not performed by a separate staff, but rather by ÖBB-Immobilienmanagement GmbH as commissioned. In the case of WS Service GmbH, analogous application of the minority shareholder's governance structure was agreed.

ČSAD AUTOBUSY České Budějovice a.s. and other individual foreign companies that are part of Rail Cargo Austria AG have not yet implemented the B-PCGK at this time. Implementation is planned for 2016 and the following years insofar as it does not conflict with national law.

Any deviations from the regulations of the Code are primarily due to the organizational structure of ÖBB Group, and are explained accordingly.

ÖBB Group applies the B-PCGK as a key element for strengthening the trust placed in the company by its owner, business partners, customers and employees, and the general public.

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

* The following pages contain an extract from the Corporate Governance Report. The full report is available on our website at www.oebb.at/cg2015.

Regulation	Description	L/C*	Group company	Deviation / Remarks
8.3.3.2	Exclusion of liability insurance for gross negligence and willful intent Deductible of at least 10% of the damage up to an amount equivalent to one and a half times the annual remuneration paid to the relevant member of management Reasonable deductible for members of the supervisory body	L C C	All	ÖBB Group has purchased liability insurance cover for all Board members and senior staff. The policy covers both minor negligence and gross negligence (willful intent is not insurable). Deductibles were not agreed. There are currently no plans to alter the existing scope of insurance cover. This decision was based on expert analysis and a critical assessment of the regulation that also took account of relevant professional publications.
11.2.1.2	Equal representation among male and female members of the supervisory body	C	Mungos Sicher und Sauber GmbH, ČSAD AUTOBUSY České Budějovice a.s. and some foreign companies of the Rail Cargo Austria sub-group	Non-compliance in 2015 by Mungos Sicher und Sauber GmbH, ČSAD AUTOBUSY České Budějovice a.s. and some foreign companies of the Rail Cargo Austria sub-group.
11.2.1.3	Members of the supervisory body should not sit on more than 6 supervisory boards at the same time	C	ÖBB-Holding AG, ÖBB-Personenverkehr AG, Rail Cargo Austria AG	One member of the Supervisory Boards of the companies indicated holds more than 6 mandates, one of which is partly due to the member sitting on several boards within the Group to enable proper performance of the Group supervisory remit (permitted under Section 86 (3) Stock Corporation Act (AktG) as an exemption clause).
11.6.7	Ban on members of the Supervisory Board belonging to the shareholders' meeting at the same time	L	All except ÖBB-Holding AG	Exercising two offices at the same time is permissible under stock corporation law, and is an accepted and common management tool for corporate groups. In this respect, the members of the Board of Management of ÖBB-Holding AG also sit on the Supervisory Boards of subsidiaries, while the members of their Boards of Management in turn sit on the Supervisory Boards of their own subsidiaries. As such, members of the Supervisory Boards are, at the same time, also members of the relevant shareholders' meetings. The other two members of the respective Board of Management/management and/or authorized agents ratify the actions of their colleagues to prevent any self-ratification.
12.3.1	As stipulated in Regulation 13.2, the total remuneration paid to members of the Management Board must be listed individually and broken down into non-performance-related and performance-related components.	L	All	The remuneration paid to each individual member of the Board of Management/management is not disclosed because the contracts in place with these board members do not allow for such disclosure. The total remuneration paid to management as a whole is disclosed.

* The Code contains compulsory rules (L), and recommendations (C). The report must include a declaration by the Management Board as to whether it has complied with the Code, together with explanation of the reasons why it has deviated from any compulsory rules or recommendations.

CONSIDERATION OF GENDER IN THE COMPOSITION OF MANAGEMENT AND SUPERVISORY BODIES WITHIN ÖBB GROUP

ÖBB actively promotes equal opportunities for men and women, including an Equal Opportunities Policy introduced in 2011 and a Diversity Officer, who was also appointed in 2011. The Group strives to ensure equal treatment irrespective of gender, age, ethnic origin, sexual orientation or disability, to promote equal opportunities and to better reconcile work and care responsibilities through special programs. 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 measures are being put in place to achieve the strategic goal of increasing diversity and raising the share of women to 20 percent – among new hires, for example – by 2020: targeted recruiting programs for women, especially female apprentices, places reserved for women in training programs run by the ÖBB Academy, career workshops, specific coaching programs for women, seminars on the Equal Treatment Act, gender and diversity management workshops, and structured generation management. Measures for better reconciling the commitments of work and private life are starting to take effect. They include “berufundfamilie” (career and family) audits, childcare in the affiliated Timi’s Mini MINTs kindergarten with special focus on math, IT, natural sciences and technology, and hourly childcare provided by flying nannies. The share of women attending training courses at the ÖBB Academy has meanwhile exceeded 25%.

ÖBB-HOLDING AG

BOARD OF MANAGEMENT

Name	Year of birth	Initial appointment	End of current term
Mag. Christian Kern	1966	June 7, 2010	June 30, 2019
Mag. Josef Halbmayr MBA	1955	November 1, 2008	October 31, 2017

CURRICULUM VITAE

Mag. Christian Kern	Degree in Communication Technologies from Vienna University; Postgraduate studies et al, Management Center St. Gallen (Switzerland) CEO of ÖBB-Holding AG since 2010; before that, member of the Board of Management of Österreichische Elektrizitätswirtschaft AG (Verbund AG)
Mag. Josef Halbmayr MBA	Degree in Business Administration from Johannes Kepler University Linz; Master of Business Administration from the University of Toronto (Canada) Member of the Board of Management of ÖBB-Holding AG (CFO) since 2008; before that, member of the Board of Management of ÖBB-Personenverkehr AG, and member of the Board of Management of Wiener Privatbank Immobilieninvest AG and Österreichische Post AG

External supervisory board mandates or similar offices not listed in this report:

Mag. Christian Kern:
- Member of the Supervisory Board of FK Austria AG

This office has been approved by the Supervisory Board.

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:

Mag. Christian Kern	Mag. Josef Halbmayr MBA
Group strategy and corporate development, strategic Group HR management, Group communications and public affairs, Group law and the Board of Management Secretariat, system technology and Group production, strategic Group purchasing	Group accounting, financial statements and taxes, Group controlling, Group finance, strategic Group IT management
Compliance, Group auditing	

Mag. Christian Kern is Chairman of the Board of Management.

MANAGEMENT REMUNERATION (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 financial statements for the year have been finalized. Accordingly, the figures represent the variable remuneration for the financial year 2014 that was paid to management in 2015.

Fixed remuneration	Variable remuneration	Total remuneration
831	482	1,313

SUPERVISORY BOARD

Supervisory Board activities are governed primarily by the Aktiengesetz [Stock Corporation Act], 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 current term
Mag. Brigitte Ederer Chair since September 11, 2014	1956	Feb. 28, 2014	Annual General Meeting 2020
Dr. Kurt Weinberger First Vice Chair	1961	June 29, 2015	Annual General Meeting 2020
KR Mag. Dr. Ludwig Scharinger First Vice Chair	1942	June 25, 2012	June 29, 2015
DI Herbert Kasser Second Vice Chair	1964	April 27, 2007	Annual General Meeting 2020
KR Kurt Eder	1946	Aug. 13, 2008	June 29, 2015
Herberth Willerth	1950	June 29, 2015	Annual General Meeting 2020
Dr. Gertrude Tumpel-Gugerell	1952	Aug. 18, 2011	Annual General Meeting 2020
Dr. Leopold Specht	1956	April 27, 2007	Annual General Meeting 2020
Lic. rer. pol. Paul Blumenthal	1955	Jan. 18, 2010	Annual General Meeting 2020
Roman Hebenstreit Employee representative, Third Vice Chair	1971		Indefinite
Gottfried Winkler Employee representative	1956		Indefinite
Mag. Andreas Martinsich Employee representative	1964		Indefinite
Günter Blumthaler Employee representative	1968		Indefinite

Audit Committee:
Dr. Gertrude Tumpel-Gugerell (Chair)
DI Herbert Kasser (Vice Chair)
Mag. Brigitte Ederer
Dr. Kurt Weinberger
Roman Hebenstreit
Mag. Andreas Martinsich

SUPERVISORY BOARD REMUNERATION

By resolution of the Ordinary Annual General Meetings in 2015, 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 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 9,000 annual base fee per member of the Supervisory Board • Chair: 100% additional fee • Vice Chairs: 50% additional fee • Membership on other Supervisory Boards within ÖBB Group: additional 50% of the base fee per company, maximum 100%	EUR 200 per Supervisory Board member for each meeting of the Supervisory Board, Executive Committee, or any other committee

Members of a Supervisory Board may also claim reimbursement of actual invoiced expenses incurred in connection with their office.

Number of meetings in 2015 (Supervisory Board, Executive Committee, other committees): 15

“It’s simply the most pleasant way for me to commute.”

KAMIL KAPLAN

Consolidated Management Report

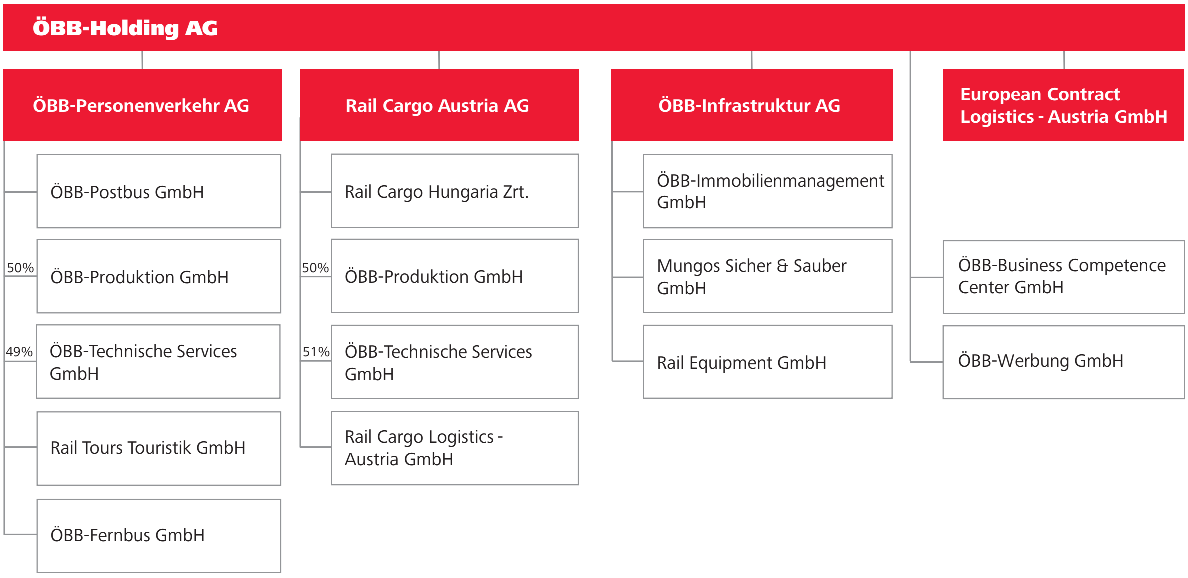
Insights & outlook. Business performance of ÖBB Group and its sub-groups in financial year 2015, outlook and development opportunities.

Consolidated 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 UGB [Austrian Commercial Code] and which are submitted to the Commercial Court Vienna under Company Register number FN 247642 f. The Consolidated Financial Statements as of Dec 31, 2015 were prepared pursuant to Article 245a (2) 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 were in force and endorsed by the European Union as of Dec 31, 2015. In addition, a subsidiary of Österreichische Bundesbahnen-Holding Aktiengesellschaft (hereinafter referred to as "ÖBB-Holding AG"), the company ÖBB-Infrastruktur Aktiengesellschaft, is obligated to prepare sub-group Consolidated Financial Statements pursuant to Article 245 (5) UGB because it has issued bonds listed for trade in a regulated market. The sub-group financial statements of ÖBB-Infrastruktur Aktiengesellschaft are submitted to the Commercial Court Vienna under Company Register number FN 71396 w.

A. Group Structure and Investments

ÖBB Group structure



As of December, 31 2015
This chart contains a selection of major companies in the ÖBB Group.

The Austrian Federal Railways are structured in accordance with the Bundesbahnstrukturgesetz [Federal Railways Structure Act]. ÖBB-Holding Aktiengesellschaft (hereinafter "AG") 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, and the Bundesministerium für Verkehr, Innovation und Technologie [Federal Ministry of Transport, Innovation and Technology] (BMVIT) manages the shares.

ÖBB-Holding AG owns all shares in 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. European Contract Logistics - Austria GmbH operates as a direct subsidiary of ÖBB-Holding AG in the market, offering cargo, partial and full-load transportation and warehouse logistics solutions. ÖBB-Business Competence Center GmbH provides intra-group services (Shared Services), particularly in the areas of 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.

The main tasks of **ÖBB-Holding** AG are
– exercising shareholder rights,
– the consistent strategic orientation of ÖBB Group,
– the overall coordination required to establish and implement the corporate strategies within the companies, and
– ensuring transparency regarding the public funds used.

The **ÖBB-Personenverkehr** sub-group is the leading mobility service provider in Austria. It is responsible for designing 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 provides a perfectly coordinated portfolio of train and bus services. In October 2015, the decision was made to establish ÖBB-Fernbus GmbH to expand ÖBB's position as a provider of comprehensive mobility services. This new company will link long-distance bus service with train services to attract new customers in the future. It is scheduled to commence operations in summer 2016.

Rail Cargo Austria AG is the international freight subsidiary which, together with its subsidiaries and associated companies, operates under the umbrella brand of the Rail Cargo Group (RCG). Based on the domestic markets in Austria and Hungary, it aims to defend its market leadership in Austria while further developing its market position between the North Sea, Black Sea, and Mediterranean. As a specialist for railway-related transport services with additional forwarding services, the Rail Cargo Austria sub-group provides an environmentally friendly, sophisticated, reliable and cost-effective transport and logistics system, combined with professional services.

ÖBB-Produktion GmbH and ÖBB-Technische Services-Gesellschaft mbH 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 1,097 railway stations (goods and passenger transport) and the railway infrastructure in Austria, which are primarily used by ÖBB-Personenverkehr and Rail Cargo Austria sub-group companies and other railway operators not affiliated with ÖBB Group.

In order to increase the information content, the developments and aspects of the sub-groups are detailed separately in some sections of this Management Report.

Number of investments by sub-group

	ÖBB-Personen-verkehr	Sub-group Rail Cargo Austria	ÖBB-Infrastruktur	ÖBB Group incl. others*
Investments >50%	7	41	23	81
thereof abroad	*1*	*34*	*0*	*39*
Investments 20-50%	3	16	3	23
thereof abroad	*0*	*12*	*1*	*14*
Investments <20%	3	4	4	11
thereof abroad	*3*	*4*	*1*	*8*
Total	**13**	**61**	**30**	**115**
thereof abroad	*4*	*50*	*2*	*61*

[1] only companies that can be influenced directly

The **Overview of Investments in the Notes to the Consolidated Financial Statements** 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 61 companies in 18 countries whose registered offices are located in the following countries: Hungary (13), Czech Republic (8), Italy (6), Romania (5), Slovenia (4), Belgium (3), Germany (3), Netherlands (3), Slovakia (3), Bulgaria (2), Greece (2), Croatia (2), Poland (2) and one investment each in Bosnia and Herzegovina, Russia, Serbia, Switzerland, and Turkey.

Report on branch offices

The branch offices of Rail Cargo Austria AG in Slovenia, the Czech Republic and Bulgaria are expected to discontinue operations in the first half of 2016. In 2015, the Group decided to open branch offices for mobile technical service teams in Slovenia and Croatia. These are still being set up.

B. General Conditions and Market Environment

B.1. General economic conditions

Global economic situation (change in % (real) compared to the prior year)

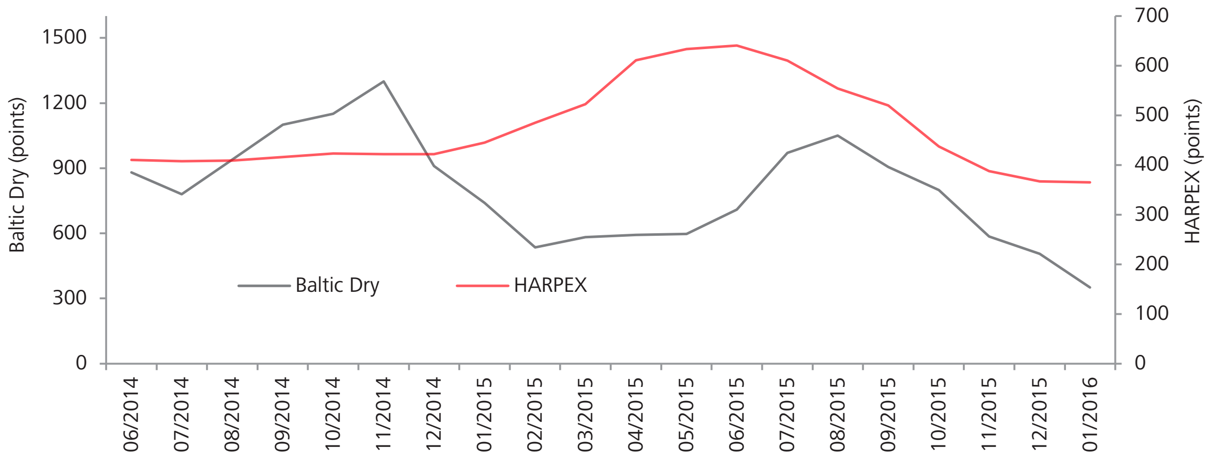
Gross domestic product	2014	2015	2016
Eurozone	0.9	1.6	1.7
EU	1.4	1.9	1.9
USA	2.4	2.5	2.7
China	7.4	6.9	6.5
World trade	3.3	0.5	2.0

Sources: European Commission, winter forecast, 2015/16

The world economy was influenced in 2015, among other things, by a sharp decline in China's exports of up to 25%. This caused growth in world trade to fall back to just +0.5%. Within Europe, the EU's sanctions against Russia had a negative impact on trade. In the last quarters in 2015, the index of world container traffic fell up to 4% below the values of the corresponding quarters of the previous year.

The still smoldering banking and debt crisis has undermined the confidence in the euro in 2015. One clear signal was when the Swiss National Bank removed the cap on the Swiss franc in January. The euro has fallen against the US dollar by an annual average rate of 15%. The decline in the euro exchange rate had a favorable effect on export opportunities for European industry.

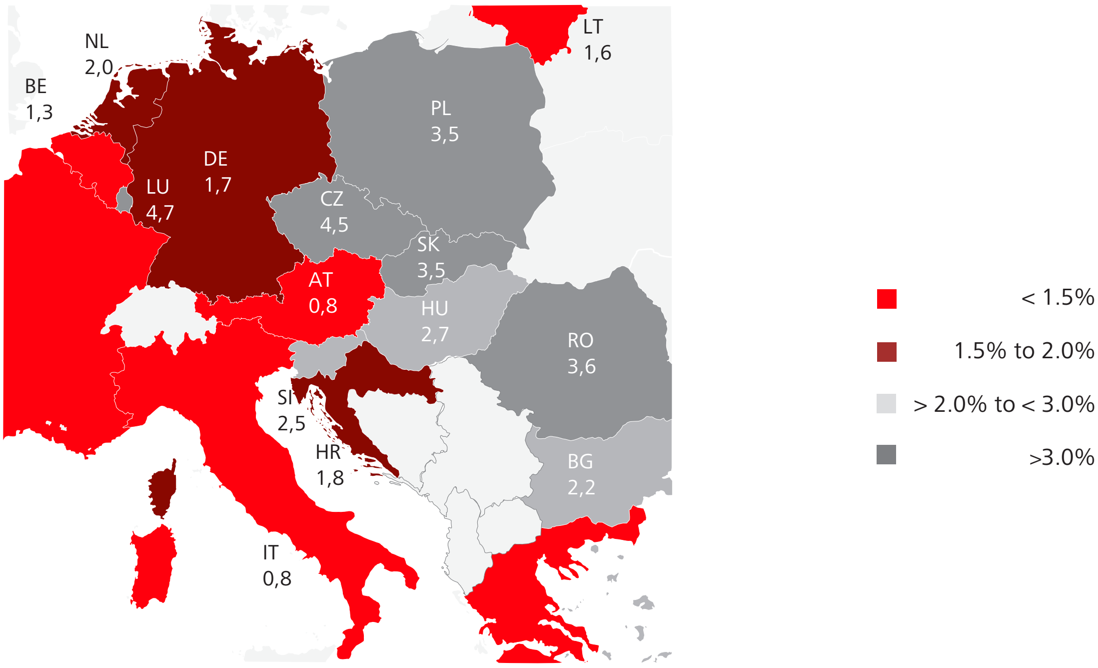
Maritime indices (index points)



Source: Baltic Exchange, January 13, 2016 Harper-Pedersen, January 13, 2016

Maritime indicators provide no reason for optimism regarding the development of world trade at the beginning of 2016. The Baltic Dry Index, which indicates the price trend for commodity shipments, is considered a leading indicator. After a brief recovery, it fell back to a record low. The same applies to the HARPEX index, which enables its followers to draw conclusions about the market situation for finished products based on price developments in container ship traffic. A limitation to be noted is that the maritime transport market is also characterized by a cyclical oversupply of cargo capacity. This currently reduces the quality of the two indices as forecasting tools.

Economic development in 2015 for the European Union (GDP changes compared to the previous year in real %)



Source: EU Commission, January 2016

Economic development in Europe was slightly better at the end of 2015 than had been predicted in the pessimistic forecasts of 2014. However, Austria's growth of +0.8% was the lowest increase in gross domestic product of all the countries in the region.

Economic situation in RCG markets (change in % (real) compared to the prior year)

Gross domestic product	2014	2015	2016
RCG Southeast Europe market average*	1.1	1.4	1.8
Bulgaria	1.5	2.2	1.5
Hungary	3.3	2.7	2.1
Italy	-0.4	0.8	1.4
Slovenia	2.4	2.5	1.8
Czech Republic	2.4	4.5	2.3
Romania	2.6	3.6	4.2

Source: European Commission winter forecast /January 2016
*Weighted by RCG transport services, incl. Austria

Year on year, the economic situation improved slightly in Rail Cargo Group's markets in 2015. GDP in Austria, Germany, Italy, Slovenia, Serbia and Bulgaria is expected to increase in the range of 1.4% and 2.0% in 2016, while growth rates of between 2.0% and 2.5% are forecast in the Czech Republic, Croatia and Hungary. Economic growth of more than 3% is anticipated in Slovakia, Poland, Romania and Turkey.

Inflation was only minimal, and even negative in some cases, in all of Rail Cargo Group's markets except Turkey (+7.5%) in 2015. Inflation is largely expected to be 1% in 2016 (exception: Turkey 8.2%). An inflation rate of 1.8% is forecast for Austria.

The economic outlook for Europe, the USA and China is modestly positive for 2016. The central banks of Japan, the USA and the Eurozone will mostly likely continue to pursue their "cheap money policy" in 2016. A tentative departure took place in the USA in mid-December, with an increase of 0.25 percentage points in the key interest rate. Continued low oil and commodity prices are also likely to have relatively little impact on the European economy again in 2016. Positive effects will be largely offset by lower demand from the emerging markets.

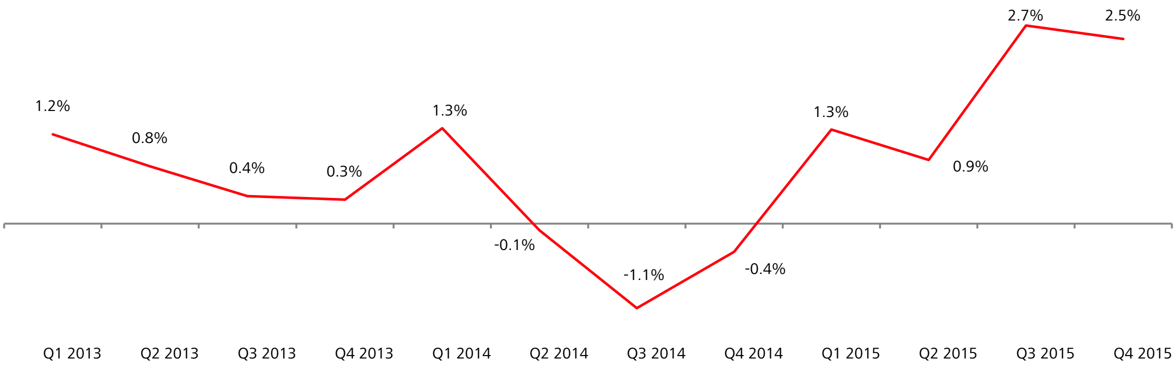
Key data and forecasts for the economic situation in Austria

Parameter	Unit	2014	2015	2016
Gross domestic product	Change in % compared to the prior year (real)	0.3	0.8	1.7
Market growth Austria*		3.0	3.0	4.0
Goods exports		2.1	2.5	4.0
Goods imports		0.9	3.2	3.5
Manufacture of goods		0.2	1.2	2.6
Gross capital investment		0.4	0.9	1.8
Crude oil price (Brent)	Change in % compared to the prior year	-8.0	-44.0	9.0
Maastricht deficit	% of the GDP	-1.5	-1.6	-1.9
Inflation rate	%	2.0	1.0	1.8
Unemployment rate	% of the labor force	4.9	5.7	6.1

Source: WIFO, January 13, 2016, Konjunkturportal [Economic Portal], Key Results December 2015
* Change in real imports of partner countries weighted with Austrian export shares

In Austria, GDP growth of 1.7% for 2016 is predicted over the previous year. For rail freight, the development of the production of goods and their export and import is crucial. The increase in imports and exports of goods in 2015 was somewhat below the forecasts of +3.5%. The production of goods lagged very strongly below the forecasts of +2.5%. It reached only +1.2%. +2.6% is forecast again for 2016.[1] The increase in Austrian industrial production and the relatively favorable development of the purchasing managers index of manufacturing output in the last quarters of 2015 provide reason to believe that this objective will be achieved.

Development of industrial production (excluding construction, change compared to the same quarter last year):



Source: Statistik Austria, production index ÖNACE 2008 (Ø 2010=100), EU harmonized working day adjusted

Capital markets and national budget

The interest rate level of government bonds is crucial for the borrowing terms and conditions for ÖBB-Infrastruktur AG. Due to the liability assumed by the Austrian government for the bonds, the interest rate of new issues strongly depends on the interest rates of Austrian government bonds. The secondary market yield on government bonds has been regularly setting record lows for years. The benchmark yield on 10-year government bonds was at 1.5% in 2015. For 2016, a decrease of 1% is expected. For shorter maturities, the secondary market yield on government bonds has now fallen to below 0.4%.

According to the international credit rating agencies, Austria is likely to maintain its credit rating in 2016. In January 2015, Fitch had already lowered its rating for Austria from the top rating of AAA to AA+ with a stable outlook. Fitch confirmed this classification in January 2016. Standard & Poor's also classifies its rating of AA+ as stable. Moody's, however, lowered the outlook for its Aaa rating to negative from stable in October 2015. Moody's sees continued weak economic growth as a barrier to reducing public debt.

[1] WIFO, Forecast for 2015 and 2016, September 29, 2015

B.2. Political and regulatory framework on the European level

Fourth Railway Package

In order to further liberalize and harmonize the European railway transport market, in January 2013 the European Commission submitted the following drafts for the 4th Railway Package, consisting of three Directives and two Regulations. The packages are the result of a single plan for the creation of a European rail market using a legislative "package approach":

- **Further opening up of the national railway passenger transport market, including a revision of the regulation on public service contracts (1370/2007) (Public Service Obligation "PSO"):** This compromise text permits increased direct awards. In addition, a generous time limit (max. 10, in exceptional cases 15 years after entry into force) governs the transition from the old to the new system. Furthermore, direct award is a long-term possibility, provided certain performance metrics, such as the increase in quality and/or cost compared to the pre-existing contract, are met. The regulation is currently still under negotiation between the European Parliament, the European Commission and the Member States, so it can be assumed that changes will still be made. This regulation will come into force in 2017.
- **Directive 2012/34/EU Unbundling of railway infrastructure companies and railway operators ("Governance"):** The original Commission draft was based on an institutional separation of the infrastructure operator from the railway operators. This compromise text permits now permits both separate models as well as integrated companies. As a result, it is still possible to maintain the structure of integrated companies (holding structure). Horizontal and vertical mandates regarding management and supervisory boards have been restricted. In addition, the so-called Chinese walls (strong independence criteria) have been reduced to the essential functions (train path allocation and user fee management). As a compromise for maintaining this option, regulators are granted more control rights.
- **Further development of the role of the European Railway Agency (ERA) with respect to the standardization of vehicle registrations and safety regulations (regulation) as well as changes in the safety and interoperability directives:** The technical pillar was relatively uncontroversial in the discussions. Plans include a new version of a directive on railway safety and a directive on the interoperability of the rail system within the EU as well as a directive on the Railway Agency of the European Union (a view to repealing Regulation (EC) no. 881/2004). These measures are intended on the one hand to further harmonize rail transport in Europe and on the other hand to standardize competencies in regulatory affairs of vehicles for transfer to the European Railway Agency (ERA). The negotiations between the European Commission, the European Parliament and the European Council will be applied to an agreement in the spring of 2016.

Revision of the Transport White Paper

In March 2011 the European Commission adopted the **"Transport White Paper - Roadmap to a Single European Transport Area - Towards a competitive and resource efficient transport system"**:

- The aim of the White Paper is to identify a long-term strategy for mobility solutions. At the same time, undesirable side effects such as congestion, accidents and pollution (air, noise) are to be reduced to a minimum in order to mitigate climate change.
- Other concerns of the White Paper include the shift of 30% of transport over a distance of more than 300 km to rail or maritime transport by 2030 (50% by 2050) as well as reducing greenhouse gas emissions from the transport sector by 60% by 2050.

In the spring of 2015, the strategy paper was subjected to a comprehensive mid-term evaluation, in which the ÖBB participated both as a company and via the European umbrella association CER (Community of European Railways and Infrastructure Companies). As a result of this process the European Commission determined that there is no need for new prioritization, but that existing operations and public policy objectives would need to be implemented more quickly and effectively. The revised White Paper is scheduled for publication in the first quarter of 2016.

CER Chairmanship

CEO Christian Kern was re-elected until December 31, 2017, as Chairman of the Community of European Railways and Infrastructure Companies (CER) by the CEOs of the member companies. The CER represents the interests of the railways in Europe and has more than 80 member companies. The members are private companies, national federations of railway companies, pure sales companies, infrastructure operators and integrated companies such as Deutsche Bahn and ÖBB. Consequently, ÖBB remains the first point of contact of the European Commission for rail policy issues.

Connecting Europe Facility (CEF Call)

Under the "Connecting Europe Facility" (CEF) regulation, projects of the trans-European transport network (TEN-T) in the EU Member States will be funded with EUR 26 billion (valorized) from the EU financial framework for 2014-2020. CEF provides financial assistance for the completion of the TEN-T core network and its corridors through 2030. This made it possible, among other things, to attract funding for the construction of the Koralm railway line in the amount of EUR 57.5 million as well as for the planning and construction of the Brenner Base Tunnel in the amount of EUR 1.18 billion (for project company BBT SE).

B.3. Market environment

Passenger transport market environment

A preliminary estimate of the development of overall passenger transport in Austria indicates growth of 1.5% (growth in passenger kilometers) in the railway sector in 2015. The number of airline passengers declined by 0.3% in 2015. Continuing the trend of previous years, the number of passenger cars increased by somewhat more than 1%.

Parameters of passenger transport in Austria (change in % compared to the prior year)

Passenger transport	2013	2014	2015
All railway companies (passenger-kilometers)	5.2	1.5	1.5 *
Air transport (passengers)	-0.9	2.2	-0.3 **
Number of passenger cars	1.2	1.2	1.1

*preliminary estimates for 2015, **preliminary estimates for 2015, excluding passengers in transit
Source: Statistik Austria, BMVIT, ÖBB-Personenverkehr, internal calculations

In 2015, competition on the ÖBB railway network remained basically restricted to the Vienna–Salzburg connection. According to its own estimates, in 2015 ÖBB's market share dropped from 88.2% in 2015 to about 87% of domestic passenger rail transport (passenger kilometers).

The liberalization of scheduled long-distance bus services in Germany has resulted in increased competition from long-distance buses. Within Austria, private long-distance bus companies offer connections between Vienna–Graz (between nine and 13 bus services in each direction) and Linz–Graz (three to four bus services in each direction). Competition in cross-border transport has been focusing for several years on connections between Eastern and Southeastern Europe.

Travel share agencies have evolved into relevant competitors in passenger transport. Over the past ten years, membership of the leading travel-share agencies in Germany and Austria has increased twenty times over – to about seven million people. At the same time, the number of travel-share trips booked through these agencies has increased thirty times over. The travel-share agencies are being joined by a growing number of Facebook groups that organize travel share on certain routes. The distance traveled through travel sharing in 2015 is estimated to be about half a billion passenger kilometers, equivalent to 10% of the traffic volume in long-distance rail transport.

Freight transport market environment

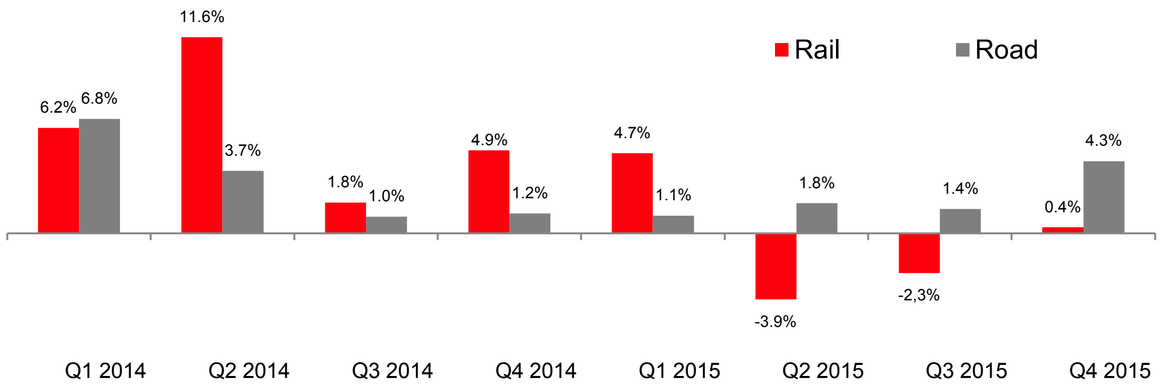
Parameters of freight transport in Austria (change in % compared to the prior year)

Goods transport	2013	2014	2015*
All railway companies (net tonne-kilometers)	-1.1	4.6	-0.3
Road (tonnage-kilometers)**	1.5	2.9	2.1
New registration of trucks	2.0	2.4	2.1
*of which heavy goods vehicles****	*-0.4*	*0.3*	*0.0*

**preliminary estimates for 2015, **Estimate based on the ASFINAG traffic count data, ***N2 + N3 + articulated lorries
Source: Statistik Austria, BMVIT, ASFINAG, RCA

According to preliminary data, freight transport volume on the road and railways increased by about 1.4% overall in 2015 compared to 2014. As was to be expected given the significant decrease in diesel prices, transport capacity was shifted from the railway to the road. Measured in tonne-kilometers, rail transport declined slightly, while road traffic increased by 2.1%. The information for road traffic is derived from truck traffic count data on the primary road network. The data for rail includes a preliminary estimate for the development of the transport performance of private rail freight carriers. After a slight increase in 2014, the share of railways in freight transport over land (excluding pipelines) again recorded a slight decrease to 31.4% in 2015.

Development of freight transport volumes on the road and railways in Austria in 2014 and 2015
(change compared to the prior-year quarter)

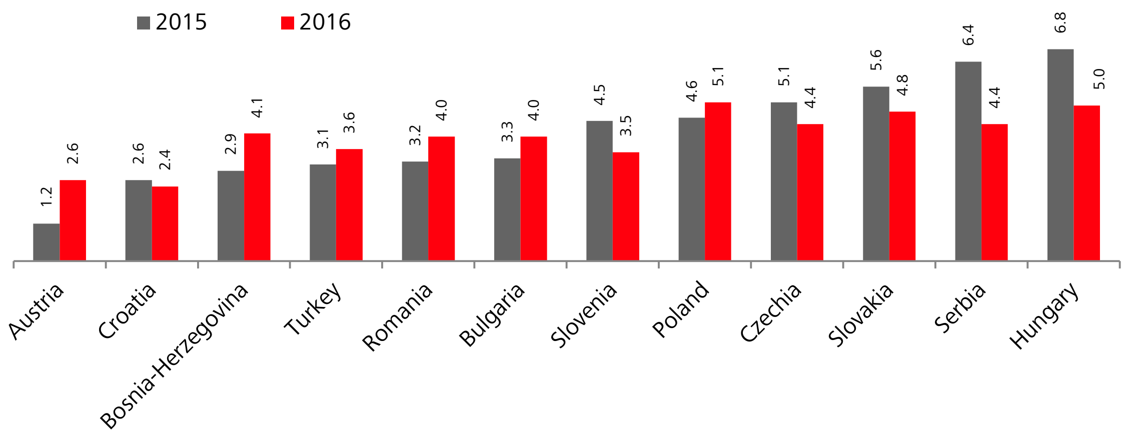


Source: ASFINAG, ÖBB/RCA, Statistik Austria, ÖBB calculations and estimates

Year on year, rail freight volumes declined in Italy, Hungary and Turkey in 2015, and stagnated in Austria, Germany and Slovakia. Poland, Romania, Slovenia and the Czech Republic experienced slight growth, while Croatia and Bulgaria recorded significant increases.[2]

Rail Cargo Group's share in the rail freight transport market was about 77.5% in Austria in 2015[3], compared to about 60% in Hungary and about 12% in Slovenia. RCG market share is still relatively low in the Czech Republic (about 2.5%) and in Italy (about 3.5%).[4]

Industrial production in RCG markets: Trends and outlook (change in % compared to the prior year)



Source: Consensus Economics – Eastern Europe 1/2016, WIFO 1/2016

Consolidated Management Report

[2] Eurostat 2016, Railway transport – Goods transported, quarterly data (million tkm), provisional figures up to and including Q3
[3] SCG Rail Control Report 2014, ÖBB estimate for 2015
[4] ÖBB estimate based on RCG transport services and national railway transport services

The amount of freight transported by rail is strongly influenced by industrial production. In Austria, industrial production barely grew from mid-2013 until mid-2015. It was not until the third quarter that a significant increase compared to the previous quarters was observed. The industry developed much more favorably in other markets of the Rail Cargo Group. Growth exceeded 4% in Hungary, Slovakia, Czech Republic, Poland and Slovenia[5]. Forecasts call for similar performance in 2016. In addition, the growth of industrial production should then also rise above 2% in Austria once again.

In 2015, the decline in diesel prices had a negative impact on the market share of rail. Because we do not assume that there will be a further significant change in fuel prices, rail should at least be able to maintain their market share in the coming year.

Market environment of the ÖBB-Infrastruktur sub-group

On October 14, the Council of Ministers of the Austrian Federal Government adopted the ÖBB framework plan for the years 2016 to 2021. The focal points of the EUR 14.6 billion package are the development of the Southern line, including the Semmering Base Tunnel and the Koralm railway line, the construction of the Brenner Base Tunnel and the completion of the four-track expansion of the Western line between Vienna and Wels.

When it came into service with the 2012/13 timetable change, the new Vienna–St. Pölten line increased the attractiveness of the Western line by considerably shortening travel times. Since the 2015/16 timetable change, the new Vienna Central Train Station is in full operation and acts as a national and international transport hub. All of Austria’s main cities and the Vienna airport are directly connected to the Vienna Central Train Station.

In the Austrian railway network, the synchronized, consistent interval timetable for rail transport will be gradually implemented in the coming years. In November 2015, the state’s main strategy was anchored in the further expansion of railway infrastructure in the Railways Act. The allocation of routes for cross-border passenger and freight transport has been regulated in accordance with EU requirements.

A prerequisite for Austria’s top position in rail transport is its dense, well-developed railways infrastructure. With 665 kilometers of line per million inhabitants, Austria has one of the densest rail networks in Europe. That is 60% more kilometers of line per million inhabitants than in Germany, for example, 75% more than in the “old” EU countries and 55% more than in the average of the EU-28. The operating offering for connecting railways remains particularly high – with nine operating sites per 100 kilometers. Germany has only six such operating sites per 100 kilometers. More than 80% of rail freight transported in Austria (target, source and domestic traffic) is transported via connecting railways. In addition, a large portion of container transport goes via rail to industrial and commercial areas.

A step towards improving existing railway network connections with the networks of neighboring countries was the opening of the first two freight corridors. These are the “Baltic-Adriatic Corridor” (the route from Poland to the Czech Republic and Austria to Italy) as well as the Scandinavian-Mediterranean Corridor, which corresponds in Austria to the Brenner Corridor. Based on an EU regulation, since November 2015 through train routes on timetables can be ordered for freight trains on these corridors.

C. Economic report and outlook

C.1. Revenue

Structure of revenues by sub-group in EUR million	2015	2014	Change	Change in %
ÖBB-Personenverkehr sub-group	1,991.4	1,940.4	51.0	3%
Rail Cargo Austria sub-group	2,058.6	2,073.1	-14.5	-1%
ÖBB-Infrastruktur sub-group	2,044.0	2,176.1	-132.1	-6%
ÖBB-Holding AG and other companies	1,340.1	1,338.3	1.8	0%
less consolidation of sub-groups	-2,261.9	-2,257.8	-4.1	0%
Group revenue acc. to Consolidated Financial Statements	**5,172.2**	**5,270.1**	**-97.9**	**-2%**
Other income (consolidated)	1,173.2	1,084.8	88.4	8%
Total income	**6,345.4**	**6,354.9**	**-9.5**	**0%**
Total revenue per employee in thousands EUR	154	155	-1	-1%

[5] Consensus Economics – Eastern Europe 1/2016, WIFO 1/2016

Although the average number of employees increased from 41,083 to 41,150, the figure "Total income per employee"[6] remained virtually unchanged year on year at kEUR 154 (prior year: kEUR 155). Of the consolidated Group revenue, about EUR 1,162.6 million (prior year: EUR 1,168.2 million) was generated abroad, equivalent to an unchanged share year on year of about 22%.

Revenue of the ÖBB-Personenverkehr sub-group

Overview	2015	2014	Change	Change in %
Revenue in EUR million	1,991.4	1,940.4	51.0	3%
of which traffic service orders of the federal government	*644.8*	*635.6*	*9.2*	*1%*
of which traffic service orders of the countries and communities	*285.8*	*290.5*	*-4.7*	*-2%*
Other income in EUR million	46.5	53.7	-7.2	-13%
Total income in EUR million	2,037.9	1,994.2	43.7	2%

Passengers in million	2015	2014	Change	Change in %
Long-distance railway transport	34.3	33.7	0.6	2%
Short-distance railway transport	203.7	201.4	2.3	1%
Total railway	**238.0**	**235.1**	**2.9**	**1%**
Bus	220.9	230.5	-9.6	-4%
Total	**458.9**	**465.6**	**-6.7**	**-1%**

The ÖBB-Personenverkehr sub-group was able to increase its rail passenger volume to 238.0 million passengers (prior year: 235.1 million passengers) and its total income by 2%. Bus passenger volumes decreased slightly to 220.9 million passengers (prior year: 230.5 million passengers), due partly to demographic trends and the associated declining number of students and apprentices, and partly to competition for tenders.

Revenue in financial year 2015 increased by 3% to EUR 1,991.4 million (prior year: EUR 1,940.4 million). Of the consolidated revenue, EUR 170.8 million (prior year: EUR 169.7 million) was generated abroad, equivalent to an unchanged share year on year of about 9%. Revenue generated abroad therefore increased by EUR 1.1 million or 1%.

Traffic services ordered by the federal government accounted for EUR 644.8 million (prior year: EUR 635.6 million) of revenue, and by the federal provinces and communities for EUR 285.8 million (prior year: EUR 290.5 million).

Revenue of the Rail Cargo Austria sub-group

Overview	2015	2014	Change	Change in %
Net tonnes transported (millions, consolidated)	109.2	110.1	-0.9	-1%
Revenue in EUR million	2,058.6	2,073.1	-14.5	-1%
thereof public services contracted by the federal government	*81.9*	*82.0*	*-0.1*	*0%*
Other income in EUR million	100.5	91.7	8.8	10%
Total income in EUR million	2,159.1	2,164.8	-5.7	0%

Due to the difficult economic situation, the total income of Rail Cargo Austria sub-group decreased to EUR 2,159.1 million (prior year: EUR 2,164.8 million). Of the consolidated revenue, EUR 849.8 million (prior year: EUR 905.5 million) was generated abroad, equivalent to about 41% (prior year: 44%). Revenue generated abroad therefore decreased by EUR 55.7 million or 6%.

In total, Rail Cargo Austria sub-group revenue decreased by 1% to EUR 2,058.6 million (prior year: EUR 2,073.1 million). The compensation paid by the federal government for the execution of public service contracts accounted for EUR 81.9 million or 4% of revenue (prior year: EUR 82.0 million or 4%) EUR 370.2 million (previous year: EUR 351.5 million) are attributable to ÖBB-Technische Services.

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

Year on year, the consolidated freight volume of Rail Cargo Austria sub-group declined slightly in the reporting period, from 110.1 million tonnes to 109.2 million tonnes.

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[6] Total income per employee: total income / average number of employees

Net tonnes transported in mil.	Conventional full-load transport 2015	2014	Unaccompanied combined transport 2015	2014	Combined road/ railway transport 2015	2014	Total 2015*	2014
Rail Cargo Austria AG excl. abroad	60.4	61.6	14.5	14.4	7.5	7.6	82.4	83.6
Rail Cargo Austria AG abroad	7.6	6.7	6.2	5.2	1.1	1.1	14.9	13.0
Rail Cargo Hungaria Zrt.	29.2	30.2	2.8	2.5	0.0	0.0	32.0	32.7
Rail Cargo Carrier - Bulgaria EOOD	0.0	0.0	0.2	0.0	0.0	0.0	0.2	0.0
Rail Cargo Carrier - Croatia	0.1	0.0	0.1	0.0	0.0	0.0	0.2	0.0
Rail Cargo Carrier - Czech s.r.o.	1.8	0.0	0.1	0.0	0.0	0.0	1.9	0.0
Rail Cargo Carrier - Germany	0.0	0.0	0.2	0.0	0.0	0.0	0.2	0.0
Rail Cargo Carrier - Italy s.r.l.	1.0	1.0	0.8	1.1	0.5	0.0	2.3	2.1
Rail Cargo Carrier - Romania s.r.l.	0.5	0.4	0.3	0.2	0.0	0.0	0.8	0.6
Rail Cargo Carrier - Slovenia d.o.o.	1.0	0.0	0.5	0.0	0.0	0.0	1.5	0.0
Rail Cargo Carrier Kft.	0.0	2.8	0.0	0.0	0.0	0.0	0.0	2.8
Total not consolidated	**101.6**	**102.7**	**25.7**	**23.4**	**9.1**	**8.7**	**136.4**	**134.8**
less intra-group transports	-16.5	-16.9	-9.1	-6.7	-1.6	-1.1	-27.2	-24.7
Total consolidated	**85.1**	**85.8**	**16.6**	**16.7**	**7.5**	**7.6**	**109.2**	**110.1**

*A further 1.9 million net tonnes were transported by European Contract Logistics - Austria GmbH and its subsidiaries, which are not attributable to Rail Cargo Austria sub-group.

ÖBB-Infrastruktur sub-group revenue

Overview	2015	2014	Change	Change in %
Train-kilometers (millions)	145.4	145.1	0.3	0%
Total gross tonnage-kilometers (millions).	75,101.8	75,162.7	-60.9	0%
Self-generated traction power from ÖBB power plants	801	668	133	20%
Traction power from overhead contact line in GWh	1,767	1,740	27	2%
Floor space incl. Exterior spaces rented out in thousands m²	2,705	2,672	33	1%
Revenue in EUR million	2,044.0	2,176.1	-132.1	-6%
Other income in EUR million	1,007.4	938.6	68.8	7%
Total income in EUR million	3,051.4	3,114.7	-63.3	-2%

Sub-group revenue totaled EUR 2,044.0 million (prior year: EUR 2,176.1 million), of which companies belonging to other ÖBB Group sub-groups accounted for EUR 702.0million (prior year: EUR 709.8 million. Revenue is mainly generated in Austria. Revenue generated by companies abroad totaled EUR 61.2 million (prior year: EUR 17.5 million). This revenue mainly relates to the supply of energy and the infrastructure usage charge.

Year on year, train kilometer volume increased by 145.4 million tkm (prior year: 145.1 million tkm).

Development of train-kilometers by type of transport in mil.	2015	2014	Change	Change in %
Passenger transport	97.5	96.8	0.7	1%
thereof ÖBB Group	*92.7*	*92.1*	*0.6*	1%
Goods transport	40.7	41.1	-0.4	-1%
thereof ÖBB Group	*32.7*	*33.3*	*-0.6*	-2%
Service trains and light engines	7.2	7.2	0.0	0%
thereof ÖBB Group	*6.0*	*6.2*	*-0.2*	-3%
Total	**145.4**	**145.1**	**0.3**	**0%**
thereof ÖBB Group	*131.4*	*131.6*	*-0.2*	*0%*

In financial year 2015, total gross tonnage kilometers (tgtkm) decreased to 60.9 million tgtkm. External railway operators accounted for 11.5 billion tgtkm or 15% of the total in financial year 2014 compared to 12.0 billion tgtkm, or 16% of the total in financial year 2015.

Development of gross tonnage-kilometers by type of transport in mil.	2015	2014	Change	Change in %
Passenger transport	29,129.5	28,794.0	335.5	1%
thereof ÖBB Group	*27,606.6*	*27,320.7*	*285.9*	*1%*
Goods transport	44,849.2	45,258.1	-408.9	-1%
thereof ÖBB Group	*34,538.9*	*35,330.4*	*-791.5*	*-2%*
Service trains and light engines	1,123.1	1,110.6	12.5	1%
thereof ÖBB Group	*963.0*	*970.5*	*-7.5*	*-1%*
Total	**75,101.8**	**75,162.7**	**-60.9**	**0%**
thereof ÖBB Group	*63,108.5*	*63,621.6*	*-513.1*	*-1%*

Revenue is also generated from electricity and real estate.

Development of the electricity sector:

Traction power in GWh	2015	2014	Change	Change in %
Self-generated traction power from ÖBB power plants	801	668	133	20%
Consumption of traction power from the overhead contact line	1,767	1,740	27	2%

Power plants owned by ÖBB-Infrastruktur sub-group generated 801 GWh of traction power in financial year 2015 (prior year: 668 GWh).

Development of the rentable areas:

Floor space incl. rentable exterior spaces in thousand m²	2015	2014	Change	Change in %
Usage by external parties (outside the Group)*	701	697	4	1%
Usage by ÖBB Group companies other than ÖBB-Infrastruktur AG	332	335	-3	-1%
Usage by ÖBB-Infrastruktur AG	562	558	4	1%
Vacant and public space	1,092	1,063	29	3%
Floor space	**2,687**	**2,653**	**34**	**1%**
Exterior spaces rented out	18	19	-1	-5%
Total portfolio	**2,705**	**2,672**	**33**	**1%**

*The area figure in question refers to floor space of buildings as well as exterior spaces of buildings rented out. Since parking garages are part of the mobility chain, their area is attributed to the railway station area. Consequently, as of FY 2015 the area of parking garages are no longer counted, and the area figure for 2014 has been adjusted accordingly to facilitate comparison.

As in the previous year, the floor space of buildings incl. rentable exterior spaces amounts to 2.7 million m², of which about one-fourth is rented out to third parties. The rest is rented out within the Group, used by the ÖBB-Infrastruktur sub-group itself 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 Mio. EUR	ÖBB-Personenverkehr	Rail Cargo Austria	ÖBB-Infrastruktur
Traffic/public services contracted by the federal government	644.8	81.9	-
	(PY: 635.6)	*(PY: 82.0)*	-
Traffic service orders of provinces and communities	285.8	-	
	(PY: 290.5)	-	
Infrastructure operations	-	-	597.1
	-	-	*(PY: 647.1)*
Repair and investment	-	-	1,136.9
	-	-	(PY: 1,083.3)
Total	**930.6**	**81.9**	**1,734.0**
	(PY: 926.1)	*(PY: 82.0)*	*(PY: 1,730.4)*

Contributions to ÖBB-Personenverkehr sub-group relate to the traffic services ordered by the federal government beyond the reporting period for local and long-distance passenger rail transport, which totaled EUR 644.8 million in the year under review (prior year: EUR 635.6 million) and by the federal provinces and communities, amounting to EUR 285.8 million (prior year: EUR 290.5 million). The increase in federal compensation resulted primarily from netbacks of existing services. Traffic services ordered by the federal provinces and communities in ÖBB-Personenverkehr sub-group related to Postbus services declined as a result of competition for tenders.

Contributions to Rail Cargo Austria sub-group result from the provision of rail freight services in the production forms of single-car traffic, unaccompanied combined transport and combined road/railway transport and are based on the "Beihilfenprogramm für die Erbringung von Schienengüterverkehrsleistungen in bestimmten Produktionsformen in Österreich" (Aid program for the provision of rail freight services in certain production forms in Austria) notified by the EU. In the reporting period, these payments totaled EUR 81.9 million (prior year: EUR 82.0 million).

The increased contributions by the federal government to ÖBB-Infrastruktur AG related to investment activities. On behalf of the Republic of Austria, ÖBB-Infrastruktur AG is executing a construction program of historic dimensions between now and 2024. Pursuant to the 2014-2019 grant agreement, the federal government has committed to paying 75% of the expansion and reinvestment costs up to 2016, and 80% of the annual capital expenditures in 2017 and 2018. These grants are being paid in the form of annuities 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 2015, the federal government contributed EUR 634.5 million (prior year: EUR 576.9 million). For infrastructure maintenance (inspection/services, troubleshooting and repairs), the federal government provided EUR 502.4 million (prior year: EUR 506.4 million).

The government also subsidizes the operation of the infrastructure with a grant of EUR 597.1 million (prior year: EUR 647.1 million). This grant will continue to be paid 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 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

Year on year, ÖBB Group was able to further improve its result (EBT), helped by the good performance of ÖBB-Personenverkehr sub-group and the steady development of Rail Cargo Group.

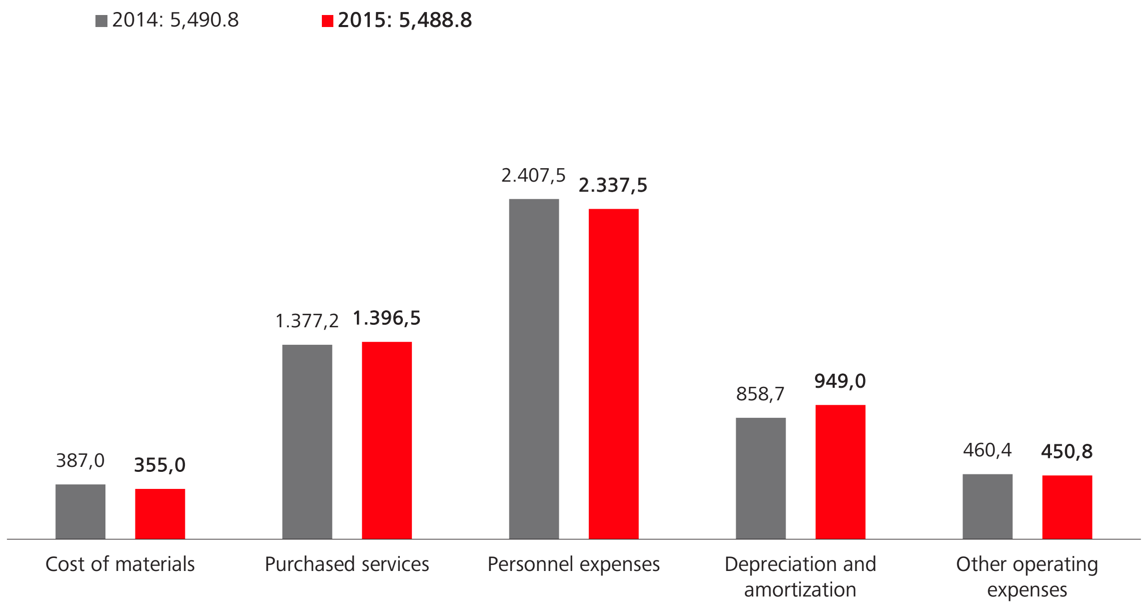
Overview	2015	2014	Change	Change in %
EBIT[7] in EUR million	856.6	864.1	-7.5	-1%
EBIT margin[8] in %	13.5%	13.6%	-0.1%	-1%
EBITDA[9] in EUR million	1,805.5	1,722.8	82.7	5%
EBT in EUR million	192.8	171.7	21.1	12%
Return on equity[10] in %	10.0%	10.1%	-0.1%	-1%
Return on assets[11] in %	3.2%	3.4%	-0.2%	-6%

[7] EBIT corresponds to earnings (not including earnings of investments accounted for using the equity method) on the Consolidated Income Statement.
[8] EBIT margin: EBIT / total income
[9] EBITDA: EBIT + depreciation and amortization
[10] Return on equity: EBT / shareholders' equity
[11] Return on total assets: EBIT / total capital

Structure of the Consolidated Income Statement (EUR million)	2015	in % of total income	2014	in % of total income	Change	Change in %
Revenue	5,172.2	82%	5,270.1	83%	-97.9	-2%
Other own work capitalized	372.6	6%	359.8	6%	12.8	4%
Other income and increase/decrease of inventories	800.6	13%	725.0	11%	75.6	10%
Total income	**6,345.4**	**100%**	**6,354.9**	**100%**	**-9.5**	**0%**
Cost of materials	355.0	6%	387.0	6%	-32.0	-8%
Purchased services	1,396.5	22%	1,377.2	22%	19.3	1%
Personnel expenses	2,337.5	37%	2,407.5	38%	-70.0	-3%
Amortization (incl. impairment)	949.0	15%	858.7	14%	90.3	11%
Other operating expenses	450.8	7%	460.4	7%	-9.6	-2%
Total expenses	**5,488.8**	**87%**	**5,490.8**	**86%**	**-2.0**	**0%**
EBIT	**856.6**	**13%**	**864.1**	**14%**	**-7.5**	**-1%**
Financial result	-663.8	-10%	-692.4	-11%	28.6	4%
EBT	**192.8**	**3%**	**171.7**	**3%**	**21.1**	**12%**

Total income remained virtually unchanged year on year, at EUR. 6,345.4 million (prior year: EUR 6,354.9 million). In the year under review, ÖBB Group's EBIT declined by 1% to EUR 856.6 million (prior year: EUR 864.1 million). Accordingly, the EBIT margin decreased year on year from 13.6% to 13.5%. In the year under review, EBITDA increased by 5% to EUR 1,805.5 million (prior year: EUR 1,722.8 million). Positive EBT of EUR 192.8 million followed the result of EUR 171.7 million in 2014, which equates to an increase of 12% year on year. Return on equity was 10.0% (prior year: 10.1%), while the return on total assets amounted to 3.2% (prior year: 3.4%).

Development of operating expenses in EUR million



Total expenses decreased in financial year 2015 by EUR 2.0 million to EUR 5,488.8 million (prior year: EUR 5,490.8 million).

Year on year, personnel expenses decreased by 3% to EUR 2,337.5 million (prior year: EUR 2,407.5 million) and still constitute the largest expense category. The average personnel expense per employee amounted to kEUR 57 (prior year: kEUR 59). The payroll ratio[12] – measuring the ratio of personnel expenses to total income – decreased slightly, to 37% (prior year: 38%). More information on the personnel structure and the development of the number of employees is provided in Chapter D.2. Personnel Report.

Cost of materials decreased to EUR 355.0 million (prior year: EUR 387.0 million). This item comprises expenses for purchased traction power amounting to EUR 76.1 million (prior year: EUR 101.5 million) and expenses for liquid fuels amounting to EUR 75.0 million (prior year: EUR 88.3 million).

Purchased services totaled EUR 1,396.5 million (prior year: EUR 1,377.2 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. Furthermore, this item 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 28%. Depreciation and amortization expense increased by EUR 90.3 million to EUR 949.0 million (prior year: EUR 858.7 million).

Rent, licensing and leasing expenses declined (by -1% to EUR 31.9 million), as did operating costs (by -2% to EUR 110.3 million), and miscellaneous other expenses (by -6% to EUR 221.3 million). By contrast, expenses for information technology and office supplies increased (by 9% to EUR 30.3 million), as did provisions (by 4% to EUR 12.1 million), and taxes and fees (by 7% to EUR 44.9 million). Other operating expenses decreased by EUR 9.6 million or 2% in total to EUR 450.8 million (prior year: EUR 460.4 million).

ÖBB Group is reporting a negative financial result for financial year 2015 of EUR 663.8 million (prior year: EUR 692.4 million). Interest expense amounted to EUR 718.9 million (prior year: EUR 731.6 million).

Result of operations of ÖBB-Personenverkehr sub-group

Increased total income and positive development of the financial result enabled ÖBB-Personenverkehr sub-group to improve its result (EBT) year on year.

Overview	2015	2014	Change	Change in %
Revenue in EUR million	1,991.4	1,940.4	51.0	3%
Total income in EUR million	2,037.9	1,994.2	43.7	2%
Total expenses in EUR million	-1,945.0	-1,893.1	-51.9	-3%
EBIT in EUR million	93.0	101.1	-8.1	-8%
EBIT margin in %	4.6%	5.1%	-0.5%	-10%
EBITDA in EUR million	238.0	206.7	31.3	15%
Financial result in EUR million	-15.7	-25.4	9.7	38%
EBT in EUR million	77.3	75.7	1.6	2%
Return on equity in %	10.5%	11.6%	-1.1%	9%
Return on assets in %	3.5%	3.6%	-0.1%	-3%

ÖBB-Personenverkehr sub-group increased its revenue in the reporting period by 3% to EUR 1,991.4 million (prior year: EUR 1,940.4 million).

Personnel expenses of the sub-group in financial year 2015 decreased by EUR 0.8 million to EUR 376.6 million (prior year: EUR 377.4 million). The average personnel expense per employee was unchanged year on year at kEUR 55. Year on year, the ratio of personnel expenses to total income declined to 18% (prior year: 19%). Cost of materials amounting to EUR 119.5 million (prior year: EUR 127.1 million) include traction power expenses of EUR 36.6 million (prior year: EUR 37.5 million) and expenses for liquid fuels of EUR 42.6 million (prior year: EUR 51.3 million). Year on year, purchased services increased by 2% to EUR 1,114.7 million (prior year: EUR 1,097.8 million). This item includes vehicle rental fees of EUR 36.4 million (prior year: EUR 30.9 million), transport services of EUR 483.0 million (prior year: EUR 481.7 million) and infrastructure usage charges for third-party railways of EUR 316.5 million (prior year: EUR 302.0 million). The ratio of aggregated cost of materials and purchased services to total income was unchanged year on year at 61%.

Result of operations of Rail Cargo Austria sub-group

Operating in difficult market conditions in 2015, Rail Cargo Austria sub-group recorded a slight decrease in revenues, but was able to sustain the prior year's level thanks to strict cost management and a positive financial result.

[12] Payroll ratio: personnel expenses / total income

Overview	2015	2014	Change	Change in %
Revenue in EUR million	2,058.6	2,073.1	-14.5	-1%
Total income in EUR million	2,159.1	2,164.8	-5.7	0%
Total expenses in EUR million	-2,082.5	-2,061.2	-21.3	-1%
EBIT in EUR million	76.6	103.6	-27.0	-26%
EBIT margin in %	3.5%	4.8%	-1.3%	-27%
EBITDA in EUR million	131.7	161.4	-29.7	-18%
Financial result in EUR million	-19.4	-44.7	25.3	57%
EBT in EUR million	57.2	58.9	-1.7	-3%
Return on equity in %	*	*	*	*
Return on assets in %	4.3%	5.6%	-1.3%	-23%

* Ratio not meaningful

Year on year, the EBIT generated by Rail Cargo Austria sub-group declined to EUR 76.6 million (prior year: EUR 103.6 million), equivalent to a decrease of EUR 27.0 million. With total income decreasing to EUR 2,159.1 million (prior year: EUR 2,164.8 million), an EBIT margin of 3.5% is reported, following 4.8% in 2014. The financial result improved year on year from EUR -44.7 million to EUR -19.4 million. As a result, EBT for 2015 is reported at EUR 57.2 million (prior year: EUR 58.9 million). Return on total assets was 4.3% (prior year: 5.6%), while EBITDA totaled EUR 131.7 million (prior year: EUR 161.4 million).

Year on year, the total expenses incurred by the Rail Cargo Austria sub-group increased by 1% to EUR 2,082.5 million (prior year: EUR 2,061.2 million). Purchased services constituted the largest expense category, increasing by 2% to EUR 1,331.5 million (prior year: EUR 1,311.2 million). This item includes expenses for transport services, infrastructure usage charges including public services and personnel leasing, rent for railway and road vehicles, and other services. In the year under review, personnel expenses decreased to EUR 358.5 million (prior year: EUR 372.1 million). With a higher headcount, the average personnel expense per employee decreased year on year from kEUR 46 to kEUR 44. The ratio of personnel expenses to total income was unchanged year on year, at 17%. In total, the ratio of cost of materials and purchased services to total income was 70% (prior year: 68%.

Result of operations of ÖBB-Infrastruktur sub-group

Due to delays in settlement, the income from real estate sales is lower year on year. Improved operating workflows enabled an increase in productivity.

Overview	2015	2014	Change	Change in %
Revenue in EUR million	2,044.0	2,176.1	-132.1	-6%
Total income in EUR million	3,051.4	3,114.7	-63.3	-2%
Total expenses in EUR million	-2,437.0	-2,479.5	42.5	2%
EBIT in EUR million	614.4	635.1	-20.7	-3%
EBIT margin in %	20.1%	20.4%	-0.3%	-1%
EBITDA in EUR million	1,304.8	1,279.9	24.9	2%
Financial result in EUR million	-601.5	-600.5	-1.0	0%
EBT in EUR million	12.8	34.6	-21.8	-63%
Return on equity in %	1.1%	2.9%	-1.8%	-62%

In the reporting period, the total income generated by ÖBB-Infrastruktur sub-group amounted to EUR 3,051.4 million (prior year: EUR 3,114.7 million). With an average headcount of 17,730 (prior year: 16,963), this results in revenue per employee of kEUR 172 (prior year: kEUR 184). Accordingly, total income declined by EUR 63.3 million or 2% compared to 2014.

In 2015, ÖBB-Infrastruktur sub-group generated EBIT of EUR 614.4 million (prior year: EUR 635.1 million) with an EBIT margin of 20.1% (prior year: 20.4%).

ÖBB-Infrastruktur sub-group generated a negative financial result in the year under review of EUR 601.5 million (prior year: EUR 600.5 million). EBT in 2015 totaled EUR 12.8 million (prior year: EUR 34.6 million).

The total expenses incurred by the sub-group in 2015 decreased by 2% to EUR 2,437.0 million (prior year: EUR 2,479.5 million). In 2015, personnel expenses constituted the largest expense item, and decreased by 4% to EUR 1,036.5 million (prior year: EUR 1,074.7 million). The average personnel expense per employee amounted to kEUR 58 (prior year: kEUR 63). Accordingly, the ratio of personnel expenses to total income of the sub-group was 34% (prior year: 35%). Because it has operational responsibility, depreciation and amortization represent the second largest expense item of this sub-group. Due to enhanced investment activity in previous years, this item increased in the year under review, by 7% to EUR 690.4 million (prior year: EUR 644.8 million). The cost of materials and purchased services accounted for 13% (prior year: 14%) of total income.

C.3. Net assets and financial position

Net assets and financial position of the ÖBB Group

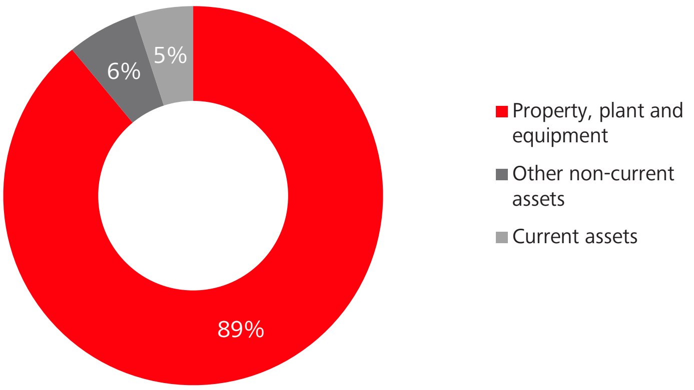
Overview	Dec 31, 2015	Dec 31, 2014	Change	Change in %
Total assets in EUR million	26,475.3	25,745.8	729.5	3%
PP&E-to-total-assets ratio[13] in %	89%	88%	1%	1%
PP&E-to-net-worth ratio[14] in %	8%	7%	1%	14%
PP&E-to-net-worth ratio II[15] in %	97%	101%	-4%	-4%
Working capital[16] in EUR million	-189.8	-107.9	-81.9	76%
Equity ratio[17] in %	7.3%	6.6%	0.7%	11%
Cash-effective change of funds in EUR million	-68.5	179.0	-247.5	-138%

Structure of the Consolidated Statement of Financial Position in EUR million	Dec 31, 2013	Dec 31, 2014	Structure 2014	Dec 31, 2015	Structure 2015	Change from 2014 to 2015
Property, plant and equipment	21,765.5	22,723.9	88%	23,453.4	89%	729.5
Other non-current assets	1,556.1	1,610.6	6%	1,686.7	6%	76.1
Current assets	1,309.7	1,411.3	6%	1,335.2	5%	-76.1
Total assets	**24,631.3**	**25,745.8**	**100%**	**26,475.3**	**100%**	**729.5**
Shareholders' equity	1,588.9	1,692.0	6%	1,921.9	7%	229.9
Financial liabilities	20,778.4	21,811.1	85%	22,317.0	84%	505.9
Other liabilities	2,264.0	2,242.7	9%	2,236.4	8%	-6.3

Total assets of ÖBB Group increased in the year under review, by 3% to EUR 26,475.3 million (prior year: EUR 25,745.8 million), mainly as a result of investments in property, plant and equipment.

Assets

Balance sheet structure : Assets



As of the reporting date, the ratio of property, plant and equipment to total assets (PP&E ratio) was 89% (prior year: 88%). These capital expenditures were primarily financed with borrowings through bond issues.

As of Dec 31, 2015, the PP&E-to-net-worth ratio was 8% (prior year: 7%). PP&E-to-net-worth ratio II, which includes non-current borrowings, was 97% (prior year: 101%).

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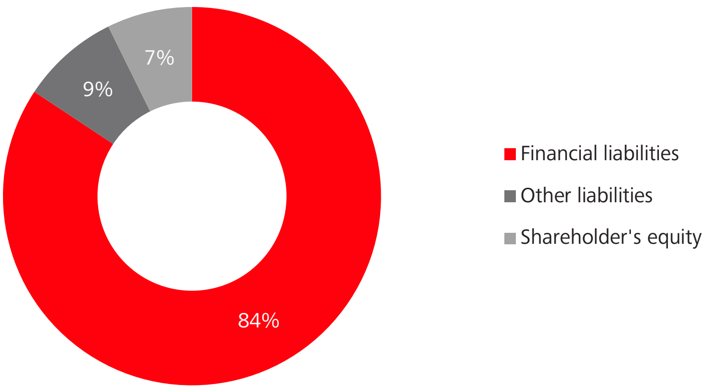
[13] PP&E ratio: PP&E / total assets
[14] PP&E-to-net-worth ratio: Equity / Property, plant and equipment
[15] PP&E-to-net-worth ratio II: (Equity + non-current borrowings) / PP&E
[16] Working capital: Inventories (excl. real estate recovery projects and prepayments on orders) + Trade receivables – Trade payables
[17] Equity ratio: Equity / total capital

Working capital amounted to EUR -189.8 million (prior year: EUR -107.9 million).

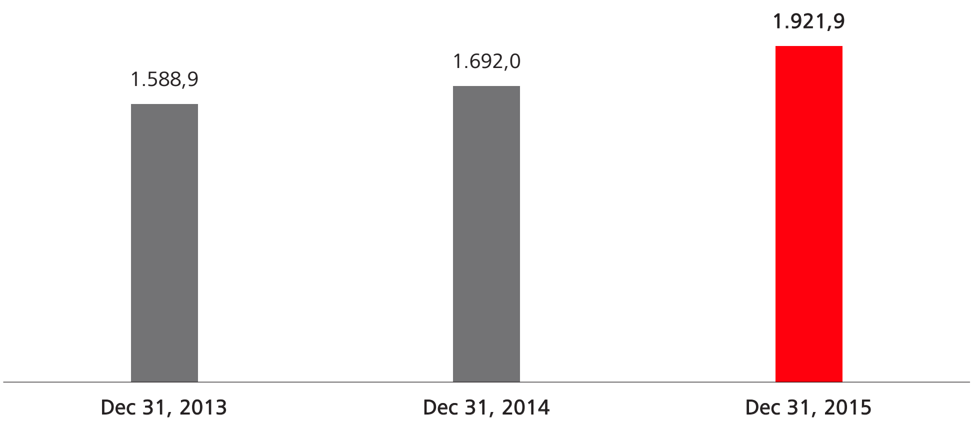
Total liabilities and shareholders' equity

Balance sheet structure: Liabilities, provisions and shareholders' equity



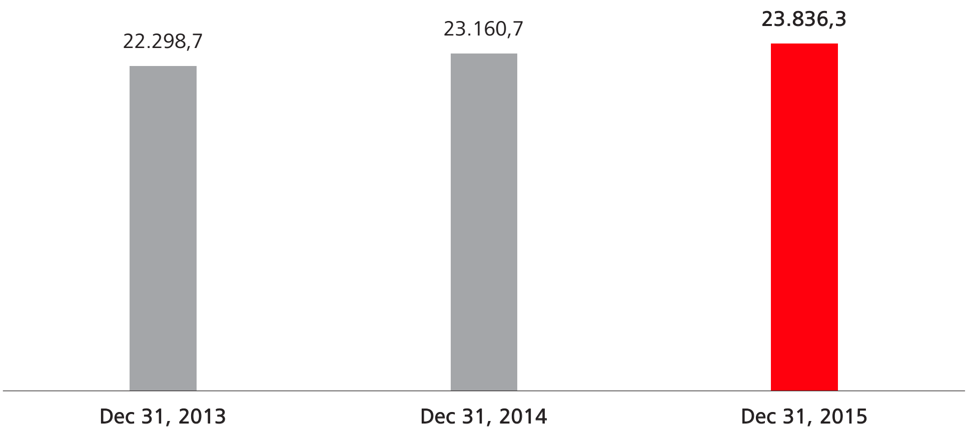
As of Dec 31, 2015, the equity ratio of ÖBB Group was 7.3% (prior year: 6.6%). The increase on the liabilities side is primarily due to issues of new bonds.

Development of shareholders' equity in EUR million



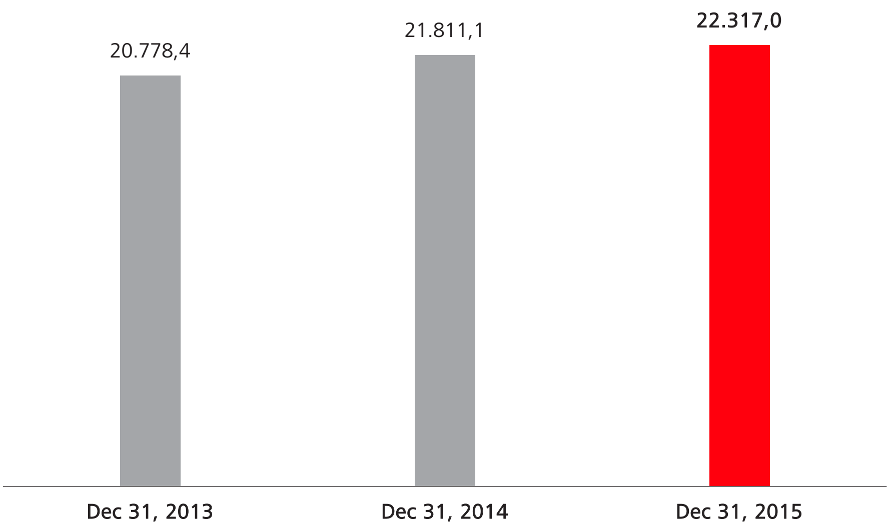
Liabilities of ÖBB Group as of Dec 31, 2015 totaled EUR 23,836.3 million (prior year: EUR 23,160.7 million). The external financing of the ÖBB Group is procured mainly through bonds. ÖBB-Infrastruktur AG recognizes these bonds in an amount of EUR 15,312.8 million (prior year: EUR 15,208.2 million).

Liabilities in EUR million

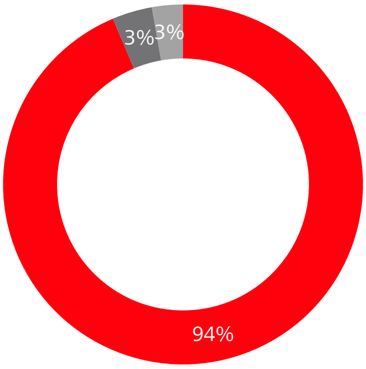


The financial liabilities of ÖBB Group comprise all liabilities from bonds and liabilities to banks and EUROFIMA Europäische Gesellschaft für die Finanzierung von Eisenbahnmaterial AG [European Company for the Financing of Railroad Rolling Stock]. Overall, financial liabilities in the year under review increased by 2% or EUR 505.9 million to EUR 22,317.0 million (prior year: EUR 21,811.1 million).

Financial liabilities in EUR million



The composition of the liabilities in the year under review is presented in the diagram below:



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

Terms of the liabilities in EUR million	Total	thereof current	in %	thereof non-current	in %
Financial liabilities	22,317.0	2,095.0	9%	20,222.0	91%
Trade payables	857.5	857.5	100%	0.0	0%
Other liabilities	661.8	584.1	88%	77.7	12%

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 Flow

In the year under review, free cash flow[18] increased to EUR -564.6 million (prior year: EUR -831.4 million). The change in cash and cash equivalents with effect on cash flow declined from EUR 179.0 million to EUR -68.5 million.

Extract from the Group Cash Flow Statement in EUR million	Dec 31, 2015	Dec 31, 2014	Change
Cash flow from operating activities	1,070.2	980.3	89.9
Cash flow from investing activities	-1,634.8	-1,811.7	176.9
Free cash flow	-564.6	-831.4	266.8
Cash flow from financing activities	496.1	1,010.4	-514.3
Cash-effective change of funds	-68.5	179.0	-247.5

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

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

Overview	Dec 31, 2015	Dec 31, 2014	Change	Change in %
Total assets in EUR million	2,640.0	2,777.3	-137.3	-5%
PP&E-to-total-assets ratio in %	70%	69%	1%	1%
PP&E-to-net-worth ratio in %	40%	34%	6%	18%
PP&E-to-net-worth ratio II in %	114%	110%	4%	4%
Equity ratio in %	28%	24%	4%	17%

[18] Cash flow from operating activities + cash flow from investing activities

Structure of the Consolidated Statement of Financial Position in EUR million	Dec 31, 2013	Dec 31, 2014	Structure 2014	Dec 31, 2015	Structure 2015	Change from 2014 to 2015
Non-current assets	2,492.4	2,432.7	88%	2,344.0	89%	-88.7
Current assets	296.6	344.6	12%	296.0	11%	-48.6
Total assets	**2,789.0**	**2,777.3**	**100%**	**2,640.0**	**100%**	**-137.3**
Shareholders' equity	631.7	654.7	24%	735.8	28%	81.1
Non-current liabilities	1,517.8	1,440.4	52%	1,365.2	52%	-75.2
Current liabilities	639.5	682.2	25%	539.0	20%	-143.2

In the year under review, ÖBB-Personenverkehr sub-group's total assets declined by EUR 137.3 million to EUR 2,640.0 million (prior year: EUR 2,777.3 million). As of the reporting date, the ratio of property, plant and equipment to total assets (PP&E ratio) was 70% (prior year: 69%). As of the same date, the PP&E-to-net-worth ratio was 40% (prior year: 34%), and the PP&E-to-net-worth ratio II was 114% (prior year: 110%). Working capital amounted to EUR -82.7 million (prior year: EUR -137.2 million). The increase in equity, by EUR 81.1 million to EUR 735.8 million (prior year: EUR 654.7 million), produced an equity ratio of 28% (prior year: 24%).

The total liabilities of ÖBB-Personenverkehr sub-group decreased by 11% to EUR 1,706.2 million (prior year: EUR 1,909.9 million). Financial liabilities in the reporting period decreased by EUR 165.8 million or 11% to EUR 1,380.4 million (prior year: EUR 1,546.2 million).

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

Overview	Dec 31, 2015	Dec 31, 2014	Change	Change in %
Total assets in EUR million	1,773.8	1,862.3	-88.5	-5%
PP&E-to-total-assets ratio in %	40%	37%	3%	8%
PP&E-to-net-worth ratio in %	11%	0%	11%	>100%
Equity ratio in %	4%	0%	4%	>100%

Structure of the Consolidated Statement of Financial Position in EUR million	Dec 31, 2013	Dec 31, 2014	Structure 2014	Dec 31, 2015	Structure 2015	Change from 2014 to 2015
Non-current assets	1,263.7	1,075.2	58%	1,121.3	63%	46.1
Current assets	672.9	787.1	42%	652.5	37%	-134.6
Total assets	**1,936.6**	**1,862.3**	**100%**	**1,773.8**	**100%**	**-88.5**
Shareholders' equity	-28.5	2.3	0%	74.0	4%	71.7
Non-current liabilities	1,174.7	984.4	53%	961.2	54%	-23.2
Current liabilities	790.5	875.5	47%	738.6	42%	-136.9

Year on year, the sub-group's total assets declined by EUR 88.5 million or 5% to EUR 1,773.8 million (prior year: EUR 1,862.3 million). As of the reporting date, the ratio of property, plant and equipment to total assets (PP&E ratio) was 40% (prior year: 37%). The PP&E-to-net-worth ratio was 11% (prior year: 0%). Working capital totaled EUR 229.6 million (prior year: EUR 329.2 million). The increase in equity, by EUR 71.7 million to EUR 74.0 million (prior year: EUR 2.3 million), produced an equity ratio as of December 31 of 4% (prior year: 0%).

Overall the liabilities of the sub-group decreased by EUR 96.6 million or 6% to EUR 1,603.0 million (prior year: EUR 1,699.6 million). Financial liabilities decreased to EUR 1,252.5 million (prior year: EUR 1,312.9 million).

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

Overview	Dec 31, 2015	Dec 31, 2014	Change	Change in %
Total assets in EUR million	22,100.2	21,341.0	759.2	4%
PP&E-to-total-assets ratio in %	91%	90%	1%	1%
PP&E-to-net-worth ratio in %	6%	6%	0%	0%
PP&E-to-net-worth ratio II in %	96%	103%	-7%	-7%
Equity ratio in %	5%	6%	-1%	-17%

Structure of the Consolidated Statement of Financial Position in EUR million	Dec 31, 2013	Dec 31, 2014	Structure 2014	Dec 31, 2015	Structure 2015	Change from 2014 to 2015
Non-current assets	19,520.1	20,547.0	96%	21,376.0	97%	829.0
Current assets	613.3	794.0	4%	724.2	3%	-69.8
Total assets	**20,133.4**	**21,341.0**	**100%**	**22,100.2**	**100%**	**759.2**
Shareholders' equity	1,173.6	1,198.5	6%	1,206.2	5%	7.7
Non-current liabilities	16,749.5	18,681.5	88%	18,137.3	82%	-544.2
Current liabilities	2,210.3	1,461.0	7%	2,756.7	12%	1,295.7

The total assets of the ÖBB-Infrastruktur sub-group increased as of Dec 31, 2015 by 4% to EUR 22,100.2 million (prior year: EUR 21,341.0 million). The PP&E ratio was 91% (prior year: 90%). As of the reporting date, the PP&E-to-net-worth ratio was unchanged year on year, at 6%. PP&E-to-net-worth ratio II, which includes non-current borrowings, was 96% (prior year: 103%). Working capital totaled EUR -430.0 million (prior year: EUR -327.9 million). The increase in equity, by EUR 7.7 million to EUR 1,206.2 million (prior year: EUR 1,198.5 million), produced an equity ratio of 5% (prior year: 6%).

Overall, the liabilities of ÖBB-Infrastruktur sub-group increased in the reporting period by 4% to EUR 20,536.6 million (prior year: EUR 19,733.7 million). With financial liabilities increasing by 4% to EUR 19,541.6 million (prior year: EUR 18,873.8 million), this category now accounts for 95% (prior year: 96%) of all liabilities.

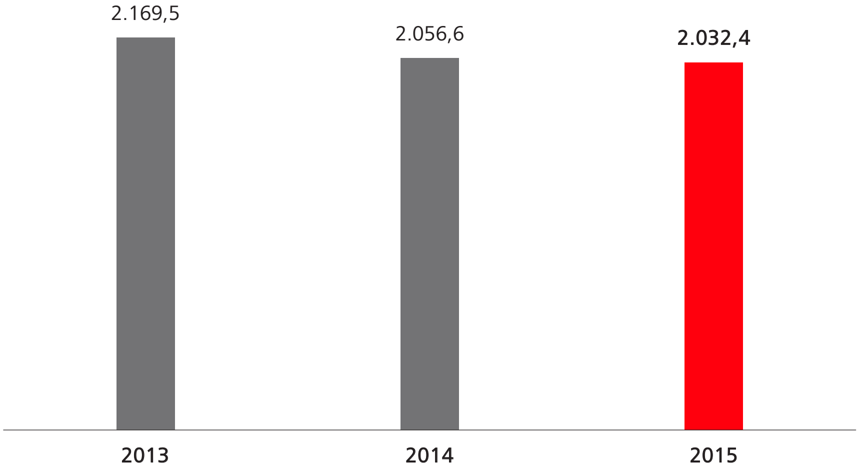
C.4. Capital expenditure and financing measures

Overview	2015	2014	Change	Change in %
Capital expenditure in EUR million	2,032.4	2,056.6	-24.2	-1%
Capital expenditure ratio of total income[19] in %	30%	31%	-1%	-3%
PP&E-to-total-assets ratio[20] in %	8%	9%	-1%	-11%

[19] Capital expenditure ratio: investment in property, plant and equipment / total income

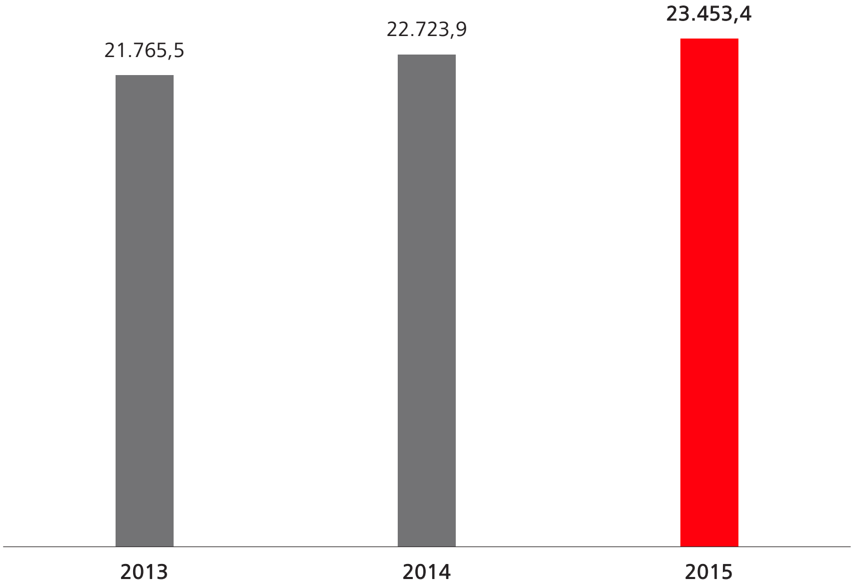
[20] Capital expenditure ratio: investment in property, plant and equipment / carrying amount of PP&E as of January 1.

Investments in EUR million



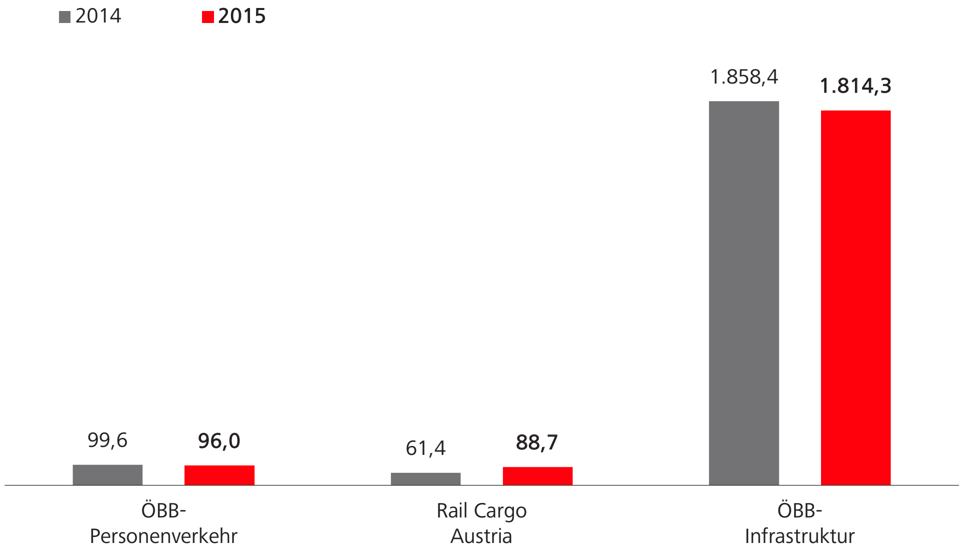
In the year under review, ÖBB Group invested EUR 2,032.4 million (prior year: EUR 2,056.6 million) in property, plant and equipment, and intangible assets. These capital expenditures are reported as additions to fixed assets and recognized at cost. This figure represents a capital expenditure ratio of 30% (prior year: 31%) of total income or 8% (prior year: 9%) of the carrying amounts as of January 1. The calculation is made based on gross investment prior to the deduction of investment grants.

Tangible assets in EUR million



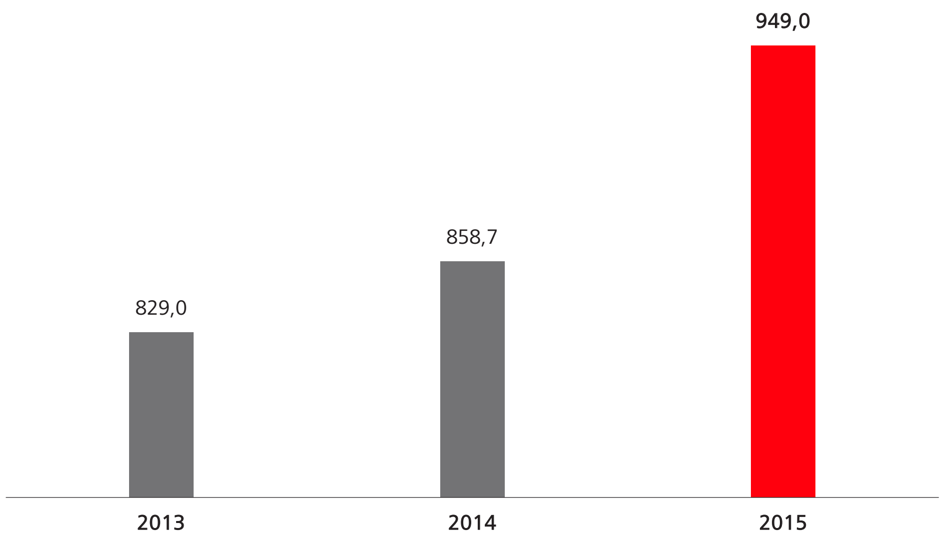
Of the capital expenditures amounting to EUR 2,032.4 million (prior year: EUR 2,056.6 million), ÖBB-Infrastruktur sub-group accounted for the lion’s share of all investment and financing measures, with EUR 1,814.3 million (prior year: EUR 1,858.4 million). The property, plant and equipment held by this sub-group and recognized with carrying amounts of EUR 20,075.3 million (prior year: EUR 19,270.7 million) account for about 86% (prior year: 85%) of all property, plant and equipment held by ÖBB Group amounting to EUR 23,453.4 million (prior year: EUR 22,723.9 million) in total.

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



Depreciation and amortization expense increased by EUR 90.3 million to EUR 949.0 million (prior year: EUR 858.7 million).

Development of depreciation and amortization of ÖBB Group in EUR million



Capital expenditure of ÖBB-Personenverkehr sub-group

Overview	2015	2014	Change	Change in %
Capital expenditure in EUR million	96.0	99.6	-3.6	-4%
Capital expenditure ratio of total income in %	5%	5%	0%	0%
PP&E-to-total-assets ratio in %	5%	5%	0%	0%

In the reporting period, the ÖBB-Personenverkehr sub-group invested EUR 96.0 million (prior year: EUR 99.6 million) in intangible assets and property, plant and equipment. Year on year, this equates to an unchanged capital expenditure ratio of 5% of total income or 5% of the carrying amounts as of January 1.

Capital expenditure	Amount in EUR million
Short-distance traffic investments	66.4
Long-distance traffic investments	6.1
Technical equipment and machinery	15.6
Other property, plant and equipment investments	7.7
Software	0.2
Total capital expenditures	**96.0**

Capital expenditure of Rail Cargo Austria sub-group

Overview	2015	2014	Change	Change in %
Capital expenditure in EUR million	88.7	61.4	27.3	44%
Capital expenditure ratio of total income in %	4%	3%	1%	33%
PP&E-to-total-assets ratio in %	13%	7%	6%	86%

In the year under review, Rail Cargo Austria sub-group invested EUR 88.7 million (prior year: EUR 61.4 million) in intangible assets and property, plant and equipment. This figure represents a capital expenditure ratio of 4% (prior year: 3%) of total income or 13% (prior year: 7%) of the carrying amounts as of January 1.

Capital expenditure	Amount in EUR million
Property, plant and equipment	**86.1**
Rolling stock	50.9
Workshops	5.9
Other property, plant and equipment	29.3
Intangible assets	**2.6**
Total	**88.7**

Capital expenditure of ÖBB-Infrastruktur sub-group

Overview	2015	2014	Change	Change in %
Capital expenditure in EUR million	1,814.3	1,858.4	-44.1	-2%
Capital expenditure ratio of total income in %	55%	57%	-2%	-4%
Capital expenditure ratio of carrying amounts in %	9%	10%	-1%	-14%

In total, ÖBB-Infrastruktur sub-group invested EUR 1,814.3 million (prior year: EUR 1,858.4 million), equivalent to a capital expenditure ratio of 55% (prior year: 57%) of total income and 9% (prior year: 10%) of the carrying amounts as of January 1.

The property, plant and equipment held by ÖBB-Infrastruktur sub-group with a carrying amount of EUR 20,075.3 million (prior year: EUR 19,270.7 million) account for about 86% (prior year: 85%) of all property, plant and equipment owned by ÖBB Group.

Areas of investment focus in 2015

Capital expenditures by ÖBB-Infrastruktur Group focused on the following investments in 2015:
- Four-track extension of the Western line (Vienna–Wels section)
- Four-track extension of the Lower Inn Valley route – remaining work
- Expansion of the Southern line (Baltic-Adriatic Corridor)
- Construction of the Brenner Base Tunnel
- Construction of freight terminals
- Numerous local transport projects in large urban areas
- Train stations
- Improving tunnel safety on existing lines
- Noise protection measures
- Railway junctions; technical safety, conveyances, replacement measures, such as over- and underpasses
- Construction of Park & Ride facilities
- Large-scale capital expenditure, such as new tracks and switches

In October 2015, work on the Graz Central Train Station was completed after six years of renovation. As part of the station initiative, the last two (main) stations on the Western line became fully operational – Hallwang-Elixhausen in October 2015, and Vienna Central Station in December 2015. Since the timetable change in December 2015, the new Central Station has become the through station linking all routes to the north, south, east and west.

More than 110 km of the 130 km Koralm Tunnel between Graz and Klagenfurt have already been completed or are under construction. At the Semmering base tunnel, two of the three tunnel construction sections are under construction. The driving work on the main tunnel for the Brenner base tunnel has been ongoing in Austria since March 2015. In Italy, work on the main tunnels through the peri-Adriatic seam (transition between African and European continental plates) continued to progress.

As part of the construction of the Vienna South freight center, at the end of June 2015 the Hennersdorfer Tunnel over the S1 was completed and approved for road traffic. In addition, the building construction has already been completed in the unfinished buildings, and the superstructure work has already begun in the future terminal area.

In the fall, the first preliminary work for the two-track expansion of the Pottendorfer line was completed.

Project		Capital expenditure 2015	Projected or effected completion
Modification and new construction of stations	Vienna Main Station (incl. Südtiroler Platz) Full operation[1]	54.9	2012/15
	Graz Main Station	17.5	2015
	Station Aurachkirchen	1.0	2015
	Station Brixlegg	0.2	2015
	Station Bruck/Leitha	7.0	2015
	Station Gmunden	11.8	2015/17
	Station Gmünd	2.8	2015
	Station Hallwang-Elixhausen	7.3	2015
	Station Hollabrunn	6.0	2015
	Station Kammer-Schörfling	0.4	2015
	Stop Klagenfurt Süd	1.4	2015
	Station Klosterneuburg-Kierling	1.4	2015
	Station Korneuburg	1.2	2015
	Station Ludesch	6.3	2015
	Station Marchegg	14.1	2015
	Station Neunkirchen	0.6	2015
	Station Neusiedl/See	7.4	2015
	St. Pölten Alpenbahnhof	5.1	2015
	Station Waidhofen/Ybbs	5.6	2015
	Station Wien Gersthof	0.3	2016
	Station Wien Quartier Belvedere	5.8	2015
	Station Wien Süßenbrunn	2.0	2015
	Station Wieselburg a. d. Erlauf	1.7	2015
Parking garages	Parking garage Baden	4.9	2016
	Parking garage St. Pölten	6.6	2015
Greater Vienna	Freight center – Vienna South	60.0	2016/17
	Pottendorfer Line (Meidling–Blumental)	0.2	2023
	Expansion Vienna–Bratislava	1.4	2023
Western line	St. Pölten–Loosdorf (goods transport bypass)	74.3	2017
	Track completion Ybbs–Amstetten [4)]	24.4	2015/17
	Eastern entrance Linz Main Station	11.9	2018
	Short-distance transport Salzburg–track extension Freilassing[5]	1.5	2013/17
Southern line	Pottendorfer Line (Blumental–Münchendorf)	19.6	2023
	Gloggnitz–Mürzzuschlag: existing Semmering track	5.8	2015
	Semmering-Base tunnel	112.9	2026
	Bruck /Mur–Graz	3.7	2023
	Koralm railway Graz–Klagenfurt	330.7	2023
Pyhrn-Schober route	Wels–Passau[3]	17.7	2020/2021
	Linz–Selzthal [3)]	7.2	2016
Brenner route	Four track extension Unterinntal (Kundl/Radfeld - Baumkirchen)[6]	9.9	2012/18
	Brenner Base Tunnel	106.3	2026
Arlberg route	Rhine Valley Concept[3]	6.7	2017
	St. Margrethen–Lauterach [3)]	4.5	2020
Programs	Noise protection	17.2	
	Park & Ride	15.8	
	Railway cross-roads	17.9	
Reinvestments in the railway network		526.7	
Others (incl. intangible assets)		264.7	
Total master plan and other investment projects		1,814.3	

[1] Partial operation 2012
[2] Stimulus package
[3] Commissioning in phases by sub-project
[4] Completion of Amstetten station 2019

[5] Salzburg Freilassing: Commissioning of the entire Austrian section to the border: 2013 Commissioning of the entire route, including the German section (DB measures): planned for probably end of 2017
[6] Commissioning of Unterinntal took place in 2012, remaining work by 2018

C.5. Corporate strategy

Strategy and strategy implementation

FIT 2015 completed

In the years 2010-2015, the FIT 2015 program influenced the strategic orientation of the ÖBB Group. The main objective was to become so economically strong that ÖBB can again invest in the future of the Group through its own power. This goal was not just achieved in 2014, one year earlier than planned, it was also exceeded. In five years, the Group result has improved by 500 million euros. In addition, FIT 2015 also stands for a significantly improved offer, increased customer satisfaction and increased employee satisfaction. At least as important as this is that over the same period the company's reputation, image and brand value has been restored or increased significantly. In doing so, FIT 2015 created a solid basis on which ÖBB can continue building.

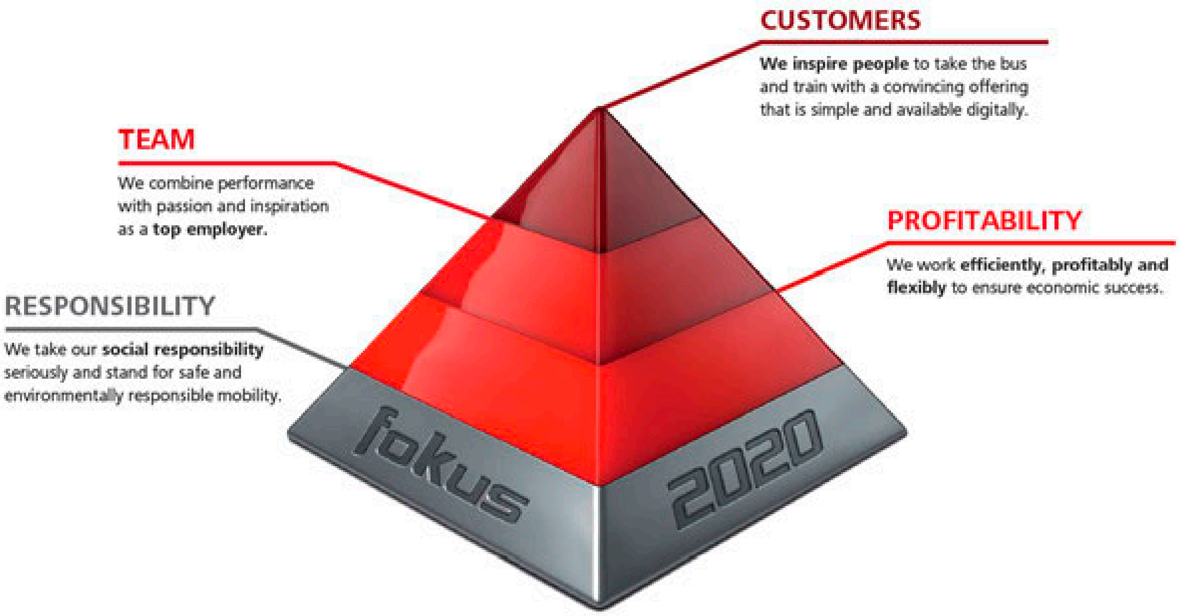
In 2015, many milestones were marked and successes achieved in the implementation of corporate strategy. Examples of this are the following:

- Covering an area of 109 hectares, the overall Vienna Central Station project is one of the largest construction projects in Austria in recent decades. It combines a new station building with the development of an entire neighborhood. On the former site of the old South Station, ÖBB-Infrastruktur built a modern through station in the years 2010-2015. In 2012, the new central station went into partial operation. The official opening was in December 2014. On December 13, 2015, the new ÖBB timetable came into effect. ÖBB customers benefit with the full entry into effect of new travel options and shorter travel times. Since the timetable change, the ÖBB long-distance trains travel on the Western line via Vienna Meidling to the Vienna Central Station. The linking of the western, southern, eastern and northern route to Vienna Central Station and Vienna Meidling creates a regional, national and international transport hub with direct access to all of Austria's main cities and the Vienna airport. The Austrian capital is now, more than ever, a central hub. The large light-filled building with a helm roof, the "BahnhofCity Vienna Central Station", in which there are about 90 shops and restaurants, invites travelers, locals, residents and neighbors to visit and linger. By 2020, a new municipal area will be created on 59 hectares around the new Central Station. It will provide homes and jobs for 30,000 people.
- WLAN in long-distance trains and at stations: By the end of 2015, all ÖBB Railjets were equipped with a new, more powerful WLAN system that offers passengers significantly better performance for surfing the web and obtaining travel information in the form of a customer portal. After the WLAN test operation at Vienna's Central Train Station, the Vienna Westbahnhof, the Wiener Neustadt Train Station, 11 additional stations were also were equipped with WLAN in 2015. By the end of 2016, Austria's train passengers will receive powerful, complimentary WLAN access at a total of 30 stations.
- By the end of 2016, 34 new trains with Cityjet coaches will be delivered. Two trains have already been transporting passengers since December 13, 2015, and 32 additional trains will be delivered by the end of 2016 and gradually deployed: Overall, at the end of next year there will be 16 trains available for commuters in Vienna and Lower Austria, nine trains in Upper Austria, and nine additional trains will be traveling in Styria.
- Modification of Graz Central Station: In 2006, extensive renovations were begun to create an ultramodern train station. With the completion of work on the new mobility hub in 2015, this large investment project was successfully handed over to the customers.
- SMILE, the research project on integrated mobility, was successfully completed and it has received numerous awards, including the award in the category "Customer Experience" at the UITP (Union Internationale des Transports Publics) World Congress 2015 in Milan.
- To improve customer information, the Supervisory Board approved an investment by ÖBB-Holding AG in the company Verkehrsauskunft Österreich (VAO) GmbH. The aim of VAO is to provide cross-modal traffic information for all of Austria in order to integrate all events related to public transport and individual transport.

Many important objectives have been achieved, but the environment remains challenging. Europe and Austria are faced with the challenges of increased competition resulting from progressive liberalization, the impacts of digitization, which will create new competitors for ÖBB, increasing customer needs, and muted economic development.

This requires a clear positioning on the part of the company, a new strategic direction. In the next five years, ÖBB intends to push its development into a customer-oriented company even more strongly. The program was presented in autumn 2015 and adopted by the Supervisory Board: Focus 2020.

Focus 2020 – Our Vision



Focus 2020 – Objectives and important initiatives

The Focus 2020 strategy is comprehensively outlined in the four dimensions of customer, team, efficiency and responsibility. Based on its vision for these four dimensions, ÖBB has set ambitious goals that are being pursued using a number of initiatives.

Customers

The aim:
- We transport 500 million passengers and 150 million tonnes of freight.

The most important initiatives:
- New business units:
  - Long-distance bus services: ÖBB plans to enter the market with its own fleet of long-distance buses. The first decisions on this were made in the fall of 2015. The start of the first long-distance bus service is scheduled for summer 2016.
  - Integrated mobility: Last year, the findings from the SMILE research project on the topic of integrated mobility as a basis for co-operation with a start-up company were evaluated, and finally a separate company was founded to implement the innovative business idea: iMobility GmbH.

- Internationalization in freight transport:
  - Joint Venture Rail Cargo Group with BALO: For the past year, the Rail Cargo Group has been collaborating with the Turkish shipping company BALO (Büyük Anadolu Lojistik Organizasyonlar). The construction of a corridor in the direction of Turkey provides a backbone for future transport and the improved integration of Turkey into Europe.
  - Market expansion in Northwest Europe: To secure growth in Northwest Europe (RCL-Benelux, RCL-DE), the shareholding structure of RCG will be optimized by increasing the share in relevant minority holdings related to the core business and new strategic investments will be sought.

- Digitization:
  - WLAN and mobile phone service in the trains and at the stations: It will be possible to make phone calls and browse the Internet with the highest quality connections on trains and in stations so that rail customers will be able to make even better use of their travel time. In addition, ÖBB will provide multimedia content in cooperation with a major media partner.

- Ticketshop 2.0: In 2015 testing was begun on a new ÖBB ticket app with the aim of creating the best digital travel companion for public transport in Austria. The official launch is planned for 2016. The new app will not only make it easier to buy tickets, but in the future, it will also function in the same way across all sales channels. The new system offers customers a standardized look and feel across all sales channels.

Team

The aim:
– We are among the top 10 employers in Austria.

The most important initiatives:
– With a focus on "Attractive Employer" and "Generation Management", ÖBB has set clear priorities in order to achieve the ambitious goal. In the coming years, investments will be made both in the apprenticeship program (in 2015, the foundation was laid for a new, central apprenticeship workshop in Vienna) and in the education and training of employees. Other priorities are the strengthening of performance management of managers and the expansion of employer branding.

Efficiency

The aim:
– We earn our cost of capital and invest in our future.

The most important initiatives:
– Increase efficiency of operational processes: Competitiveness, particularly in the market areas, will continue to be the focus of productivity and efficiency enhancing measures.
– Shared Service and Overhead: With the company-wide "Speed Up!" program, ÖBB is pursuing the objective of significantly streamlining internal operational processes and thus reducing bureaucracy. The Group's Business Competence Center will increasingly be positioned as a central competence partner for services.

Responsibility

The aim:
– We earn trust through sustainability and safety.

The most important initiatives:
– As the largest mobility provider in Austria, ÖBB is aware of its social responsibility and therefore sets clear priorities. And so ÖBB will increase energy efficiency through the development of renewable energy and significantly increase the share of renewable energy.
– In order to leverage the already high level of safety, ÖBB launched its "Error Culture" program and is also working to steadily increase the subjective sense of security felt by customers and employees.

Overall, the strategic initiative portfolio includes more than 160 individual projects / programs, which are each assigned to one of four target dimensions whose progress is regularly monitored and reported to management.

C.6. Other important events and outlook

General conditions and challenges

Disruptive developments and innovations

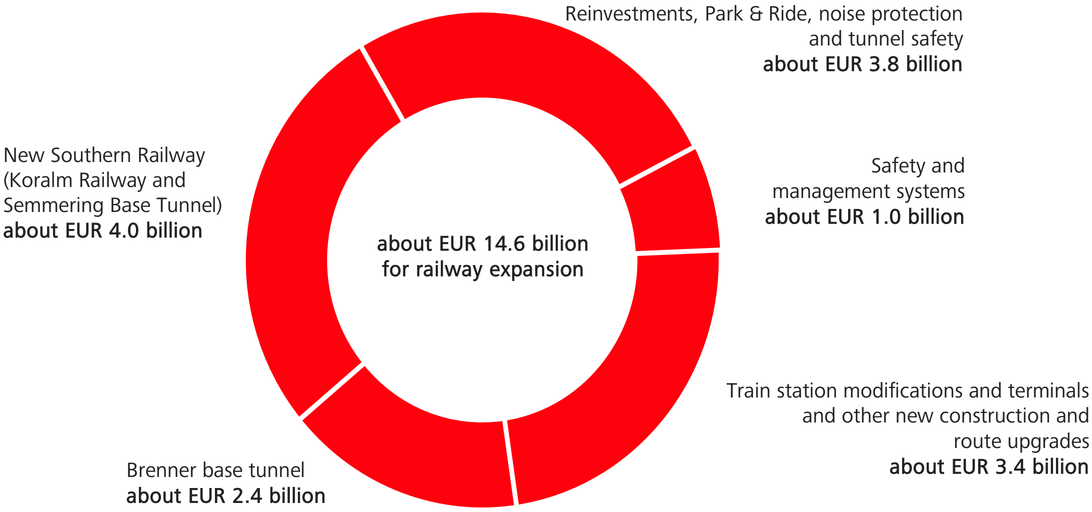
Technological development in recent years is increasingly turning value chains and financing models of entire industries upside down. Even in traditional industries, new business models arise from nowhere and disrupt entire sectors. Transport, logistics and mobility service providers are also coming under increasing pressure because of disruptive developments. Mobility concepts such as car sharing and long-distance buses have become serious competitors for the railways. Merely reacting to these developments will not create a path to success in the future. There must be room and opportunity, fostered by ÖBB as a business enterprise, for innovation and the implementation of imaginative ideas that benefit rail and bus customers.

Encouraging increase in passenger rail transport in international comparison

Rail traffic increased the most in Austria between 2003 and 2013 in the EU-wide ranking (Eurostat). Accordingly, domestic railway passenger transport services in Austria recorded the highest relative increase of 3.2 percentage points in the past ten years. Austria is therefore number one in rail passenger transport. In 2003, 9.5% of total passenger-kilometers in Austria took place via domestic railway transport. Ten years later, this had already risen to 12.7%. At the EU level, the share of rail in domestic passenger transport increased from 6.7% to 7.6% in those ten years.

Approval of the 2016-2021 framework plan

With the approval of the framework plan, in 2015 the Austrian government laid the foundation for the continuation of the intensive expansion of the rail infrastructure. Each year, EUR 2.0 billion is invested in the construction and expansion of the rail infrastructure. This continuation of the infrastructure initiative makes it possible, among other things, to implement the synchronized, consistent interval timetable as a major element for increasing the comfort of customers and developing freight capacity.



Outlook for the ÖBB Group

Mobile phone network coverage in ÖBB trains

ÖBB, the Bundesministerium für Verkehr, Innovation und Technologie [Federal Ministry of Transport, Innovation and Technology] (BMVIT) and three Austrian mobile phone companies will significantly improve mobile network coverage along the main railway lines in Austria in 2016. By the end of 2016, in an initial step, network coverage along the S-Bahn network in Greater Vienna and the Western line Vienna-Salzburg route will be developed. In a second step, the Southern line, the S-Bahn network in Styria, Carinthia, Tyrol and Vorarlberg will have improved mobile coverage beginning in 2016.

The total project cost of EUR 100.0 million will be allocated to the partners as follows: BMVIT and ÖBB will pay two-thirds, and the three mobile phone companies will pay the remaining third.

Development of the Southern line

With the expansion of this north-south axis, which runs from Vienna to Italy and through the direct connection to the Northern railway from Vienna to the Czech Republic, a fast and efficient railway line will be constructed which serves to secure Austria's position as a business center. It combines the economic areas in the north of the EU with those in the south. Austria's two central projects of this Baltic-Adriatic corridor comprise the Koralm Railway Graz-Klagenfurt and the Semmering Base Tunnel.

The expansion of the Koralm Railway will also make rapid progress in 2016. It will still take about seven years until the full commissioning of the 130 km long section of the Southern line. When operations begin in December 2023, what was once a two-hour bus ride between the two provincial capitals will instead be a 45-minute train ride. It takes one hour and 20 minutes less to drive to Vienna from Carinthia; with the commissioning of the Semmering Base Tunnel in 2026 the travel time between Klagenfurt and Vienna will only be two hours and 40 minutes, making rail travel more than just competitive with driving. During the project, the sixth longest railway tunnel in the world will be built (32.9 km) eleven train stations will be fully updated and a further twelve will be completely rebuilt. The construction of the Koralm Railway makes ÖBB the largest investor in Carinthia, creating sustainable jobs and improving the quality of the area as a location for business.

The ceremonial start of the construction of the Semmering Base Tunnel took place in 2012. After the completed tunneling, in spring of 2015 excavation work started in Styria on the middle of the three tunnel sections (Fröschnitzgraben Tunnel); since fall of 2015, the tunnel (Gloggnitz Tunnel) is also progressing in Lower Austria. As one of the best and most reviewed projects in Austria, the Semmering Base Tunnel is a key project for the Southern line and is needed to make mobility in Austria more environmentally friendly. The tunnel will create improved conditions for the railway to shift the transport of more goods from road to rail. With this project alone, rail passengers will benefit from a time savings of 30 minutes between Vienna and Graz. The historic Ghega Railway, the world's first mountain railway is, as a UNESCO World Heritage Site, operated as a full-fledged railway (regional and excursion traffic, replacement route during maintenance).

In the south of Vienna, ÖBB is building an intermodal freight center, which will be in partial operation with the first stage of work at the end of 2016. The Vienna South freight center is a cutting-edge interface for traffic from the Vienna region to the most important economic centers throughout Europe. Together with west-bound freight traffic, it forms a powerful network that optimally connects the Vienna region with its trading partners. This also facilitates transport to the main seaports. With the expansion measures in the terminals in Wels and Wolfurt, ÖBB is investing in improving freight transport and in the shift from road to rail.

Freight transport model

European freight transport is facing enormous challenges related to the transport and contract models of railway operators. The sequential transport model traditionally adopted by the "state railways" for cross-border transport using both entire trains and single cars is being replaced by a transport execution (purchase/sale) model. Instead of a multilateral agreement between all railway operators, this model involves just one railway operator entering into a contractual relationship with a customer. This approach eliminates concerns under competition law in respect of exceeding the requisite amount of information that needs exchanging (transport costs, customer data, etc.). In 2013, Rail Cargo Group started to adjust its contracts accordingly, and will be applying the "purchase/sale" model for all transports by the end of 2016.

The difficult conditions following liberalization, insufficient interoperability among countries' individual systems, and persisting cutthroat competition are further challenges that continue to face European rail freight.

Results guidance

The budget and medium-term plans for the period from 2016–2021 have been prepared on the basis of the general conditions of the new Focus 2020 Group strategy. 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.

Despite plans to increase capital expenditures and in spite of challenging market conditions, ÖBB Group aims to steadily improve its results over the coming years, and to earn the cost of capital in the ÖBB-Personenverkehr sub-group and Rail Cargo Group. Additionally, it is striving to reduce the ratio of net debt to EBITDA in these two sub-group sales companies.

Capital expenditures on property, plant and equipment and intangible assets will total EUR 20 billion over the next six years.

D. Non-financial performance indicators

D.1. Real estate management

ÖBB owns 25,000 buildings, making it one of Austria's largest property owners. ÖBB-Immobilienmanagement Gesellschaft mbH – a wholly-owned subsidiary of ÖBB-Infrastruktur AG – provides integrated real estate services, primarily within ÖBB Group.

It develops and sells properties that are not necessary for operations, and is responsible for the life cycle management of an extensive portfolio of 5,000 buildings and more than 1,100 stations and stops. The services portfolio comprises both commercial and technical facility management for every single building owned by ÖBB Group, including train stations. Its responsibilities include the preparation of quality standards and testing systems relevant to building construction. ÖBB-Immobilienmanagement Gesellschaft mbH represents the company in this area in national and international standards committees. Across Austria, a team of 750 employees ensures professional and efficient management of the extensive services portfolio.

ÖBB-Infrastruktur sub-group was able to contribute EUR 46.3 million to income in financial year 2015 from the sale of properties.

D.2. Human capital report

ÖBB Group ranks among Austria's largest employers. As of Dec 31, 2015, the entire Group including Rail Cargo Hungaria Group had 40,031 active employees (excluding apprentices). Year on year, the number of employees increased slightly. ÖBB Group ranks among Austria's foremost training centers. As of 2015, the Group employed 1,572 apprentices, together with a further 128 apprentices who were employed through the Allgemeine Privatstiftung für berufliche Bildung (general private trust for vocational training). The average age in Austria (excl. apprentices) was 45.6. As of Dec 31, 2015, women accounted for 11.7% of the workforce (incl. apprentices).

The employee structure at ÖBB Group

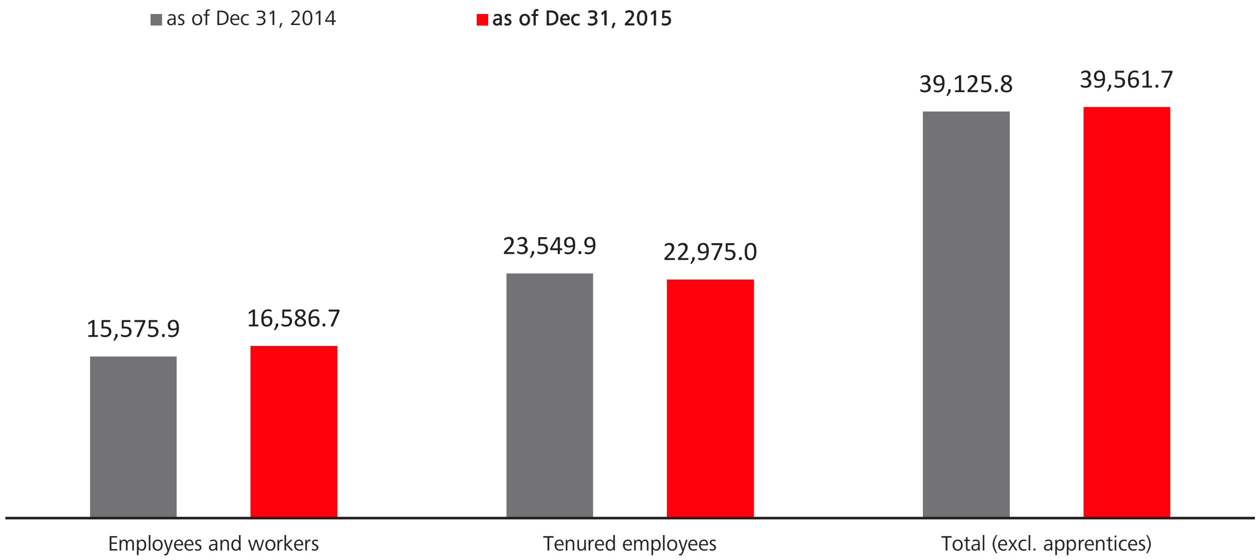
			Change		Average	
Number of employees (headcount)	Dec 31, 2015	Dec 31, 2014	Reporting date	in %	2015	2014
Employees	11,110	10,655	455	4%	10,884	10,593
Workers	5,733	5,130	603	12%	5,344	5,005
Tenured employees	23,188	23,696	-508	-2%	23,448	23,968
Total (excl. apprentices)	**40,031**	**39,481**	**550**	**1%**	**39,676**	**39,566**
Apprentices*	1,572	1,609	-37	-2%	1,474	1,517
Total (incl. apprentices)	**41,603**	**41,090**	**513**	**1%**	**41,150**	**41,083**

*A further 128 apprentices were also employed through the Allgemeine Privatstiftung für berufliche Bildung (general private trust for vocational training) in financial year 2015.

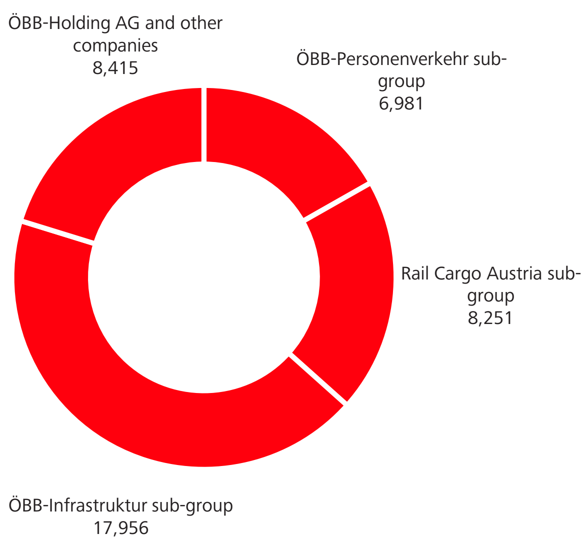
			Change		Average	
Number of employees (FTE)	Dec 31, 2015	Dec 31, 2014	Reporting date	in %	2015	2014
Employees	10,900.0	10,478.4	421.6	4%	10,674.3	10,442.7
Workers	5,686.7	5,097.5	589.2	12%	5,302.5	4,971.9
Tenured employees	22,975.0	23,549.9	-574.9	-2%	23,260.0	23,826.4
Total (excl. apprentices)	**39,561.7**	**39,125.8**	**435.9**	**1%**	**39,236.8**	**39,241.0**
Apprentices*	1,572.0	1,609.0	-37.0	-2%	1,475.2	1,517.0
Total (incl. apprentices)	**41,133.7**	**40,734.8**	**398.9**	**1%**	**40,712.0**	**40,758.0**

*A further 128 apprentices were also employed through the Allgemeine Privatstiftung für berufliche Bildung (general private trust for vocational training) in financial year 2015.

Employee structure of the ÖBB Group (FTE)



Distribution of employees as of Dec 31, 2015



The ÖBB-Infrastruktur sub-group was the most HR-intensive business unit as of Dec 31, 2015, accounting for 43% of all employees.

Apprenticeship program in the ÖBB Group

ÖBB Group is Austria's largest training center for technical apprenticeships, and offers 22 apprenticeship professions. In eleven apprenticeship workshops, ÖBB is currently training around 1,700 young people to become highly skilled workers. The ÖBB-Personenverkehr and Rail Cargo Austria sub-groups mainly train apprentices in commercial professions, while ÖBB-Infrastruktur AG and ÖBB-Postbus GmbH predominantly offer technical apprenticeships. The training program is recognized by the state, and graduates regularly win numerous prizes and awards at vocational competitions each year. For example, ÖBB received the Vienna quality seal as the top training company for 2015-2018, and, together with its apprentices, was the provincial winner in the metal and electrical engineering category in Vienna and Tyrol. ÖBB also sponsors "Lehre mit Matura" [apprenticeship with qualification for university entrance] scheme, giving its apprentices an opportunity for further advancement. In addition to professional training, importance is also attached to developing social skills.

Under the motto "Diversity as Opportunity", 31 apprentices took part in a training project at ÖBB-Infrastruktur AG specially aligned to the needs of young refugees. Young people who fled their countries (primarily from Afghanistan and Syria) unaccompanied by an adult caregiver are supported by special programs, intensive training in German and mathematics as well as tutoring and mentoring throughout their apprenticeship. This project is conducted in cooperation with AMS Vienna and the association lobby.16. The initiative was awarded the "State Mobility Prize".

Since mid-2012, the ÖBB thematic exhibition, entitled "Years of Repression – Railways and National Socialism in Austria 1938-45", has been in place. Particularly dedicated apprentices participated in its preparation.

The 25 best apprentices from 11 ÖBB-training workshops took an intensive two-week study trip to Poland, with a focus on the Holocaust and World War II.

An important initiative in ÖBB's new strategy program is the expansion and optimization of educational institutions. The establishment as the number 1 railway-specific educational supplier is being driven by bundling training at the railway training center and the design of a modern educational campus.

With a capital expenditure of about EUR 20.0 million, a new, modern, central apprenticeship workshop will be built in the 10th district of Vienna. Upon completion at the end of 2017 it will be the largest technical apprenticeship center in Austria. In total, the new ÖBB apprenticeship workshop can accommodate 700 apprentices and 50 trainers. Accommodations are also available in the apprentice hostels connected to the workshop.

The concentration of the locations of the three current Viennese apprenticeship workshops (Penzing, Innstraße, Floridsdorf) into a central apprenticeship workshop will create the conditions to further expand the company's role as the largest technical apprentice trainer in the country and offer attractive career opportunities to young people from all over Austria in the future.

Continued training

ÖBB Academy is a corporate university that bundles strategically relevant advanced education programs for various management levels, experts, newcomers and talented employees at ÖBB Group. It promotes interdisciplinary networks that transcend hierarchies. Fall 2015 marked the completion of advanced training by participants on 13 courses. The fifth program for university graduates – entitled "Trainees for Mobility" started in September 2015. In 2014, an Alumni Club was established as a forum for continued dialog among the graduates.

Taking into account the FOCUS 2020 corporate strategy, emphasis was placed on management in financial year 2015. The *Management* initiative: *Focus on Quality* has the goal of further developing this management work throughout the Group. In particular, focus is on the implementation of a common understanding of management and performance, which makes a significant contribution to increasing the success of the company. ÖBB management competences constitute the basis of the activities. These were developed in the summer of 2015 and now set out clear standards of the kind of behavior that is expected of all management. This ensures clarity for managers and transparency for all employees in the Group.

Employer branding

A comprehensive employer branding strategy with corresponding performance indicators was developed in 2014 to ensure uniform presentation of the Group as an attractive employer. A new, Group-wide presentation of ÖBB as employer was developed under the motto "Ticket to a successful career" as a key element of the strategy.

In 2015, the ÖBB Employer Branding Team organized a total of 14 recruiting fairs, of which six targeted academics, and eight apprentices. The main target groups for the fairs in 2015 were potential apprentices as well as university students majoring in engineering and economics disciplines. Further employer branding measures, such as the trainee blog or participation in Girls' Day / Daughter Day, were continued. ÖBB ranked among the very best, for example, in Career's Best Recruiter survey, and was again among the top 50 most attractive employers in Austria (Universum Student Survey Austria).

Equality in the ÖBB Group

ÖBB actively promotes equal opportunities for men and women, and has had an Equal Opportunities Policy and a Diversity Officer since 2011. The Group strives to ensure equal treatment irrespective of gender, age, ethnic origin, sexual orientation or disability, to promote equal opportunities and to better reconcile work and care responsibilities through special programs. 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 measures have been put in place to increase diversity and, for example, to increase the number of new hires who are women to 20% by 2020: targeted recruiting of female apprentices in particular, female quotas for ÖBB Academy training programs, career workshops, coaching programs for women, seminars on the Equal Treatment Act, gender/diversity management workshops, structured generation management, measures to reconcile work and private life such as the Work&Family Audit, childcare in Timi's Mini MINT preschools near the company focusing on mathematics, IT, science and technology, and hourly childcare through Flying Nannies. At the training programs of ÖBB Academy, women account for more than 25% of participants, and one-third of the supervisory board mandates are held by women.

Diversity in the company is on the rise. Employees come from 54 different countries around the world. Interculturalism plays an increasingly important role. Sociocultural emphases such as "Halal" or "Live Kosher" were discussed in Open Space, differences and similarities were negotiated and cultural skills for their partnership in the workplace were sharpened.

In 2015, the Group gave out the first ÖBB Diversity Award. Around 30 innovative concepts were developed throughout the Group by nearly 100 employees on diversity issues such as age-appropriate work, ethical corporate management, and the inclusion of employees with disabilities. The best ideas were awarded prizes. A third of the concepts are already being implemented.

Health, occupational safety and social

The objective of the health care management is to maintain and support the ability to work and the health of ÖBB employees. ÖBB's healthcare strategy has been improved with the help of representatives of its cooperation partner Versicherungsanstalt für Eisenbahnen und Bergbau (VAEB) [insurance institution for railway and mining]. The "ÖBB Healthcare Management" program has been extended to include "Healthcare as a Leadership Task" and "Coming Back to Work". In 2015, the regions and target groups for "Coming Back to Work" were expanded until, by the end of the year, the offer was already available to around 50% of all employees. A manual was published on the theme of "Healthy Management" to support executives in difficult communication situations on health topics. In the area of occupational safety, intense work was done on the project "Redesign P32 - health policies for employee suitability". The new regulation is intended to govern the area of employee suitability (medical and psychological) in the ÖBB Group. As a result, the Railway Act and Directive 2007/59 EC are implemented within the company. The objective here is to put the new version into force in 2016.

ÖBB Group offers its employees the following voluntary social benefits, which have been grouped into a proprietary business unit – ÖBB-BCC GmbH – since May 2014: Staff canteens, childcare, vacations in holiday homes/apartments, help with finding housing, and support for sports and cultural activities. Setting up this business unit not only optimizes the social benefits offered by ÖBB Group but also underscores the value that ÖBB Group places on its employees. In addition, the Group offers subsidized travel in Austria and abroad as well as aid and support if an employee has a serious accident at work or on the way to work, or suffers any other kind of emergency.

Working to retirement age

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

And so the Group has been able to agree age-appropriate part-time work models with more than 200 tenured employees since July 1, 2014 – four years before meeting the requirements for statutory semi-retirement. In addition, about 100 tenured employees have taken advantage of the semi-retirement program that has been available as per Section 27 Unemployment Insurance Act (AlVG) since January 1, 2015.

ÖBB employee survey

From January 19 to February 6, 2015, the second Group-wide ÖBB employee survey was conducted. The survey was given to a total of 41,326 employees – in Austria, Hungary and, for the first time, in the fully consolidated subsidiaries throughout Europe. 21,964 people participated in the survey, representing a response rate of 53.2%. This represents an increase of 6.6 percentage points compared to the 2013 survey. The subjects of the survey included the areas of the company, working environment, activity, management, information, prospects and balance between private and professional life. Overall job satisfaction reached 64 points out of 100, an increase of two points.

D.3. Research and development report

The constant development of the overall railway system with the focus on customer value and increasing efficiency is of central importance to the ÖBB Group. In addition, ÖBB is a major innovation driver for the Austrian railway industry.

R&D is centrally managed in the ÖBB Group, with decentralized implementation. The activities are mainly focused on integrated passenger mobility, intermodal sustainable freight mobility, innovative construction technology and the interaction of vehicle and track infrastructure (Vehicle Track Interaction).

The research projects of the ÖBB Group range from innovative construction technologies (for example, use of lightweight concrete to protect infrastructure against rockfall, avalanches or vehicle impact) to the development of new mobility services/customer services, such as the interconnection of the railway with phone taxi services and electric lending vehicles or the new ÖBB Ticket Shop 2.0 ticket app.

A large number of projects are sponsored by national and European programs. ÖBB-Infrastruktur AG will participate, for example, together with other European railways, in the framework of the EUROC Consortium, the Shift2Rail Joint Undertaking, to promote the development of innovative products and services to enhance the competitiveness of railways in the next six years.

ÖBB Group worked on 95 R&D projects in 2015. The current portfolio of R&D projects amounts to EUR 22.8 million (over the entire duration of the projects in progress, without deduction of sponsorship). Expenses for research and development amount to EUR 3.4 million (previous year: EUR 5.1 million).

D.4. Environmental report

As a company that engages in sustainable actions, in all its decisions, ÖBB takes into account social and environmental responsibility in addition to economic success. Decisions are made on the basis of environmental sustainability, including the efficient and environmentally friendly use of resources, and by doing so, ÖBB makes significant contributions to the reduction of negative effects on human health and environment.

The ÖBB Group presents its CSR and sustainability performance every two years in a special sustainability report. The contents reported reflect the aspects of sustainable development that are relevant and material to the business activities. The 2015 ÖBB Sustainability Report was prepared in accordance with the specifications for the G4 “Core” option of the Global Reporting Initiative (GRI) and comprise the calendar years 2013-2014.

ÖBB is aware of the challenges of climate change and already covers about 90% of its traction power needs with climate-friendly hydropower. With a continuous reduction of the specific CO_2 emissions of 168,549 tonnes of CO_2 since 2006, in 2014 ÖBB reduced its emissions by 32% versus 2006 and is therefore still the most environmentally friendly motorized means of transport. ÖBB aims to expand this environmental advantage in the future by systematically raising and implementing this CO_2 optimization potential.

Increasing energy efficiency plays a key role in this respect. ÖBB has continued to implement its ambitious energy-saving program. The energy saving measures implemented since 2010 can save up to 125 GWh per year. The total savings corresponds to the average electricity consumption of almost 30,000 households. To this end, ÖBB uses three levers for optimization: technical and operational measures as well as employee behavior.

The table shows that energy consumption and related CO_2 emissions are falling steadily:

Key environmental indicators	2014	2013	absolute	Change in %
CO_2 emissions total (t)	366,510	374,858	-8,348	-2.2%
Energy consumption total (GWh)	2,141	2,164	-23	-1.1%

Noise is currently one of the largest environmental risks of rail transport. As an environmental pioneer, ÖBB takes the noise issue very seriously and is making great efforts to reduce rail noise. Comprehensive noise abatement measures include stationary noise protection along lines, such as noise prevention in expansion lines and new lines, construction of noise walls and soundproof windows and noise reduction measures on rolling stock through the purchase of new "quiet freight cars" and retrofitting of existing freight cars.

D.5. Accessibility

Making access to the railway and train travel as barrier-free as possible is an important goal both for people with disabilities as well as for parents with children, the elderly and travelers with luggage. In 2006, together with experts from organizations of disabled people, a staged plan was developed in accordance with Article 19 of the Federal Law on Equal Opportunities for the Disabled, which represents the measures of the ÖBB Group overall. These have been consistently implemented and further developed.

Local and long-distance transport

New rolling stock continues to make trains more accessible: When designing the new ÖBB Cityjet, which has been servicing local routes since the timetable change to 2015/2016, for example, special importance was placed on convenient low-floor entrances, wide doors, open transitions and stronger color contrasts for people with visual impairment. In 2015, 188 Talent coaches, 60 Desiro coaches and 67 double-decker cars were in use on local transport routes as barrier-free low-floor railcars. 51 Railjet coaches were in service on long-distance transport. These are equipped with an installed lift and three spaces for people in wheelchairs, each equipped with sockets for recharging wheelchair batteries. Tactile elements are provided for visually impaired travelers, and a suitable space is reserved for the guide dog. The multifunctional coaches enable wheelchair travelers to travel in a sleeper compartment, together with an accompanying person.

Postbus

All new low-floor vehicles are purchased complete with mechanical or electrical folding ramp. Making all seats suitable for disabled passengers is already standard practice. The special-purpose area is fitted with a restraint system. By 2015, 75% of the bus fleet was barrier free.

Infrastructure

At the end of 2015, around three-quarters of all travelers benefit from modern, barrier-free stations; by 2025 this figure will be 90% of travelers. Under the staged plan, 117 stations have already been made accessible; in 2025 there will be around 270 stations. At the same time, 62 other stations and stops have been renovated under the staged plan.

ÖBB actively seeks out its customers for feedback: for example, the "Stakeholder Dialogs" that were conducted with representatives of people with disabilities in eight provincial capitals between September 2015 and March 2016.

D.6. Safety

The public perception of the ÖBB Group is closely linked to the issue of safety. Safety is the result of consistent and targeted measures based on standardized, systemically supported trend monitoring and risk analyses.

At ÖBB, four areas of activity related to the issue of safety are considered: occupational and plant safety with all components of railway operations, public safety with primary focus on employees and customers, and the occupational safety of the employees.

An essential component of a company in the further improvement of safety is an open and nonjudgmental attitude towards errors in terms of a highly developed culture of errors. The purpose of the error culture is to make errors transparent and thus allow targeted corrective action. The newly installed "confidential reporting" represents a framework for further development.

E. Opportunities / Risk report

The opportunity/risk management procedure applies to all relevant business processes and key financial indicators in the main Group companies, and therefore is considered to be an important instrument of corporate governance. The objective is to promptly identify and proactively manage opportunities/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 respect 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 risk/return portfolio is conducted in sync with the planning processes.

The corporate Directive and the opportunity/risk management manual that are binding for the entire Group define rules, margins and minimum requirements of risk management for all entities 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/risk management process

- Identify
- Analyze

- Assess - Probability of occurrence and impact
- Summarizing opportunities/risks of the same type
- Aggregate

- Risk managers
- Board of Management
- Audit Committee/Supervisory Board

- Plan measures
- Implement
- Monitor

This process is supported by risk management software. Following assessment and consolidation of the individual risks/opportunities in the corporate risk/opportunity platform, a report to the Board of Management of ÖBB-Holding AG is prepared which describes the major risks and respective counter-measures and/or opportunities. This ensures that Supervisory Board and Audit Committee of ÖBB-Holding AG and of the Group companies are provided with detailed information regarding the current opportunity/risk situation.

As part of the continuous improvement process, in 2015 the project "Development of opportunity and risk management in the ÖBB Group" was implemented. As part of the process, the level of maturity of the risk management system was assessed in comparison to well-known benchmark companies in Austria, a high level of maturity was certified and potential for further development was identified, which was already largely realized in 2015.

For the year 2016, 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

Rigorous control procedures are in place to reduce the risk of non-achievement of strategic objectives.

Operating business

Equipment inspected regularly to mitigate the risk of a decline in revenue and increased expenses caused by quality problems in equipment, especially in rolling stock and locomotives. Training programs and information events are regularly organized to mitigate the risk of accidents caused by ÖBB employees.

Sales/distribution

Risks are inherent both in weaker economic growth and increasing competition. These risks are mitigated by observing and analyzing customer behavior and adapting our portfolio of products and services accordingly. This measure also increases the opportunity to attract new customers and to further exploit the market potential of existing customers.

Personnel/management/organization

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

Law/liability

With the introduction of the "Code of Conduct", the risk of costs due to fines for infringement of provisions under anti-trust law will be reduced in the future. A Compliance Team was set up in 2013 to assist primarily in this area of risk as part of an early warning and monitoring system, with the ultimate aim of avoiding risk and thus preventing damage.

Purchasing/procurement

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

Data processing

System failures can cause additional costs and loss of revenue in the operating business units. This risk is mitigated by an ongoing program to increase IT availability (e.g., server room equipment), confidentiality (e.g., staff training) and integrity (e.g., backups) of the data.

Subsidiaries/investments

This risk area involves analysis of subsidiaries and investment interests that are not incorporated entirely into the risk management system because of their minor contributions to income. 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, or allowances for the value of investment interests may be required.

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

Risks related to financial instruments

Original financial instruments

Original financial instruments in ÖBB Group (finance-related receivables and liabilities, trade receivables and payables, financial assets and securities) are reported in the Statement of Financial Position. Detailed information is provided in the respective statements 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. 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. Permissible financial transactions are defined by the Group directives. The measurement of derivative financial instruments is consistent with the applicable accounting standards.

Most of the derivatives within the Group (95% [prior year: 94%] of the nominal value) are non-structured standard hedges ("plain vanilla" interest rate swaps and cross-currency interest rate swaps). Structured derivatives account for 5% (prior year: 6%) of the nominal volume. These two (prior year: four) structured derivatives have a total nominal of EUR 50.0 million (prior year: EUR 70.0 million) and expire in 2016 and 2022, respectively.

Risk definition and risk management with respect to financial instruments

ÖBB-Holding AG, which only enters into financial transactions on behalf and for the account of Group companies with their consent and upon their instruction, has created a risk-oriented monitoring environment that comprises, among others, guidelines and procedures for risk assessment, and for approving, reporting and monitoring financial instruments. The protection of Group company 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 absolute elimination of financial risks, but reasonable and transparent control of quantifiable risk items 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 supply of another financial asset. The main tasks of the Group Finance department of ÖBB Group therefore include planning cash flows, agreeing sufficient credit lines and adequately diversifying creditors to ensure a consistent flow of cash.

Interest rate risk

Risks arising from changes in market interest rates can 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 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.

Foreign exchange rate risk

ÖBB Group companies are not exposed to any material 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 matched by corresponding assets and receivables with matching volumes and maturity in the same amounts.

Derivative instruments that are suitable 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 honor their financial commitments (mainly money market transactions, investments, positive present value swap transactions). Compliance with the limits underlying the credit risk management and individually allocated to each financial partner is checked daily.

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

In recent years, the Group has managed to significantly reduce the original volume of existing cross-border leases without having to reimburse the deferred tax benefit that was secured at the time of transaction. In 2015, one transaction was terminated early while maintaining the tax benefit. For two transactions, the legal actions towards planned completions in the years 2016 and 2017 were undertaken. ÖBB's strategy of actively managing the risk associated with the transactions and taking advantage of opportunities to terminate transactions under economically acceptable conditions has not changed, and will not change in future. Please refer to note 30.3 in the Notes Consolidated Financial Statements for more information on cross-border leases.

Internal control system

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

Control environment

The ICS at ÖBB Group is highly focused on process monitoring procedures and accounting issues. It supports the compliance with the relevant provisions and the given business policy (Compliance), ensures the correctness and reliability of the financial reporting (Financial Reporting), and supports the profitability of the operational activities (Operations).

It is based on the internationally acknowledged COSO framework (Committee of Sponsoring Organizations of the Treadway Commission) and provides the management with an accepted basis for analysis and control tasks.

The ICS is based on the principle that audit measures regarding essential/critical business processes are documented in a complete and comprehensible fashion, that the organizational structure is documented comprehensibly (organization 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.

Risk assessment and control activities

Key risks are identified, assessed 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-assessment with rotating areas of key focus and documented results makes sure the monitoring procedures are effective.

In light of the size of the corporation, an Internal Audit function has been established within the ÖBB Group. The Internal Audit function verifies the existence of an efficient ICS in the Group companies and checks certain ICS components based on an approved annual audit schedule. The results are submitted to the Audit Committee of the relevant Supervisory Board in the form of an activity report.

A Compliance function has also been set up to perform independent event-related audits with the support of the Compliance Officers in all sub-groups. Putting preventive measures in place is a further essential aspect of compliance.

Information and communication

Consistent with the decentralized Group structure, each sub-group establishes an appropriate, effective ICS. Likewise, each is responsible for the structure and maintenance of their own system.

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

Accounting

When the auditors audit the annual financial statements, the ICS also forms part of the auditing mandate. The resulting findings are submitted to the Audit Committee of the Supervisory Board

As far as the pre-accounting processes are concerned, broad standardization was achieved when the relevant workflows were transferred to a Group-wide financial shared-service unit, ÖBB-Business Competence Center GmbH.

SAP R/3 software is used to account for all business transactions within ÖBB Group, although some foreign subsidiaries also use other software solutions. As such, data transfers within the Group are largely automated, or upload files are sent to ÖBB-Holding AG for central processing of the data in the SAP Netweaver BI consolidation system.

Corporate accounting is based on an IFRS Group Manual (published and regularly updated by the Accounting department at ÖBB-Holding AG), which specifies and communicates important accounting requirements based on IFRS for the entire Group. The Accounting team is regularly trained on new developments in accounting to avoid any risk of accidental misstatement.

The information provided in the Notes to the Consolidated Financial Statements is compiled using software purchased by ÖBB-Holding AG specifically for this purpose. After the audit by local auditors (in accordance with 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) of the International Federation of Accountants (IFAC) and the General Terms and Conditions for Audits within ÖBB Group), all subsidiaries deliver extensive Reporting Packages comprising all the relevant accounting data (income statement, statement of financial position, cash flow statement, notes) required for the preparation of the Consolidated Financial Statements. The audit is confirmed by a "Report on the IFRS Group Reporting Package"; this report has to be submitted in order for the respective Reporting Package to be processed. 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. Significant events after the reporting date

Please refer to Note 36 in the Notes to the Consolidated Financial Statements.

G. 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 compilation. Actual developments may therefore differ from the expectations described in the Management Report.

Vienna, April 5, 2016

The Board of Management

Mag. Christian Kern Mag. Josef Halbmayr MBA

"I just save a lot of time compared to taking the car."

GEORG MAYER

Consolidated Financial Statements

Annual consolidated financial statements.
The Consolidated Financial Statements of ÖBB for financial year 2015, including auditor's report.

Consolidated Financial Statements

Consolidated Income Statement 2015

	Note	2015 in kEUR	2014 in kEUR
Revenue	4	5,172,235.2	5,270,086.9
Change in finished goods, work in progress and services not yet chargeable		2,348.4	851.1
Other own work capitalized	5	372,554.8	359,810.2
Other operating income	6	798,237.2	724,163.5
Total income		**6,345,375.6**	**6,354,911.7**
Cost of materials and purchased services	7	-1,751,498.4	-1,764,134.4
Personnel expenses	8	-2,337,467.3	-2,407,463.2
Depreciation and amortization	9	-948,956.0	-858,742.7
Other operating expenses	10	-450,898.7	-460,470.4
Earnings before interest and taxes (EBIT excluding investments accounted for using the equity method)		**856,555.2**	**864,101.0**
Earnings of investments accounted for using the equity method	17	2,322.5	381.0
Interest income	11	44,005.2	46,621.0
Interest expenses	11	-718,905.8	-731,596.3
Other financial income	12	62,076.4	62,648.1
Other financial expenses	12	-53,273.1	-70,486.4
Financial result (incl. Earnings of investments accounted for using the equity method)		**-663,774.8**	**-692,432.6**
Earnings before income taxes (EBT)		**192,780.4**	**171,668.4**
Income taxes	13	12,760.0	-4,890.6
Net income		**205,540.4**	**166,777.8**
Consolidated net income attributable on a pro rata basis:			
to the shareholder of the parent company		204,932.3	165,923.8
to non-controlling interests		608.1	854.0

Consolidated Statement of Comprehensive Income 2015

	Note	2015 in kEUR	2014 in kEUR
Net income		**205,540.4**	**166,777.8**
Remeasurement gains (losses) on defined benefit plans	24	3,163.0	-9,092.4
Items that will never be reclassified ("recycled") subsequently to the income statement		3,163.0	-9,092.4
Cash flow hedges	24	18,671.8	-43,132.8
Available for sale reserve	24	-2,223.4	1,706.2
Unrealized income from currency translation	24	-266.4	-15,508.7
Items that are or may be reclassified ("recycled") subsequently to the income statement		16,182.0	-56,935.3
Other comprehensive income		19,345.0	-66,027.7
Comprehensive income		**224,885.4**	**100,750.1**
Comprehensive income attributable on a pro rata basis:			
to the shareholder of the parent company		224,277.3	99,896.1
to non-controlling interests		608.1	854.0

Consolidated Statement of Financial Position Dec 31, 2015

Assets	Note	Dec 31, 2015 in kEUR	Dec 31, 2014 in kEUR
Non-current assets			
Property, plant and equipment	14	23,453,390.4	22,723,912.7
Intangible assets	15	588,241.3	594,969.8
Investment property	16	126,668.7	129,752.6
Investments recorded at equity	17	66,856.2	59,245.4
Other financial assets	18	655,777.2	586,552.8
Other receivables and assets	20	158,561.8	171,949.1
Deferred tax assets	13	90,619.2	68,058.4
		25,140,114.8	**24,334,440.8**
Current assets			
Inventories	21	202,963.3	216,752.9
Trade receivables	20	491,358.2	501,501.1
Other receivables and assets	20	269,362.9	297,532.6
Income tax receivables	13	415.7	343.1
Other financial assets	18	95,641.1	55,507.5
Non-current assets held for sale	19	880.7	1,836.4
Cash and cash equivalents	22	274,580.0	337,857.9
		1,335,201.9	**1,411,331.5**
		26,475,316.7	**25,745,772.3**

Shareholders' equity and liabilities	Note	Dec 31, 2015 in kEUR	Dec 31, 2014 in kEUR
Shareholders' equity			
Share capital	23	1,900,000.0	1,900,000.0
Additional paid-in capital	24	260,812.2	260,812.2
Other reserves	24	-146,305.9	-162,488.0
Retained earnings	24	-98,258.8	-312,217.7
Equity attributable to the shareholder of the parent company		**1,916,247.5**	**1,686,106.5**
Non-controlling interests	24	5,671.0	5,915.0
		1,921,918.5	**1,692,021.5**
Non-current liabilities			
Financial liabilities	25	20,221,985.3	20,812,799.4
Provisions	26	439,508.8	460,538.9
Other liabilities	27	77,689.2	69,508.7
Deferred tax liabilities	13	12,765.7	5,216.9
		20,751,949.0	**21,348,063.9**
Current liabilities			
Financial liabilities	25	2,094,974.1	998,276.7
Provisions	26	264,795.7	427,322.5
Trade payables	27	857,483.5	774,786.0
Other liabilities	27	584,195.9	505,301.7
		3,801,449.2	**2,705,686.9**
		26,475,316.7	**25,745,772.3**

Consolidated Statement of Cash Flow 2015

	Note	2015 in kEUR	2014 in kEUR
Earnings before income taxes (EBT)		192,780	171,668
Non-cash expenses and income			
+ Depreciation and amortization on property, plant and equipment, intangible assets and investment property	9	1,137,033	1,049,504
+ Depreciation / - appreciation on non-current financial assets		365	978
- Amortization of investment grants	9	-188,077	-190,761
+ Losses / - gains on disposal of property, plant and equipment, intangible assets and investment property		-2,879	-22,772
+ Losses / - gains on disposal of financial assets		-1,663	-4,443
- Gains on exchange rates / + losses on exchange rates		1,241	6,901
- Other non-cash income / + other non-cash expenses		-437	-7,549
+ Interest expenses	11	718,906	731,596
- Interest income	11	-44,005	-46,621
Changes in assets and liabilities			
- Increase / + decrease in inventories	21	-1,649	14,124
- Increase / + decrease in trade receivables and other assets		46,723	44,281
+ Increase / - decrease in trade payables and other liabilities and deferrals		127,250	-178,680
+ Increase / - decrease in provisions	26	-183,557	145,276
- Interest paid		-736,108	-739,288
+ Interest received		10,896	13,403
- Income tax paid	13	-6,580	-7,289
Cash flow from operating activities a)		**1,070,239**	**980,329**
+ Proceeds from disposal of property, plant and equipment and intangible assets		74,344	92,766
- Expenditures for property, plant and equipment and intangible assets	14, 15	-1,889,042	-2,014,069
+ Proceeds from disposal of financial assets		44,445	2,980
- Expenditures for investments in financial assets		-107,324	-55,440
+ Proceeds / - Repayments of investment grants	14, 15	242,136	157,591
+ Proceeds from the sale of consolidated subsidiaries and other business units		2,312	2,293
- Expenditures for the acquisition of consolidates companies and other business units		-3,310	0
+ Dividends received		1,586	2,127
+ Redemption of loans granted / - grant of loans (from investing activities)		1	-3
Cash flow from investing activities b)		**-1,634,852**	**-1,811,755**
+ Capital contributions paid in from non-controlling interests		179	0
- Payments to non-controlling interests		-1,021	0
+ Proceeds from issue of bonds and loans	25	1,060,712	2,197,827
- Redemption of bonds and loans		-320,612	-1,142,730
- Payment of finance lease receivables		-180,021	-50,663
+ Proceeds from grant of loans / - redemption of other loans		-63,098	5,950
Cash flow from financing activities c)		**496,139**	**1,010,384**
Cash flow from operating activities a)		1,070,239	980,329
Cash flow from investing activities b)		-1,634,852	-1,811,755
Free Cash Flow (a+b)		**-564,613**	**-831,426**
Funds at the beginning of the period		330,278	149,605
Change resulting from the basis of consolidation		16	0
Foreign currency translation		-606	1,715
Change in the funds resulting from cash flows (a+b+c)		-68,474	178,958
Funds at the end of the period		**261,214**	**330,278**

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

Consolidated Statement of Changes in Shareholders' Equity 2015

	Equity attributable to the shareholder of the parent company								
			Other reserves						
in kEUR	Share capital	Additional paid-in capital	Cash flow hedge reserve	Available for sale reserve	Foreign currency translation	Retained earnings	Total	Non-controlling interests	Total shareholders' equity
As of Jan 01, 2014	1,900,000.0	260,812.2	-83,243.8	8,962.4	-31,271.3	-471,578.1	1,583,681.4	5,199.5	1,588,880.9
Net income						165,923.8	165,923.8	854.0	166,777.8
Other comprehensive income			-43,132.8	1,706.2	-15,508.7	-9,092.4	-66,027.7		-66,027.7
Comprehensive income			**-43,132.8**	**1,706.2**	**-15,508.7**	**156,831.4**	**99,896.1**	**854.0**	**100,750.1**
Other changes						2,529.0	2,529.0	-138.5	2,390.5
As of Dec 31, 2014	**1,900,000.0**	**260,812.2**	**-126,376.6**	**10,668.6**	**-46,780.0**	**-312,217.8**	**1,686,106.5**	**5,915.0**	**1,692,021.5**

	Equity attributable to the shareholder of the parent company								
			Other reserves						
in kEUR	Share capital	Additional paid-in capital	Cash flow hedge reserve	Available for sale reserve	Foreign currency translation	Retained earnings	Total	Non-controlling interests	Total shareholders' equity
As of Jan 01, 2015	1,900,000.0	260,812.2	-126,376.6	10,668.6	-46,780.0	-312,217.8	1,686,106.5	5,915.0	1,692,021.5
Net income						204,932.3	204,932.3	608.1	205,540.4
Other comprehensive income			18,671.8	-2,223.4	-266.4	3,163.0	19,345.0		19,345.0
Comprehensive income			**18,671.8**	**-2,223.4**	**-266.4**	**208,095.3**	**224,277.3**	**608.1**	**224,885.4**
Sale of interests in subsidiaries						5,863.7	5,863.7	58.7	5,922.4
Other changes							0.0	-910.8	-910.8
As of Dec 31, 2015	**1,900,000.0**	**260,812.2**	**-107,704.8**	**8,445.3**	**-47,046.4**	**-98,258.8**	**1,916,247.5**	**5,671.0**	**1,921,918.5**

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 of Dec 31, 2015

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) Bundesbahngesetz [Austrian Federal Railways Act] as amended by the BundesbahnstrukturG [Federal Railway Structure Act] according to BGBl. [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 controlling 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. In the following, the sub-groups will be described in the context of segment reporting.

Pursuant to Article 245 (5) UGB [Austrian Commercial Code], one subsidiary of ÖBB-Holding AG, namely ÖBB-Infrastruktur AG, is obligated to prepare separate sub-group financial statements in accordance with IFRS because it has issued bonds listed for trade in the regulated market at the Vienna Stock Exchange. The sub-group financial statements of ÖBB-Infrastruktur AG are submitted to the Commercial Court Vienna under Company Register number FN 71396 w.

1. Accounting principles

In accordance with Article 244 of the UGB [Austrian Commercial Code], ÖBB-Holding AG is required to prepare Consolidated Financial Statements. The Consolidated Financial Statements as of Dec 31, 2015 were prepared pursuant to Article 245a (2) UGB [Austrian Commercial Code] in conjunction with the "IFRS Regulation" in accordance with the International Financial Reporting Standards ("IFRS", "IAS") issued by the International Accounting Standards Board ("IASB"), and the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC", "SIC"), which became effective and were endorsed by the European Union until Dec 31, 2015 along with the additional requirements under Article 245a UGB. With these Consolidated Financial Statements according to IFRS, ÖBB-Holding AG issues exempting Consolidated Financial Statements pursuant to Article 245a UGB [Austrian Commercial Code] in accordance with internationally accepted accounting principles.

The Consolidated Financial Statements are presented in euros (EUR). All amounts indicated in these Notes are presented in millions or thousands of EUR, 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.

Disclosure on amended and new IFRS regulations

The following standards and interpretations were amended compared to the Consolidated Financial Statements as of Dec 31, 2014 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. These standards affect the Consolidated Financial Statements only if they are marked "yes" in the respective column of the following table.

Revised and amended standards/interpretations		Effective as of[1)]	Impact on the Consolidated Financial Statements
IFRIC 21	Levies	Jun 17, 2014	no
AIP 2011-2013	Improvements to IFRS, cycle 2011-2013	Jan 01, 2015	no

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

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 labeled with footnote 2. The option to of applying individual standards early was not exercised. The potential impact of the new and amended standards is currently being evaluated.

Standards/interpretations		Effective as of[1)]	Expected impact on the Consolidated Financial Statements
New standards and interpretations			
IFRS 14	Regulatory deferral accounts	Jan 01, 2016[3)]	no
IFRS 15	Revenue from Contracts with Customers	Jan 01, 2018[2)]	currently evaluated
IFRS 9	Financial instruments	Jan 01, 2018[2)]	yes
IFRS 16	Leases	Jan 01, 2019[2)]	yes
Amended standards and interpretations			
IAS 19	Recognition of contributions from employees or third parties for a defined benefit plan	Feb 01, 2015	no
AIP 2010-2012	Improvements to IFRS, cycle 2010-2012	Feb 01, 2015	no
IFRS 11	Acquisition of an interest in a joint operation	Jan 01, 2016	no
IAS 16 and IAS 38	Clarification of acceptable methods of depreciation and amortization	Jan 01, 2016	no
IAS 16 and IAS 41	Agriculture: Bearer Plants	Jan 01, 2016	no
IAS 27	Equity Method in Separate Financial Statements	Jan 01, 2016	no
AIP 2012-2014	Improvements to IFRS, cycle 2012-2014	Jan 01, 2016	no
IAS 1	Presentation of Financial Statements	Jan 01, 2016	no
IFRS 10, 12 and IAS 28	Investment Entities: Applying the Consolidation Exception	Jan 01, 2016[2)]	no
IAS 12	Income Taxes - Recognition of Deferred Tax Assets for Unrealized Losses	Jan 01, 2017[2)]	no
IAS 7	Statement of Cash Flows - Changes in liabilities arising from financing activities	Jan 01, 2017[2)]	yes

1) applicable for financial years starting on or after the indicated date
2) not yet adopted by the EU
3) currently not incorporated into EU law

IFRS 15 includes a five-step model to be applied to revenue from contracts with customers (with a few exceptions). The type of transaction or the sector of the entity are not relevant. IFRS 15 contains additional qualitative and quantitative disclosure obligations. These are aimed at enabling users of the financial statements to understand the nature, amount, timing and the uncertainties of revenue and the resulting cash flows arising from contracts with customers. The impact of IFRS 15 on the Group is currently being evaluated by working groups. For sales revenue and other operating income, no significant changes are expected in the amount and timing of income recognition. A detailed analysis is now being conducted with respect to the sales revenue from electricity trading, real estate recovery projects and certain services provided for third parties, which amount to about 4% (prior year: about 5%) of total income (sales revenue and other operating income).

IFRS 9 concerns the classification and measurement of financial assets and financial liabilities, hedge accounting and impairment of financial assets. The application of the improvements of IFRS 9 is expected to have an effect on the classification and measurement of financial assets as well as hedge accounting, but will not affect the classification and measurement of financial liabilities in the Consolidated Financial Statements.

In January 2016, the new leasing standard IFRS 16 was issued, which will replace IAS 17 in the future. Lessees will be required to report assets and liabilities for most lease agreements, regardless of whether they are operating or finance leases in accordance with the criteria of the previous IAS 17. There will be only minor changes for lessors compared to accounting according to IAS 17. The impact of IFRS 16 on accounting for lease agreements on the Consolidated Financial Statements will be analyzed in more detail in the near future.

In January 2016, the IASB published amendments to IAS 7 Statement of Cash Flows. The objective of the changes is to improve presentation of the change in the debt of the company. Changes with an effect on cash flow, changes resulting from the acquisition or disposal of companies, exchange rate changes, changes in fair value, etc. will be required to be reported.

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 December 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 recognized in the financial expenses or financial income as relevant. All other currency translation differences are recognized through profit or loss in other operating income or expense. 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 Österreichische Nationalbank [Austrian National Bank] (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 recognized 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 recognized in the consolidated net income.

As the principal market of the ÖBB Group is in Austria, sales in foreign currencies account 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):

	Reporting date rate		Annual average rate	
rounded in EUR	Dec 31, 2015	Dec 31, 2014	2015	2014
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)	7.638	7.658	7.614	7.634
New Turkish Lira (TRY)	3.177	2.832	3.026	2.907
Polish Zloty (PLN)	4.264	4.273	4.184	4.184
Romanian Leu (RON)	4.524	4.483	4.445	4.444
Russian Ruble (RUB)	80.674	72.337	68.072	50.952
Czech Korunas (CZK)	27.023	27.735	27.279	27.536
Hungarian Forint (HUF)	315.980	315.540	310.000	308.710
US Dollar (USD)	1.089	1.214	1.110	1.329

Consolidation

Subsidiaries

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

Accordingly, the results of operations of the businesses acquired or sold during the reporting year are included in the Consolidated Income Statement and in the other comprehensive income from the date of acquisition or until the date of disposal respectively. If the Group loses control of a subsidiary it derecognizes 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. Cost is measured at the total of the consideration transferred, measured at fair value at the acquisition date, plus the share of non-controlling interest in the acquired company. For each business combination, the acquirer measures the share of non-controlling interest in the acquired company at the corresponding share of the identifiable net assets of the acquired company. Any costs incurred in the course of the business combination are recognized as 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 recognized in profit or loss in the current period. Any agreed contingent consideration is recognized at the fair value at the time of the acquisition. Subsequent changes in the fair value of contingent consideration which constitute an asset or a liability are recognized either in the profit or loss or in other comprehensive income according to IAS 39. Contingent consideration classified as an equity instrument is not re-measured, and its payment is accounted for in shareholders' equity.

At initial recognition, goodwill is measured at cost, determined as the excess amount of the total consideration transferred plus the amount of the share of the non-controlling interest over the identifiable assets acquired and liabilities assumed. If this consideration is less than the fair value of the net assets acquired, the difference is recognized in profit or loss. After the initial recognition, goodwill is measured at cost less cumulative impairment charges. For the purpose of the impairment test and from the time of acquisition, the goodwill acquired in the course of a business combination is allocated to those cash-generating units of the Group that are expected to benefit from synergies from the business combination, irrespective of whether other assets or liabilities of the acquired entity are attributed to these cash-generating units.

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

Associated companies

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

Except for investments classified as held for sale, shares in associated companies are included in the Consolidated Financial Statements using the equity method of accounting. They are initially recognized at cost, which is adjusted to reflect changes in the interest of the ÖBB Group in the net assets subsequent to the acquisition date and to reflect losses resulting from impairment. Losses exceeding the interest of the ÖBB Group in an associated company are not recognized, 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 (i.e. discount upon acquisition), the difference is recognized in the income statement in the period the acquisition occurred.

Joint ventures

A joint arrangement is an arrangement of which two or more parties have joint control. A joint arrangement is defined by the following characteristics: the parties are bound by a contractual agreement in which joint control is allocated to two or more parties to the agreement.

A joint venture is a contractual arrangement regarding an economic activity in which two or more parties have joint control, whereby they have rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Joint ventures are accounted for 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. Assets and liabilities amounting to a total of EUR 1.9 billion (previous year: EUR 2.4 billion) were consolidated.

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 capitalized after taking into account elimination of the unrealized profits. Within the EBIT, total income in the amount of EUR 3.6 billion (previous year: EUR 3.5 billion) was offset against the respective expenses.

Unrealized profit elimination

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

Composition of and change in the basis of consolidation

In addition to ÖBB-Holding AG 60 (previous year: 56) the basis of consolidation includes 9 (previous year: 8) associated companies and one (previous year: one) joint venture which are accounted for using the equity method, and therefore a total of 71 (previous year: 66) 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 consolidated are those with a small business volume whose revenues, assets and liabilities jointly account for less than 1% of the consolidated amounts.

Changes to the basis of consolidation in 2014 and 2015

The basis of consolidation has developed as follows:

Basis of consolidation	Full consolidation	Consolidation using the equity method	Total
As of Jan 01, 2014	57	10	67
thereof foreign companies	*28*	*5*	*33*
Mergers	-2	0	-2
Initial consolidation	4	1	5
Change in basis of consolidation	0	-2	-2
Disposal (sale)	-2	0	-2
As of Dec 31, 2014	**57**	**9**	**66**
thereof foreign companies	*26*	*6*	*32*
Companies launched	2	0	2
Change in basis of consolidation	1	1	2
Acquisitions	1	0	1
As of Dec 31, 2015	**61**	**10**	**71**
thereof foreign companies	*28*	*7*	*35*

Notes 32 and 35 expand on the changes in the basis of consolidation.

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 recognized in other operating income, other operating expenses or in earnings of investments accounted for using the equity method in the Income Statement.

Changes to the level of shareholdings of the Group's investments

In 2015, the ÖBB-Infrastruktur Group exchanged 49% of the shares in the fully consolidated affiliated company WS Service GmbH for 13.05% of the shares in Weichenwerk Wörth GmbH. As a result, the Group's share of WS Service GmbH of 100% was reduced to 51%. WS Service GmbH will continue to be included in the Consolidated Financial Statements as an affiliated company. The share sold in the carrying amount of the net assets is kEUR 59, which was transferred to non-controlling interests. The Group's share of Weichenwerk Wörth GmbH of 30% was increased to 43.05%. ÖBB Infrastruktur AG recognizes the WWG shares it holds in accordance with the equity method, since control of the company is carried out by the co-shareholder and ÖBB therefore "only" has significant influence, so that the conditions of an associate as defined by IAS 28 are fulfilled. Additionally, shares in an existing associated company were purchased without changing the classification as an associate.

With respect to the additional acquired WWG shares (13.05%), the fair value of the consideration was determined in the amount of kEUR 5,923 and compared with the pro rata net assets existing as of March 31, 2015 amounting to kEUR 1,478, resulting in a difference in the amount of kEUR 4,445. A capital gain of kEUR 5,864 was realized and reported directly in equity. There was no net cash inflow or outflow.

The following overview provides details regarding the required adjustments to fair values and the deferred tax. The residual difference in the amount of kEUR 2,199 was classified as goodwill.

Calculation of goodwill (partial goodwill method)	in kEUR
fair value of consideration	5,923
pro rata net assets as of 31 March 2015	-1,478
Difference	**4,445**
Customer relationship – ÖBB Infrastruktur AG	-2,766
Customer relationship – other industrial customers	-123
Inventories	-106
Deferred tax	749
Pro rata net assets at fair value	**-2,246**
Goodwill	**2,199**

With a share purchase and assignment agreement dated February 12, 2015, all shares of Rondo Leasing GmbH were acquired by ÖBB-Personenverkehr AG and then retroactively merged upstream into ÖBB-Personenverkehr AG as of December 31, 2014. With the acquisition of Rondo Leasing GmbH for EUR 41,000, locomotives leased up to that date with a value of EUR 102.4 million were acquired against the assumption of debt of EUR 102.4 million. In the Consolidated Financial Statements, assets within property, plant and equipment were simply reclassified from "Automobiles and trucks leased" to the item "Transport fleet" after it became a finance lease transaction.

With a view to intensifying the expansion of its own production activities in the target markets between the North Sea, the Mediterranean and the Black Sea, in October 2015, the German private railway EBM Cargo GmbH, now Rail Cargo Carrier - Germany GmbH, was acquired. This ensures continuous production from a single source in Germany. The company is assigned to the Carrier business unit.

As of December 31, 2015, the date of initial consolidation, the acquisition cost of kEUR 2,200 contrasted with equity capital of kEUR 234. Fair value was determined on the basis of the final allocation of the acquisition cost to the assets and liabilities.

The resulting difference of kEUR 1,966 can be broken down as follows:

Calculation of goodwill	in kEUR
Purchase price 100%	2,200
Shareholders' equity as of Dec 31, 2015	-234
Difference	**1,966**
Hidden reserves - Transport fleet	-989
Deferred tax	322
Difference after fair value adjustment	**-667**
Goodwill	**1,299**

The transaction gave rise to transaction costs in the amount of EUR 0.1 million, which are included in other operating expenses. No contingent liabilities were assumed. If the business acquisition had taken place at the beginning of the year, the company would have contributed EUR 7.0 million to revenue and EUR 0.2 million to EBIT. The remaining goodwill primarily reflects the advantage from the significant strengthening of the market position in Germany and expected synergies. The goodwill is not usable for tax purposes.

3. Summary of significant accounting policies

Basis of preparation of financial statements

The Consolidated Financial Statements are prepared on the basis of amortized cost, with the exception of derivative financial instruments and available-for-sale financial instruments that were measured at fair value. The carrying amounts of the assets and liabilities recognized in the Statement of Financial Position and designated as hedged items in fair value hedges that would otherwise be carried at amortized cost are adjusted to reflect changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

Property, plant and equipment and investment property

Property, plant and equipment and investment property are recognized at cost less depreciation and possible impairments. Cost includes certain expenses incurred in the course of the construction or development of the rail infrastructure network, such as acquisition cost, material and personnel expenses, directly attributable fixed and variable 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. VAT 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 recognized at the lower of the present value of the minimum lease payments or its fair value.

Property, plant and equipment and investment property are depreciated on a straight-line basis over the estimated useful life, and recognized in depreciation and amortization in the Consolidated Income Statement. Leased property, plant and equipment (held under finance leases) and fixtures in third-party buildings are also depreciated over their estimated useful life if ownership is expected to be transferred at the end of the lease term. Otherwise, they are depreciated over the shorter of the lease term or the useful life.

As in the previous year, useful lives are:

	Years
Buildings	
Substructure	20–150
Superstructure	10–50
Roadbed and track	25–40
Automobiles and trucks	5–50
Technical equipment and machinery	
Security and telecommunications equipment	4–30
High-voltage and lightning equipment	15–50
Tools and equipment	4–20
Machinery	9–15
Other plant, furniture and fixtures	2–8

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

Costs for maintenance and repair are expensed as incurred, whereas replacements and value-improving expenditures are capitalized. The cost and accumulated depreciation of assets sold or retired are removed from the accounts, and resulting gains or losses are recognized 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”.

Grants related to assets

The ÖBB Group receives public grants that are essentially granted as assets. Government grants are recognized 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 amortization of these grants are recognized in the Consolidated Income Statement. Generally, investment grants are amortized over the useful life of the asset for which the grant was received.

Goodwill and other intangible assets

Goodwill

The positive 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 recognized in intangible assets. The recognized 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. Amortized intangible assets are recognized at cost less amortization on a straight-line basis.

Intangible assets are amortized on a straight-line basis over the estimated useful life, and recognized in depreciation and amortization in the Consolidated Income Statement.

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

	Years
Investment grants	3–150
Concessions	4–20
Software	2–20
Other intangible assets	5–30

Investment grants are amortized depending on the useful life of the asset for which the grant was paid. The useful life can be up to 150 years in individual cases, but in general, it is 20 years.

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

Impairment of property, plant and equipment and intangible assets

Methodology

Property, plant and equipment and intangible assets with finite useful lives are tested for impairment if events or changes in circumstances indicate that the carrying amount of an asset exceeds its fair value. The impairment test is performed for all items of property, plant and equipment and intangible assets. In accordance with the provisions of IAS 36, an impairment loss is recognized if the carrying amount exceeds the higher value which results from the fair value less cost to sell and value in use. The fair value less cost to sell corresponds to the amount that can be obtained in an arm's length sales transaction. The value in use corresponds to the discounted estimated future net cash flows that are expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Impairment losses are recognized in the item depreciation and amortization in the Consolidated Income Statement.

If changes in circumstances indicate that the carrying amount of an asset exceeds its fair value, 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 2016 and medium-term plan 2017–2021) 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 long-term 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. The six-year business plans are used for the impairment test.

If the recoverable amount of the cash-generating unit exceeds its carrying value, no impairment exists for the relevant cash-generating unit. If the recoverable amount of the cash-generating unit is less than its carrying value, an impairment loss is recorded for this unit. The impairment 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 any indication that an impairment of assets no longer exists, the ÖBB Group must reverse the impairment wholly or partially in net income up to a maximum of the amortized 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 development or changes in premises indicate a significant change in the value in use during the year.

Structure of the cash-generating units 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 following business areas and business activities: A brief description of these business areas is provided in Note 33. ÖBB-Produktion GmbH is allocated to the Rail Cargo Austria segment and the ÖBB-Personenverkehr segment on a pro rata basis.

Cash-generating units of ÖBB-Personenverkehr

The delimitation criteria for the cash-generating units are based on the structure of business operations and correspond to the following business areas and business activities: rail passenger transport, bus passenger transport and services. These business units essentially consist of ÖBB-Personenverkehr AG and ÖBB-Postbus GmbH and are categorized as two cash-generating units.

There were no indicators of potential impairment as of December 31, 2015 and therefore no impairment test was conducted. Please see the section on "Use of estimates and judgments – c) Estimated useful lives of property, plant and equipment and intangible assets" for more information on impairment losses recognized in 2015 in connection with certain intermediate push-pull control cars and other coaches.

Cash-generating units of Rail Cargo Austria:

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 benchmarkable areas are composed of the following:

– Shipping: 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 operator = carrier service) for Group-owned traction stock (e.g. base load, single car transport)
- Cars: Rail Cargo Wagon (RCW) – wagon lessor
- TS: Technical Services (TS) – maintenance of rolling stock

The objectives of this organizational structure are:

- Focus on the core competency of rail logistics
- Transparency through simplification, five non-overlapping businesses with their own business models and markets (internal, external)
- Pooling of expertise, resources and responsibility
- Benchmarking capability
- Consistent brand architecture

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 projections after the planning period (accounted for by a perpetual annuity) for 2014, the impairment test growth rates which correspond to a realistic assessment of the specific market development were assumed. An unvarying growth factor of 1.33% (2/3 of the rate of inflation) was used for the perpetuity starting from 2014. This is based on the assumption that two-thirds of price increases from inflation can be passed onto end customers.

For the cash flow projections after the planning period (accounted for by a perpetual annuity) for 2015, CGU growth rates were applied on the basis of the Gordon/Shapiro growth model, which defines growth as follows: Growth = long-term return * reinvestment. The long-term return was fixed independently of the CGU at a return equivalent to the cost of capital. The cost of capital (and thus implicitly the long-term returns) of the CGUs were determined as part of the analyses at a maximum of 6% (after tax, with basis of Austria – Hungary higher because of provincial surcharge). 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 standardized at 20%, meaning growth of about 0.8-1.7%. Please see the table below for more information.

The following discount rates were applied:

For the cash-generating units of Rail Cargo Austria	Shipping (RCL)	Operator (RCO)	Carrier (RCC)	Car (RCW)	TS *)
as of Dec 31, 2015					
Austria					
Before tax					
Interest rate 2016 - 2021	7.7%	7.5%	7.9%	5.3%	7.5%
Interest rate perpetuity	6.5%	6.3%	6.7%	4.5%	6.5%
Growth - perpetual annuity	*1.2%*	*1.2%*	*1.2%*	*0.8%*	*1.1%*
After tax					
Interest rate 2016 - 2021	5.9%	5.8%	6.0%	4.0%	5.4%
Interest rate perpetuity	4.7%	4.6%	4.8%	3.2%	4.3%
Hungary					
Before tax					
Interest rate 2016 - 2021	10.2%	10.2%	9.9%	5.6%	9.8%
Interest rate perpetuity	8.5%	8.5%	8.2%	4.6%	8.2%
Growth - perpetual annuity	*1.7%*	*1.7%*	*1.6%*	*1.0%*	*1.6%*
After tax					
Interest rate 2016 - 2021	8.4%	8.2%	8.2%	5.0%	8.0%
Interest rate perpetuity	6.7%	6.6%	6.5%	4.0%	6.4%

*) Slovakia – individual rate of interest is immaterial and therefore not listed

For the cash-generating units of Rail Cargo Austria	Shipping (RCL)	Operator (RCO)	Carrier (RCC)	Car (RCW)	TS *)
as of Dec 31, 2014					
Austria					
Before tax					
Interest rate 2015 - 2020	9.2%	9.0%	9.2%	9.5%	7.1%
Interest rate perpetuity	7.8%	7.6%	7.9%	8.2%	5.8%
Growth - perpetual annuity	*1.3%*	*1.3%*	*1.3%*	*1.3%*	*1.3%*
After tax					
Interest rate 2015 - 2020	7.3%	7.3%	7.3%	7.3%	5.7%
Interest rate perpetuity	6.0%	6.0%	6.0%	6.0%	4.3%
Hungary					
Before tax					
Interest rate 2015 - 2020	10.6%	10.7%	10.6%	10.5%	8.6%
Interest rate perpetuity	9.3%	9.4%	9.2%	9.2%	7.3%
Growth - perpetual annuity	*1.3%*	*1.3%*	*1.3%*	*1.3%*	*1.3%*
After tax					
Interest rate 2015 - 2020	9.0%	9.0%	9.0%	9.0%	7.3%
Interest rate perpetuity	7.7%	7.7%	7.7%	7.7%	5.9%

*) Slovakia – individual rate of interest is immaterial and therefore not listed

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 cost of capital was calculated separately for the Rail Cargo 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:
No indicators of impairment were identified for any cash-generating unit either for 2014 or for 2015 and therefore no impairment tests were performed. For the rail infrastructure cash-generating unit, no indicators currently exist due to the following preamble to the grant agreement in accordance with Article 42 of the Federal Railways Act. "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 Federal Railways Act,

according to which the federal government is responsible for ensuring that ÖBB-Infrastruktur AG has the funds required to fulfill its tasks and maintain its liquidity and equity, insofar as the tasks are included in the business plan pursuant to Article 42 (6) of the Federal Railways Act. The commitment regulated by the federal government in this provision is implemented by the grant agreements pursuant to Article 42 (1) and (2) of the Federal Railways Act. It is the understanding of the contractual parties that the objective of the grant agreements, irrespective of their respective terms, is to permanently guarantee the value of the assets of the ÖBB-Infrastruktur AG sub-group used for the tasks pursuant to Article 31 of the Federal Railways Act, which also conforms to the official task according to 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 updating the carrying amount of interests reported using the equity method, a determination must be made at each reporting date as to 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. If there is an impairment, the investment must be written down accordingly. If associated companies or joint ventures are affected by the impairment, such impairment is recognized 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 Federal Railways Act in relation to any impairment of the Galleria di Base del Brennero – Brenner Basistunnel BBT SE.

Non-current assets held for sale

Assets held for sale are measured at the lower of their carrying amount or their fair value less cost to sell. Assets classified as "held for sale" are not depreciated and reported in a separate line item in the Statement of Financial Position. Gains or losses from the sale of these assets are recorded together with the gains or losses from the disposal of property, plant and equipment and intangible assets as other operating income or expenses or, in case of an investment, in the other financial result. Further details are provided in Note 19.

Financial instruments

General information

Financial assets and liabilities are recognized when the ÖBB Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized 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 derecognized when it has been extinguished, i.e. when the contractual obligation has been settled or canceled or has expired. Regular purchases and sales of financial assets are recognized at the settlement date (date of fulfillment). Derivative financial instruments are recognized at the date of conclusion (trade date).

Financial assets and liabilities are initially recognized 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.

Cash and cash equivalents

The ÖBB Group recognizes cash on hand, cash in banks and highly liquid financial investments with remaining maturities of three months or less as cash and cash equivalents. Money market deposits with original maturities 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 Flow. More information can be found in Note 34.

Financial assets and liabilities

Financial instruments disclosed in the Statement of Financial Position as financial assets are measured at their fair value with the exception of loans and receivables. The financial instruments disclosed in the Statement of Financial Position as financial liabilities are measured at amortized cost. Derivative financial instruments are measured at fair value. Changes in the fair value of derivative financial instruments are recognized through profit or loss or in other comprehensive income, depending on whether the derivative instrument is used to hedge the fair value of an item recognized 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 asset or liability and of the derivative financial instrument are recognized 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 recognized via the other comprehensive income in equity (cash flow hedge reserve). The effects stated in the cash flow hedge reserve are recognized in income when the hedged item is recognized in income. 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 recognized in profit or loss immediately. See Note 29.2 on hedge accounting.

Changes in the fair value of derivative financial instruments not designated as a hedging instrument are recognized in profit or loss.

In accordance with IAS 39, the ÖBB Group classifies securities and certain non-current financial instruments as available-for-sale (AFS) and measures them at fair value. Unrealized gains and losses are recognized in other comprehensive income.

Non-current derivative financial instruments (interest swaps for hedging purposes) are divided into a current and a non-current portion based on the discounted payment streams in the applicable time frames. If a derivative financial instrument has an overall clearly negative fair value, any current positive portion is not recognized as a current asset because this presentation would be misleading in light of the clearly negative fair value, and is thus reported collectively as non-current liability. The same applies to the reverse case of a derivative financial instrument with an overall clearly positive fair value and a negative fair value of the current portion.

The impairment test for securities is based on a two-step approach, which examines whether the carrying amount or cost differs significantly from the fair value of the securities, and the period of time for which such a difference exists. Losses from impairments are recognized in income in the period in the other financial result.

If there is an indication that an impairment no longer exists, the ÖBB Group has to reverse all or part of the impairment through net income, unless these financial assets are carried at cost or are equity instruments classified as available-for-sale. For equity instruments classified as available-for-sale and carried at cost, reversal of the impairment is not permitted. For equity instruments classified as available-for-sale and measured at fair value, any increase in the fair value is recognized in other comprehensive income.

Trade receivables

Trade receivables are recognized at the lower of amortized cost or fair value. Impairments are recognized if collection of the claims can no longer be expected due to customer-specific circumstances. If such doubts regarding the collection of the receivables occur, these receivables are measured at the lower realizable amount and specific allowances are recognized on the basis of identifiable risks. Impairment indications include significant financial difficulties of the contractual partner, insolvency proceedings initiated against the debtor, unsuccessful dunning and execution attempts, effective breach of contract (e.g. default or failure to pay) and other information raising doubts about the solvency of the debtor. The debtor’s creditworthiness is considered accordingly in determining the amount of impairment. As soon as the irrecoverability of the receivable has been determined, the receivable is derecognized. Allowances are recorded in separate allowance accounts.

Construction contracts, if significant, are recognized according to the percentage of completion method. Revenue amounts are predominantly based on fixed price contracts.

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. The fair values of available-for-sale securities result from directly or indirectly derivable prices. The fair value of non-current 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.

The ÖBB Group estimates whether the fair value of assets for which no quoted prices are available – mainly investments – corresponds to their carrying amount based on the latest financial information available. These assets are impaired if the investment generates losses over an extended period or in the event of significant changes in the business environment.

Inventories

Inventories include material and spare parts used primarily for the expansion, maintenance and repair of defects of the Group’s own railway networks and real estate development projects. Materials and spare parts are measured at the lower of cost or net realizable value, with cost being determined on the basis of the moving average cost method. The net realizable value is determined based on the estimated selling price in the ordinary course of business, less estimated costs to complete still to be incurred. Self-manufactured inventories and reconditioned reusable materials are capitalized 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 realizable value.

Also presented in inventories is real estate which 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, in preparation for sale, or designated for such preparation.

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

The cost of inventories includes all costs of purchase, development and processing, as well as any other costs incurred to bring the inventories to their present condition.

If the costs exceed the net realizable value a write-down is recorded.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) arising from a past event and it is probable that the fulfillment of the obligation will be associated with the outflow of resources and a reliable estimate of the amount of the provision is possible.

The amount of the provision recognized 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. If a provision is measured based on estimated cash flows for the fulfillment 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 fulfillment of the economic benefits will be reimbursed by an outside third party, this claim is recognized as an asset when the reimbursement is virtually certain and its amount can be reliably estimated. For further information see Note 26.2.

Leases

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 finance leasing is recognized at the lower of the leased item’s fair value or the present value of the minimum lease payments at inception of the lease, less depreciation and impairment losses.

If substantially all risks and rewards of ownership are attributable to the ÖBB Group as lessor, the leased item is recognized 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.

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 recognized at the amount of the net investment from the lease.

Employee benefit commitments

The ÖBB Group has entered into only one individual contractual pension obligation for a former member of the Board of Management. Apart from this obligation, there are only defined contribution plans with respect to pensions. The ÖBB Group pays contributions to publicly or privately administered pension and severance insurance plans on a mandatory or contractual basis for these defined contribution plans. Apart from the contribution payments, there are no further payment obligations. The regular contributions are recognized 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 recognized. The ÖBB Group calculates the provision using the projected unit credit method (PUC method) in accordance with IAS 19. The remeasurement of net defined benefit obligations contains only actuarial gains or losses. The defined benefit obligations are measured in accordance with actuarial principles and are based on an objective estimate of the discounting factor and compensation increases along with turnover. According to this method, the company henceforth recognizes actuarial gains and losses from provisions for severance payments immediately and fully directly in other comprehensive income and those from provisions for anniversary bonuses in personnel expenses. For further information see Note 26.1.

Changes in existing provisions for disposal, restoration and similar liabilities

In accordance with IAS 16, the cost of property, plant and equipment also includes the initial estimate of the cost of dismantling and removing the item and restoring the site on which it is located. Provisions for disposal, restoration and similar liabilities are measured in accordance with the regulations of IAS 37. 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 recognized in profit or loss. Changes in the measurement resulting from changes in the estimated maturity or the amount of the outflow of resources required to fulfill the obligation or from changes in the discount rate shall be added to or deducted from the 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 recognized accordingly.

Revenue recognition

Revenue is recorded when the risks and rewards are transferred or when the service has been rendered, when the amount of revenue can reliably be determined and it is sufficiently probable that the economic benefit will flow to the ÖBB Group.

Grants related to income

Grants related to expenses awarded to the ÖBB Group are recognized in profit or loss and in line with the timing of expenses immediately upon fulfillment of the preconditions. Reference is made to Note 32 regarding the particular features of the grants for financing of the infrastructure.

Interest, royalties and dividends

Interest is recognized using the effective interest method in accordance with IAS 39. Dividends are recognized when the shareholder's right to receive payment is established. Usage fees such as rents are recognized 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 realized by the lessee, and are recognized when the amount of rent can reliably be determined.

In accordance with IAS 23, borrowing costs for significant qualifying assets are capitalized.

Research and development costs

In accordance with IAS 38, research costs refer to original and planned research performed to gain new scientific or technical knowledge and understanding, and they are recognized 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 recognized as expenses in the period in which they were incurred in accordance with IAS 38. If the capitalization requirements of IAS 38 are not met, research and development costs are recognized as expenses in the period in which they were incurred. If the capitalization requirements of IAS 38 are met, development costs are capitalized as intangible assets.

Income taxes

In accordance with Article 50 (2) of the Federal Railways Act as amended by BGBl. No. 95/2009, ÖBB-Infrastruktur AG has been exempt from federal taxes as of 2005, except for turnover 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.

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

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

In December 2005, a tax group contract was concluded with ÖBB-Holding AG as head of the tax group and the majority of the ÖBB Group companies as group members. At present, the corporate tax group does not include any foreign companies. The financial claims and obligations arising from the tax group contract are based on the current financial result of each member of the group. Positive tax amounts are charged at the corporate income tax rate valid in the year of the financial statements, while negative tax amounts are compensated only insofar as they can be realized in the group.

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 for the usage of financial losses; in addition, the principle of equal treatment of all participants in the company group applies for inter-sub-group usage of financial losses.

Deferred taxes

Deferred taxes are recognized – taking existing exception clauses into account – for all temporary differences between the tax base of the assets/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.

However, 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 recognized 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 recognized, 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 realized or the deferred tax liabilities are expected to be settled.

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

If income taxes relate to items that are recognized in the other comprehensive income in the same or a different period, deferred taxes are also recognized in other comprehensive income.

Use of estimates and judgment

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

In applying the accounting policies of the ÖBB Group, the Board has made estimates and has proceeded particularly responsibly when doing so. The useful lives were reviewed. 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 determinations for the measurement of severance payments and anniversary bonuses were determined responsibly. The activation of goodwill is exclusively based on external expertise.

Additionally, as of the reporting date, the Board of Management made key assumptions concerning the future and identified key sources of estimation uncertainty at the reporting date which bear a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year.

a. Employee benefit plans

Obligations for severance payments and anniversary bonuses are measured by applying parameters such as the expected discount rate, long-term salary 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. 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 generally based on 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. 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 2015 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 required/ (+) Reversal required (sensitivity analysis)		Increase in the parameter			Decrease in the parameter		
CGU		RCC	RCW	TS	RCC	RCW	TS
Assumptions	Change in assumption in %	in EUR million	in EUR million	in EUR million	in EUR million	in EUR million	in EUR million
Interest rate	+/-0,25	0.0 (PY: -41.6)	0.0 (PY: -40.1)	0.0 (PY: -16.5)	62.9 (PY: 20.2)	32.5 (PY: 0.0)	20.3 (PY: 20.8)
Perpetual annuity	EBIT +/-2.5% and growth of +/-0.1%	43.3 (PY: 0.0)	29.2 (PY: 35.6)	0.0 (PY: 0.0)	0.0 (PY: -11.4)	0.0 (PY: 0.0)	0.0 (PY: -16.6)

Goodwill, which totals EUR 177.8 million (previous year: EUR 176.7 million), is allocated as follows: EUR 155.0 million (previous year: EUR 153.9 million) to the RCC segment, EUR 22.4 million (previous year: EUR 22.4 million) to the RCL segment, and EUR 0.4 million (previous year: EUR 0.4 million) to the RCO segment.

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

The estimated useful lives are determined according to the circumstances of the company with usual maintenance costs. According to a sensitivity analysis, a change in the useful life of -/+ 1 year would increase the depreciation by EUR 128.8 million (previous year: EUR 103.4 million) or decrease it by EUR 91.4 million (previous year: EUR 79.9 million), respectively.

In the 2014 financial year, useful lives for individual structural systems as well as safety installations and telecommunications systems which no longer meet the latest technological standards were shortened to the expected remaining useful lives, resulting in additional depreciation of EUR 3.6 million. Useful lives for certain assets were also shortened to the expected remaining useful lives, with unscheduled impairments and adjustments to estimates on residual values carried out and carrying amounts reduced to calculated values in accordance with various expert reports, resulting in additional depreciation amounting to EUR 2.6 million (previous year: EUR 6.5 million).

During the years 2016-2020 Cityjet-E-railcars will be acquired for local transport and Railjet coaches will be acquired for long-distance transport. As a result, intermediate push-pull control cars, 4855 and 4020 coaches and coaches with seats, couchettes and sleeper compartments used in long-distance transport will be replaced. The value in use of these control cars and coaches can be estimated as essentially their fair value less costs of disposal, which in financial year 2015 resulted in an impairment in the amount of EUR 35.8 million. The assets are in the segment "Passenger Transport" under "Transport fleet".

d. Provisions

Provisions are measured according to the best estimate, i.e., at the amount that the Company would have to pay, under reasonable consideration, to settle the obligation as of the reporting date or to transfer the obligation to a third party at that time. Reliable statements on a sensitivity analysis, especially regarding the likelihood of occurrence, are not possible. The measurement of the provision for decommissioning costs was based on the assumption that the company and the lines will continue to exist and to operate. Decommissioning costs are estimated and a respective provision is recognized only when the retirement of individual routes is expected in the foreseeable future or when such retirement has already been initiated. For the amounts of provisions, see Note 26.2.

Proceedings initiated by the Austrian Bundeswettbewerbsbehörde [Federal Competition Authority] ("BWB")
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 continue for 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 minimizing litigation risk remains to be done.

e. Deferred taxes

Deferred tax assets were recognized 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 5-year tax planning period (see Note 13).

f. Cross-border leasing

In respect of contractual parties to investments with at least an AA+ rating or for which a subsidiary guarantor liability is assumed by the government for their performance, the default risk is still regarded as extremely low, so that no need for any change is seen at present and these transactions can continue to be disclosed “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 recognized in the Statement of Financial Position, allowances for these investments will be recognized or the repayment vehicle will be exchanged (see Note 30.3).

g. Financial obligations and receivables

Various proceedings, lawsuits and other claims against or by ÖBB-Holding AG and its subsidiaries are pending in the ordinary course of business. These issues are subject to a large number of uncertainties, and the outcome of the negotiations or processes cannot be predicted with certainty. Consequently, as of Dec 31, 2015, the Board of Management is unable to determine the total amount of financial liabilities or claims, or their impact on the ÖBB-Holding Group’s financial position with final certainty. These procedures could materially affect the results when they are finalized. However, the Board of Management believes that after final settlement of such cases, the financial obligations or impacts will not significantly exceed the provisions recognized, and therefore will not have any material impact on the Consolidated Financial Statements. Receivables are recognized when all the necessary issues have been identified.

In connection with federal taxes, ÖBB-Holding AG is engaged in a procedure, the outcome of which is uncertain. It is not likely that any resulting economic benefits from this refund procedure in the context of the relevant legal provisions on the granting of federal subsidies in accordance with the Austrian Federal Railways Act will finally remain with ÖBB-Holding AG.

Concentration of risks

As of 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 labor 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 banks with excellent credit ratings. For information on the grants and subsidies agreements provided by the Republic of Austria, see Note 32.

Capital management

The Company defines equity as share capital, capital reserves and other reserves as well as retained earnings and non-controlling interests, if any. 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 Company’s special situation and its statutory mission, and also as a result of the government’s commitment to subsidize infrastructure expenses (both construction, and operation and maintenance) not covered by the Company’s income from current operations, the control of the capital structure focuses mainly on debt ratios and on the following ratios, which are compared to the respective budgeted values: number of employees, EBIT margin, equity ratio, net working capital. Managed equity as of December 31, Dec 31, 2015 amounts to EUR 1,921.9 million (previous year: EUR 1,692.0 million).

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

4. Revenue

	2015 in EUR million	2014 in EUR million	
Passenger and baggage transport	1,877.8	1,821.9	*)
**)thereof traffic services orders by the federal government*	*644.8*	*635.6*	
thereof traffic services orders by the provinces and communities	*285.8*	*290.5*	*)
Goods transport	1,740.4	1,772.5	
thereof public services contracted by the federal government	*81.9*	*82.0*	
Government grant pursuant to Article 42 Bundesbahngesetz for operation of the infrastructure	1,099.5	1,153.5	
Rent and lease	194.7	186.4	
Infrastructure usage charge	47.1	43.8	
Maintenance/ repair	43.4	31.8	
Real estate recovery projects	32.0	98.3	
Energy	29.0	39.8	
Traction services	23.6	26.2	
Other revenue	84.7	95.9	
Total	**5,172.2**	**5,270.1**	

*) Adjustment of values of the previous year for better comparability

The government grant pursuant to Article 42 Federal Railways Act is granted for the provision, operation and maintenance of the railway infrastructure and for the fulfillment 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 contract is provided in Note 32.

Advance payments received in connection with construction contracts amount to EUR 13.6 million (prior year: EUR 12.3 million).

For the composition of revenue per business unit and according to geographic aspects see the segment reporting.

5. Other own work capitalized

Directly attributable personnel expenses and expenses for materials as well as appropriate parts of material and production overhead were taken into account in determining the own work capitalized in connection with the construction of assets. This item also comprises own work capitalized that was provided by a subsidiary to other affiliated companies.

6. Other operating income

	2015 in EUR million	2014 in EUR million
Grant from the Federal Government pursuant to Article 42 Federal Railway Act for infrastructure	634.5	576.9
Proceeds from the disposal of property, plant and equipment, intangible assets, investment property and non-current assets held for sale	46.0	60.6
Proceeds from leisure time service	15.7	15.2
Compensation received	14.6	7.3
Personnel leasing to third parties	12.1	11.8
Revenue from the sale of materials	5.4	8.8
Exchange rate differences	4.6	6.4
Miscellaneous other operating income	65.3	37.2
Total	**798.2**	**724.2**

The proportional contribution of the federal government pursuant to Article 42 of the Federal Railways Act for expansion and reinvestment is reported in other operating income. Further information on the grant contract is provided in Note 32.

The miscellaneous operating income includes income from rent and lease of advertising space and income from canteens, among others.

7. Costs of materials and purchased services

Cost of materials and purchased services	2015 in EUR million	2014 in EUR million	
Raw materials and supplies	174.7	158.8	
Power	76.1	101.5	
Other expenses for materials	104.2	126.7	
Subtotal expenses for materials	**355.0**	**387.0**	
Third-party transport services	770.7	681.2	*)
Rent for rail and road vehicles	107.1	93.5	
Infrastructure usage charge	61.0	63.8	
Other services received	457.7	538.6	*)
Subtotal expenses for services received	**1,396.5**	**1,377.1**	
Total	**1,751.5**	**1,764.1**	

*) Adjustment of values of the previous year for better comparability

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 capitalized in connection with repairs, maintenance, cleaning and other services. Expenses for real estate recovery projects total EUR 7.2 million (previous year: EUR 27.2 million).

8. Personnel expenses and employees

	2015 in EUR million	2014 in EUR million
Wages and salaries	1,805.0	1,857.9
Statutory social security contributions	486.1	503.0
Pension costs	27.5	26.5
Expenses for severance payments	14.0	14.3
Other social expenses	4.9	5.8
Total	**2,337.5**	**2,407.5**

In 2015, the effects of the reversal of the provision for the advanced recognition cutoff date (Note 26.1) amounting to EUR 85.4 million are recognized as a reduction of personnel expenses.

The employee structure is composed as follows:

Number of employees (headcount)	Dec 31, 2015	Dec 31, 2014	Change Reporting date	in %	Average 2015	2014
Employees	11,110	10,655	455	4%	10,884	10,593
Workers	5,733	5,130	603	12%	5,344	5,005
Tenured employees	23,188	23,696	-508	-2%	23,448	23,968
Total (excl. apprentices)	**40,031**	**39,481**	**550**	**1%**	**39,676**	**39,566**
Apprentices	1,572	1,609	-37	-2%	1,474	1,517
Total (incl. apprentices)	**41,603**	**41,090**	**513**	**1%**	**41,150**	**41,083**

Number of employees (FTE)	Dec 31, 2015	Dec 31, 2014	Change Reporting date	in %	Average 2015	2014
Employees	10,900.0	10,478.4	421.6	4%	10,674.3	10,442.7
Workers	5,686.7	5,097.5	589.2	12%	5,302.5	4,971.9
Tenured employees	22,975.0	23,549.9	-574.9	-2%	23,260.0	23,826.4
Total (excl. apprentices)	**39,561.7**	**39,125.8**	**435.9**	**1%**	**39,236.8**	**39,241.0**
Apprentices	1,572.0	1,609.0	-37.0	-2%	1,475.2	1,517.0
Total (incl. apprentices)	**41,133.7**	**40,734.8**	**398.9**	**1%**	**40,712.0**	**40,758.0**

9. Depreciation/ Amortization

	2015 in EUR million	2014 in EUR million
Depreciation on property, plant and equipment	1,078.3	991.6
thereof low-value assets	*5.3*	*4.6*
Amortization of intangible assets	54.7	53.8
Depreciation on investment property	4.1	4.1
less amortization of investment grants	-188.1	-190.8
Total depreciation and amortization	**949.0**	**858.7**

10. Other operating expenses

The other operating expenses of the ÖBB Group are composed as follows:

	2015 in EUR million	2014 in EUR million
Operating costs	110.3	112.0
Compensation for travel and other expenses	47.1	46.8
Non-income taxes	44.9	41.9
Loss on disposal of property, plant and equipment and intangible assets	43.1	37.8
Rent, lease and license expenses	31.9	32.1
Marketing, sales and customer service	31.7	28.4
Office supplies	30.3	27.8
Legal and consultancy fees	14.2	12.3
Miscellaneous other operating expenses	97.4	121.4
Total	**450.9**	**460.5**

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

Total auditors' fees	2015 in kEUR	2014 in kEUR
Annual financial statements and consolidated financial statements audit	1,493	1,343
Consulting services	0	223
Other auditing services	19	3
Other services	76	290
Total	**1,588**	**1,860**

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 statements	2015 in kEUR	2014 in kEUR
Annual financial statements and consolidated financial statements audit	439	486
Consulting services	0	178
Other auditing services	0	3
Other services	42	118
Total	**481**	**785**

The annual financial statements and the consolidated financial statements were audited by BDO Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft in financial year 2015, and in the previous year by Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H.

11. Interest income/ expenses

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

Interest income/expenses	2015 in EUR million	2014 in EUR million
Interest income	44.0	46.6
Interest expenses	-718.9	-731.6
Total	**-674.9**	**-685.0**

The interest received from swap agreements is offset against the interest expenses from the respective original financial instruments in order to provide a better overview of the financial position. The interest income mainly comprises interest income from marketable deposits made in connection with cross-border leasing transactions. Borrowing costs in the amount of EUR 531.6 million (previous year: EUR 539.1 million) relate to bonds. Interest expense is also incurred for EUROFIMA or bank loans, cross-border leasing transactions and for derivative financial instruments.

12. Other financial result

The other financial result of the ÖBB Group is made up as follows:

Other financial result	2015 in EUR million	2014 in EUR million
Other financial income	62.1	62.6
thereof from measurement/foreign currency translation differences	*48.1*	*50.1*
thereof income from disposal and appreciation of financial assets	*2.8*	*2.6*
thereof income from investments	*0.4*	*0.3*
Other financial expenses	-53.3	-70.5
thereof from measurement/foreign currency translation differences	*-45.9*	*-61.5*
Total	**8.8**	**-7.9**

Measurement gains/losses from the hedged items in connection with cash flow hedge and fair value hedge accounting are offset against the results from derivatives in order to provide a better overview of the results of operations.

The other financial expenses result, in addition to foreign exchange differences, in particular from fair value changes of derivative financial instruments.

13. Income taxes

The item income taxes is composed as follows:

	2015 in EUR million	2014 in EUR million
Current income tax	-7.1	-9.4
Deferred tax benefit	19.9	4.5
Income taxes	**12.8**	**-4.9**

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:

	2015 in EUR million	2014 in EUR million
Recognized amounts as of Jan 01	*62.9*	*53.4*
Change in deferred taxes		
thereof in profit and loss	*19.9*	*4.5*
thereof in other comprehensive income	*-5.0*	*5.0*
Recognized amounts as of Dec 31	**77.8**	**62.9**
thereof deferred tax assets	*90.6*	*68.1*
thereof deferred tax liabilities	*-12.8*	*-5.2*

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 annual taxable income and the income taxes indicated in profit or loss.

	2015 in EUR million	2014 in EUR million
Income before income tax according to IFRS	192.8	171.7
Adjustment of tax-exempt portion pursuant to Article 50 (2) Bundesbahngesetz	57.1	76.3
Taxable portion of the income	**249.9**	**248.0**
Group tax rate	*25%*	*25%*
Expected income/expense from taxes in the financial year	-62.5	-62.0
Tax rate differences between foreign companies and the corporate tax rate	0.1	0.3
Other tax-exempt income and other reductions	20.9	24.2
Non-deductible operating expenses and other additions	-3.2	-4.3
Effects of taxes from previous years recognized in the financial year	-2.2	9.3
Effects of tax rate changes	2.0	0.5
Offsetting from consolidation	28.1	-24.6
Effects of changes in recognition	31.9	43.3
Other effects	-2.4	8.4
Accounted income taxes	**12.8**	**-4.9**
Effective corporate tax rate	**-5.1%**	**2.0%**

Deferred tax assets and liabilities

Deferred tax assets and deferred tax liabilities as of Dec 31, 2015 and Dec 31, 2014 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 according to Article 50 (2) of the Federal Railways Act:

	Deferred tax		Deferred tax	
The deferred taxes are allocated to the following items in the statement of financial position, losses carried forward and tax credits:	assets Dec 31, 2015 in EUR million	liabilities Dec 31, 2015 in EUR million	assets Dec 31, 2014 in EUR million	liabilities Dec 31, 2014 in EUR million
Non-current assets				
Property, plant and equipment	43.2	-31.8	45.0	-66.2
Intangible assets	8.4	-7.0	0.1	-2.0
Investment property	0.8	0.0	0.7	0.0
Financial assets	25.9	-2.2	2.7	-2.5
Other receivables and assets	0.0	-0.1	0.0	-0.1
	78.2	**-41.1**	**48.5**	**-70.8**
Current assets				
Inventories	10.8	-0.4	9.2	-0.3
Trade receivables	1.0	-1.6	0.1	0.0
Other receivables and assets	0.5	0.0	0.1	-0.1
Financial assets	0.0	-2.8	0.1	-3.2
	12.2	**-4.8**	**9.5**	**-3.6**
Non-current liabilities				
Financial liabilities	26.2	-27.0	33.7	-4.5
Provisions	17.9	-3.3	20.2	-2.9
Other liabilities	8.5	0.0	7.0	0.0
	52.7	**-30.4**	**61.0**	**-7.4**
Current liabilities				
Financial liabilities	19.8	0.0	35.0	0.0
Provisions	11.5	-19.9	10.6	-17.1
Trade payables	0.0	-0.8	0.0	-0.3
Other liabilities	3.0	-2.8	0.2	-2.7
	34.2	**-23.5**	**45.8**	**-20.1**
Deferred tax assets/deferred tax liabilities	**177.4**	**-99.6**	**164.8**	**-101.9**
Offsetting	-86.8	86.8	-96.7	96.7
Accumulated deferred tax assets/deferred tax liabilities	**90.6**	**-12.8**	**68.1**	**-5.2**

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) Körperschaftsteuergesetz (Corporate Tax Act) as of Dec 31, 2015 in an amount of EUR 77.0 million (previous year: EUR 136.1 million)

When assessing deferred tax assets, the Board of Management evaluates the prospective usage within the 5-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 utilized. The Board 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/amortization start (pro rata in accordance with IFRS compared to the half-year rule and in accordance with the tax code) as well as from different 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 utilization of active temporary differences amounting to EUR 88.7 million (previous year: EUR 65.7 million) and deferred tax liabilities in the amount of EUR 0.0 million (previous year: EUR 0.0 million) is probable. No deferred tax assets were recognized as a result of tax loss carry forwards based on the planning statement. In addition, deferred tax assets in the amount of 1.9 million (previous year: EUR 2.4 million) and deferred tax liabilities in the amount of -12.8 million (previous year: EUR -5.2 million) originate from foreign subsidiaries. The deferred taxes are the result of surplus on the assets or liabilities side following netting operations at the corporate level.

Tax loss carry forwards amounting to EUR 5,684.6 million (previous year: EUR 5,722.8 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 3,896.3 million (previous year: EUR 3,958.9 million) result from pre-tax group losses and can therefore be utilized in their entirety against taxable income generated in future periods.

14. Property, plant and equipment

2015 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, 2015	*25,422.5*	*10.8*	*6,094.7*	*778.5*	*8,864.4*	*1.7*	*316.4*	*2,773.1*	*44,262.0*
Translation differences	0.3	0.0	0.2	0.0	0.0	0.0	0.1	0.1	0.7
Additions	27.4	0.0	45.9	17.4	3.5	0.0	12.5	1,766.7	1,873.5
Business acquisition	0.0	0.0	0.1	0.0	3.4	0.0	0.1	0.0	3.5
Disposals	-135.0	0.0	-186.7	-1.4	-77.3	0.0	-36.7	-21.5	-458.6
Transfers	944.2	0.0	489.4	-401.9	405.9	0.0	26.7	-1,487.8	-23.4
Cost as of Dec 31, 2015	**26,259.4**	**10.8**	**6,443.6**	**392.6**	**9,199.9**	**1.7**	**319.1**	**3,030.6**	**45,657.7**
Accumulated depreciation as of Jan 01, 2015 (incl. impairment)	-7,814.8	-7.5	-3,345.2	-298.4	-4,632.4	-1.2	-233.5	-1.6	-16,334.7
Translation differences	-0.2	0.0	-0.2	0.0	0.0	0.0	-0.1	0.0	-0.5
Depreciation and amortization	-482.0	-0.1	-227.9	-17.0	-314.1	-0.2	-37.0	0.0	-1,078.3
Business acquisition	0.0	0.0	0.0	0.0	-0.4	0.0	0.0	0.0	-0.4
Disposals	111.3	0.0	162.6	0.4	60.5	0.0	36.0	0.0	370.9
Transfers	-0.2	0.0	-157.6	165.8	-0.2	0.0	0.7	0.0	8.5
Accumulated depreciation as of Dec 31, 2015	**-8,184.6**	**-7.6**	**-3,568.3**	**-149.3**	**-4,886.6**	**-1.4**	**-233.9**	**-1.6**	**-17,033.3**
Carrying amounts before investment grants as of Jan 01, 2015	**17,607.7**	**3.3**	**2,749.5**	**480.1**	**4,232.0**	**0.5**	**82.9**	**2,771.5**	**27,927.3**
Carrying amounts before investment grants as of Dec 31, 2015	**18,074.8**	**3.2**	**2,875.3**	**243.3**	**4,313.3**	**0.3**	**85.2**	**3,029.0**	**28,624.4**
Investment grants									
As of Jan 01, 2015	-9,570.7	0.0	-437.8	0.0	-2,955.2	0.0	-8.8	-331.9	-13,304.4
Additions	-47.4	0.0	-5.5	0.0	-14.0	0.0	-0.1	-106.4	-173.5
Disposals	71.5	0.0	3.6	0.0	20.6	0.0	0.0	0.9	96.7
Transfers	-32.0	0.0	25.0	0.0	-6.6	0.0	0.0	39.0	25.4
Cost as of Dec 31, 2015	**-9,578.6**	**0.0**	**-414.7**	**0.0**	**-2,955.2**	**0.0**	**-8.9**	**-398.4**	**-13,355.8**
Accumulated depreciation as of Jan 01, 2015	5,398.0	0.0	328.8	0.0	2,367.9	0.0	6.3	0.0	8,101.0
Depreciation and amortization	114.4	0.0	14.9	0.0	51.3	0.0	0.4	0.0	181.1
Disposals	-63.4	0.0	-7.4	0.0	-17.8	0.0	0.0	0.0	-88.7
Transfers	-0.7	0.0	-8.2	0.0	0.3	0.0	0.0	0.0	-8.6
Accumulated depreciation as of Dec 31, 2015	**5,448.3**	**0.0**	**328.1**	**0.0**	**2,401.7**	**0.0**	**6.7**	**0.0**	**8,184.8**
Investment grants as of Jan 01, 2015	**-4,172.6**	**0.0**	**-109.0**	**0.0**	**-587.4**	**0.0**	**-2.5**	**-331.9**	**-5,203.4**
Investment grants as of Dec 31, 2015	**-4,130.3**	**0.0**	**-86.6**	**0.0**	**-553.5**	**0.0**	**-2.2**	**-398.4**	**-5,171.0**
Carrying amounts after investment grants as of Jan 01, 2015	**13,435.1**	**3.3**	**2,640.4**	**480.1**	**3,644.6**	**0.5**	**80.4**	**2,439.6**	**22,723.9**
Carrying amounts after investment grants as of Dec 31, 2015	**13,944.5**	**3.2**	**2,788.7**	**243.3**	**3,759.8**	**0.3**	**83.0**	**2,630.7**	**23,453.4**

2014 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, 2014	*24,357.7*	*14.3*	*6,070.3*	*838.8*	*8,558.4*	*1.7*	*308.4*	*2,622.3*	*42,771.8*
Translation differences	-0.8	0.0	-15.4	-1.5	-0.8	0.0	-0.2	0.0	-18.7
Additions	22.7	3.4	34.9	1.2	2.5	0.0	16.4	1,888.5	1,969.6
Disposals	-157.3	-6.9	-141.5	-0.4	-102.2	0.0	-27.8	-8.0	-444.1
Change in reporting entities	-0.5	0.0	-0.1	0.0	-0.4	0.0	-0.8	0.0	-1.8
Transfers	1,200.7	0.0	146.5	-59.6	406.9	0.0	20.4	-1,729.7	-14.8
Cost as of Dec 31, 2014	**25,422.5**	**10.8**	**6,094.7**	**778.5**	**8,864.4**	**1.7**	**316.4**	**2,773.1**	**44,262.0**
Accumulated depreciation as of Jan 01, 2014 (incl. impairment)	-7,485.5	-8.4	-3,263.9	-300.3	-4,415.6	-1.1	-226.0	-1.6	-15,702.4
Translation differences	0.2	0.0	4.4	0.7	0.3	0.0	0.2	0.0	5.7
Depreciation and amortization	-452.3	-0.2	-177.3	-29.1	-297.6	-0.1	-34.9	0.0	-991.5
Disposals	122.5	1.1	119.4	0.4	82.0	0.0	26.2	0.0	351.6
Change in reporting entities	0.4	0.0	0.1	0.0	0.3	0.0	0.7	0.0	1.5
Transfers	-0.2	0.0	-27.9	29.9	-1.8	0.0	0.3	0.0	0.3
Accumulated depreciation as of Dec 31, 2014	*-7,814.8*	*-7.5*	*-3,345.2*	*-298.4*	*-4,632.4*	*-1.2*	*-233.5*	*-1.6*	*-16,334.7*
Carrying amounts before investment grants as of Jan 01, 2014	**16,872.1**	**5.9**	**2,806.4**	**538.5**	**4,142.8**	**0.6**	**82.4**	**2,620.7**	**27,069.4**
Carrying amounts before investment grants as of Dec 31, 2014	**17,607.7**	**3.3**	**2,749.5**	**480.1**	**4,232.0**	**0.5**	**82.9**	**2,771.5**	**27,927.3**
Investment grants									
As of Jan 01, 2014	-9,554.7	0.0	-423.4	0.0	-2,966.7	0.0	-9.3	-368.3	-13,322.5
Additions	-38.7	0.0	-14.3	0.0	-8.4	0.0	-0.1	-36.8	-98.3
Business acquisition	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Disposals	77.3	0.0	0.0	0.0	38.3	0.0	0.6	0.3	116.3
Transfers	-54.6	0.0	-0.1	0.0	-18.4	0.0	0.0	72.9	0.0
Cost as of Dec 31, 2014	**-9,570.7**	**0.0**	**-437.8**	**0.0**	**-2,955.2**	**0.0**	**-8.8**	**-331.9**	**-13,304.4**
Accumulated depreciation as of Jan 01, 2014	5,346.7	0.0	317.8	0.0	2,347.8	0.0	6.3	0.0	8,018.6
Depreciation and amortization	119.9	0.0	10.7	0.0	52.6	0.0	0.4	0.0	183.6
Disposals	-68.3	0.0	0.0	0.0	-32.5	0.0	-0.4	0.0	-101.2
Transfers	-0.3	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0
Accumulated depreciation as of Dec 31, 2014	**5,398.0**	**0.0**	**328.8**	**0.0**	**2,367.9**	**0.0**	**6.3**	**0.0**	**8,101.0**
Investment grants as of Jan 01, 2014	**-4,208.0**	**0.0**	**-105.7**	**0.0**	**-618.9**	**0.0**	**-3.0**	**-368.3**	**-5,303.9**
Investment grants as of Dec 31, 2014	**-4,172.6**	**0.0**	**-109.0**	**0.0**	**-587.4**	**0.0**	**-2.5**	**-331.9**	**-5,203.4**
Carrying amounts after investment grants as of Jan 01, 2014	**12,664.1**	**5.9**	**2,700.7**	**538.5**	**3,523.9**	**0.6**	**79.4**	**2,252.3**	**21,765.5**
Carrying amounts after investment grants as of Dec 31, 2014	**13,435.1**	**3.3**	**2,640.4**	**480.1**	**3,644.6**	**0.5**	**80.4**	**2,439.6**	**22,723.9**

The schedule above shows the structure of the property, plant and equipment, the changes in the financial year, and the development of investment grants for property, plant and equipment.

ÖBB Group received non-refundable investment grants for property, plant and equipment that were deducted from the cost as per IAS 16.28 in conjunction with IAS 20. These investment grants are indicated in the schedule of property, plant and equipment. The depreciation of these assets and the corresponding amortization of the investment grants are recognized in profit or loss under depreciation and amortization.

Additions to property, plants 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 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. The reclassifications from “Automobiles and trucks leased” to “Transport fleet” results from the addition of Rondo Leasing GmbH.

In accordance with IAS 23, the ÖBB Group capitalized interest on the cost of qualifying assets amounting to EUR 56.2 million (previous year: EUR 55.3 million). The underlying interest rate for borrowed capital was 3.44 - 3.64%, (previous year: 3.46 %). Of the federal subsidies, the amount of EUR 53.6 million was recognized as investment grants for capitalized interest.

Losses were incurred from disposals of property, plant and equipment of EUR 43.1 million (previous year: EUR 37.8 million), resulting from scrapping and demolishing assets, the sale of vehicles and other equipment, and the disposal of planning project costs.

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	
	2015 in EUR million	2014 in EUR million	2015 in EUR million	2014 in EUR million
Land and buildings	0.0	0.0	0.8	0.5
Automobiles and trucks	439.9	427.4	1,459.9	1,385.4
Other technical equipment and machinery	203.4	215.4	0.0	0.0

In addition, there were financial lease assets of EUR 242.2 million (previous year: EUR 255.2 million) subject to restrictions on disposal rights. Purchase obligations amounting to EUR 2,519.6 million (previous year: EUR 2,221.3 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 depreciation of these assets and resulting amortization of all grants are recognized in profit or loss under depreciation and amortization. If assets to which the investment grants were allocated are disposed of, the investment grants are recognized 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 asset schedules. The main providers of investment grants for property, plant and equipment and intangible assets are:

	Dec 31, 2015 in EUR million	Dec 31, 2014 in EUR million
Republic of Austria	2,648.8	2,462.6
former Eisenbahn-Hochleistungsstrecken AG	1,328.5	1,353.7
Schieneninfrastrukturfinanzierungs GmbH	1,276.5	1,337.7
ASFINAG	88.6	96.3
Other third parties	119.3	133.6
Total	**5,461.7**	**5,383.9**

Finance leasing assets

Property, plant and equipment includes leased assets that are reported separately in the schedule of property, plant and equipment. The leased property, plant and equipment is classified as finance lease due to the structure of the underlying lease agreements and therefore ÖBB Group is the beneficial owner, but not the legal, owner of these assets. These assets primarily comprise technical equipment, machinery and road vehicles. See Note 30 for further details.

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. See Note 3 for the parameters used to calculate the value in use.

15. Intangible assets

2015 in EUR million	Concessions, property rights, licenses	Investment grants to third parties	Goodwill	Prepayments on intangible assets	Total
Accumulated cost and amortization					
Cost as of Jan 01, 2015	*329.4*	*928.0*	*267.8*	*17.9*	*1,543.1*
Translation differences	-0.8	0.0	0.5	0.0	-0.3
Additions	4.4	115.3	1.2	34.6	155.4
Disposals	-20.6	-31.7	0.0	-0.3	-52.6
Transfers	19.5	22.8	0.0	-33.0	9.3
Cost as of Dec 31, 2015	**331.9**	**1,034.4**	**269.5**	**19.2**	**1,655.0**
Accumulated amortization as of Jan 01, 2015 (incl. impairment)	-219.5	-457.1	-91.0	0.0	-767.7
Translation differences	0.8	0.0	-0.7	0.0	0.1
Depreciation and amortization	-29.8	-25.0	0.0	0.0	-54.7
Disposals	19.4	27.2	0.0	0.0	46.6
Transfers	-0.1	-0.2	0.0	0.0	-0.4
Accumulated amortization as of Dec 31, 2015 (incl. impairment)	*-229.2*	*-455.1*	*-91.7*	*0.0*	*-776.0*
Carrying amounts before investment grants as of Jan 01, 2015	**109.9**	**470.9**	**176.7**	**17.9**	**775.5**
Carrying amounts before investment grants as of Dec 31, 2015	**102.7**	**579.3**	**177.8**	**19.2**	**879.0**
Investment grants					
As of Jan 01, 2015	-31.6	-498.7	0.0	0.0	-530.3
Additions	-1.2	-116.4	0.0	0.0	-117.6
Disposals	0.0	21.4	0.0	0.0	21.4
Transfers	0.8	-1.2	0.0	0.0	-0.4
As of Dec 31, 2015	**-32.0**	**-594.9**	**0.0**	**0.0**	**-626.9**
Accumulated amortization as of Jan 01, 2015	14.0	335.8	0.0	0.0	349.8
Depreciation and amortization	1.7	5.4	0.0	0.0	7.1
Disposals	0.0	-21.1	0.0	0.0	-21.2
Accumulated amortization as of Dec 31, 2015	**15.7**	**320.5**	**0.0**	**0.0**	**336.1**
Investment grants as of Jan 01, 2015	**-17.6**	**-162.9**	**0.0**	**0.0**	**-180.5**
Investment grants as of Dec 31, 2015	**-16.3**	**-274.4**	**0.0**	**0.0**	**-290.7**
Carrying amounts after investment grants as of Jan 01, 2015	**92.3**	**308.0**	**176.7**	**17.9**	**595.0**
Carrying amounts after investment grants as of Dec 31, 2015	**86.4**	**304.9**	**177.8**	**19.2**	**588.2**

2014 in EUR million	Concessions, property rights, licenses	Investment grants to third parties	Goodwill	Prepayments on intangible assets	Total
Accumulated cost and amortization					
Cost as of Jan 01, 2014	*320.5*	*858.3*	*283.1*	*18.2*	*1,480.0*
Translation differences	-0.4	0.0	-15.3	0.0	-15.7
Additions	5.4	53.3	0.0	28.3	87.0
Disposals	-12.1	-5.8	0.0	0.0	-17.9
Change in reporting entities	-2.6	0.7	0.0	0.0	-1.9
Transfers	18.6	21.5	0.0	-28.5	11.6
Cost as of Dec 31, 2014	**329.4**	**928.0**	**267.8**	**17.9**	**1,543.1**
Accumulated amortization as of Jan 01, 2014 (incl impairment)	-205.7	-435.2	-96.7	0.0	-737.6
Translation differences	0.3	0.0	5.6	0.0	5.9
Depreciation and amortization	-28.1	-25.7	0.0	0.0	-53.8
Disposals	11.0	4.0	0.0	0.0	15.0
Change in reporting entities	2.6	-0.3	0.0	0.0	2.3
Accumulated amortization as of Dec 31, 2014 (incl impairment)	**-219.5**	**-457.1**	**-91.0**	**0.0**	**-767.7**
Carrying amounts before investment grants as of Jan 01, 2014	**114.8**	**423.0**	**186.4**	**18.2**	**742.4**
Carrying amounts before investment grants as of Dec 31, 2014	**109.9**	**470.9**	**176.7**	**17.9**	**775.5**
Investment grants					
As of Jan 01, 2014	-36.6	-444.8	0.0	0.0	-481.4
Additions	-1.1	-52.2	0.0	0.0	-53.3
Disposals	4.0	0.5	0.0	0.0	4.5
Transfers	*2.2*	*-2.2*	*0.0*	*0.0*	*0.0*
As of Dec 31, 2014	**-31.6**	**-498.7**	**0.0**	**0.0**	**-530.3**
Accumulated amortization as of Jan 01, 2014	16.3	330.9	0.0	0.0	347.2
Depreciation and amortization	1.7	5.4	0.0	0.0	7.1
Disposals	-4.0	-0.5	0.0	0.0	-4.5
Change in reporting entities	-0.1	0.0	0.0	0.0	-0.1
Accumulated amortization as of Dec 31, 2014	**14.0**	**335.8**	**0.0**	**0.0**	**349.8**
Investment grants as of Jan 01, 2014	**-20.3**	**-113.9**	**0.0**	**0.0**	**-134.2**
Investment grants as of Dec 31, 2014	**-17.6**	**-162.9**	**0.0**	**0.0**	**-180.5**
Carrying amounts after investment grants as of Jan 01, 2014	**94.5**	**309.1**	**186.4**	**18.2**	**608.2**
Carrying amounts after investment grants as of Dec 31, 2014	**92.3**	**308.0**	**176.7**	**17.9**	**595.0**

The development of the intangible assets is shown in the table above.

ÖBB Group received non-refundable investment grants for intangible assets that were deducted from the cost as per IAS 16.28 in conjunction with IAS 20. These investment grants are indicated in the schedule of intangible assets. The amortization of these assets and the corresponding amortization of all grants are recognized in profit or loss under depreciation and amortization. See Note 14 for details of the investment grant providers.

Research and development expenses totaled more than EUR 1.4 million (prior year: EUR 3.0 million) and are recognized 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 development to generate future benefits was considered uncertain. Expenses for research and development amounting to more than EUR 2.0 million (previous year: EUR 2.1 million) were capitalized as assets.

Goodwill

The development of goodwill is shown in the table above. This goodwill is attributed to Rail Cargo Austria and is subject to impairment testing with respect to future economic benefit. Further details on this are provided in Note 3.

16. Investment property

This category only includes properties that do not qualify as railway assets (Section 10a Railway Act [Eisenbahngesetz]) and can therefore be leased to third parties or sold. Accordingly, investment property comprises mainly properties held for lease and agricultural land. These properties have the same useful lives as the real estate assets recognized under property, plant and equipment.

No impairment pursuant to IAS 36 was necessary. The assets developed as follows:

	2015 in EUR million	2014 in EUR million
Cost		
As of Jan 01	*304.5*	*301.4*
Additions	0.5	7.3
Subsequent acquisition costs	0.1	0.2
Disposals	-2.7	-4.6
Transfers	0.4	0.2
As of Dec 31	**302.8**	**304.5**
Accumulated depreciation and amortization		
As of Jan 01	*174.7*	*173.2*
Depreciation and amortization	4.0	4.1
Disposals	-2.6	-2.6
As of Dec 31	**176.1**	**174.7**
Net carrying amounts as of Dec 31	**126.7**	**129.8**

All investment property held by ÖBB Group is leased under operating lease agreements. Rental income from these leases (excluding operating costs) amounted to EUR 16.7 million (prior year: EUR 18.7 million), which is associated with direct attributable expenses (including repairs and maintenance, but excluding operating costs) in the amount of EUR 7.2 million (prior year: EUR 8.8 million without operating costs). In addition, operating expenses of EUR 0.2 million (prior year: EUR 0.3 million) were incurred for property that does not generate 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 of the Group's investment property was measured by external experts for 26% of the properties. These values are not based exclusively on market data and are therefore assigned to hierarchy level 3. The fair value of the Group's remaining investment property was measured by ÖBB-Immobilienmanagement GmbH intra-Group experts on the basis of the benchmark rents for the respective federal province, taking into account any additions and deductions to reflect the condition and location of the building, using the discounted cash flow method. The fair value totals EUR 349.2 million (previous year: EUR 318.8 million). Due to this consideration of the input factors observed in the market, the fair value is allocated to hierarchy level 3 in accordance with IFRS 13.

A location-dependent interest rate of 4% to 5% was used in both reporting years to determine the fair value. Changing the discounts from the benchmark rents by +/-10% would reduce the fair values by 15.4% (prior year: 18.5%) or increase them by 21.2% (prior year: 16.1%), respectively.

17. Investments recorded using the equity method

Investments that are measured using the equity method include investments in a joint venture – Galleria di Base del Brennero – Brenner Basistunnel BBT SE – and in several associates.

	2015 in EUR million	2014 in EUR million
Interest in one joint venture	40.6	40.6
Interest in associated companies	26.3	18.6
As of Dec 31	**66.9**	**59.2**

The following table reconciles the summarized financial information of the joint venture to the carrying amount of the Group's investment. The figures for Galleria di Base del Brennero – Brenner Basistunnel BBT SE are provisional and adjusted for material differences in accounting methods.

2015 Investment, name and registered office	Galleria di Base del Brennero - Brenner Basistunnel BBT SE Dec 31, 2015 in EUR million	 Dec 31, 2014 in EUR million
Revenue	0.0	0.0
Depreciation	-1.0	-1.0
Interest income	0.4	0.3
Interest expenses	0.0	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**
Current assets	36.0	17.3
Non-current assets	13.0	65.1
Cash and cash equivalents	151.4	42.3
Current liabilities	48.1	41.8
thereof current financial liabilities	*47.1*	*40.1*
Non-current liabilities	71.2	1.8
thereof non-current financial liabilities	*0.0*	*0.0*
Net assets 100%	**81.1**	**81.1**
Interest of the Group in the net assets of the investee as of 01/01	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 12/31	**40.6**	**40.6**

*) small amount

Galleria di Base del Brennero – Brenner Basistunnel BBT SE (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 center, necessary landfills, and the bridges and stations needed to perform the construction work; and putting the tunnel into service. Under the provisions of the State Treaty dated April 30, 2004, Italy and Austria each hold 50% of the share capital of BBT SE. Austria's 50% is entirely owned by ÖBB-Infrastruktur AG and Italy's 50% by TFB Societá di Partecipazioni S.p.A. 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 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, Galleria di Base del Brennero – Brenner Basistunnel BBT SE reported total income, in addition to the figures mentioned above, of EUR 15.1 million (prior year: EUR 14.7 million) and total expenses of EUR 15.5 million (prior year: EUR 14.9 million). Galleria di Base del Brennero – Brenner Basistunnel BBT SE received investment grants of EUR 112.5 million (prior year: EUR 50.0 million). In both reporting years, the Austrian government refunded EUR 106.5 million (prior year: EUR 45.9 million) of this amount, while EUR 6.0 million (prior year: EUR 4.1 million) were refunded by the province of Tyrol on the basis of the share purchase agreement dated April 18, 2011.

The following table summarizes the financial results of all companies reported using the equity method. The direct and indirect investments held by ÖBB Group are indicated in the schedule of investments (Note 35).

Development investments in associated companies	2015 in EUR million	2014 in EUR million
As of Jan 01	*18.6*	*15.9*
Change in consolidation type, initial and final consolidation, increase in shareholding	5.5	2.2
thereof goodwill	*2.2*	*0.0*
Impairment and reclassification to "Assets held for sale"	0.0	-2.1
Share of income	2.3	2.2
Distributions and other changes	-0.1	0.4
As of Dec 31	**26.3**	**18.6**

The results recognized in the Income Statement from companies reported using the equity method correspond to the share of annual results attributable to the ÖBB Group. The result from associates includes a loss of EUR 1.8 million in 2014 for an adjustment to assets classified as held for sale as of the reporting date (Note 19) to their fair value pursuant to IFRS 5.

18. Other non-current financial assets

2015	Current in EUR million	Non-current in EUR million	Total in EUR million
Investments	0.0	15.1	15.1
Financial assets – leasing	44.4	450.7	495.1
Other financial assets	51.2	190.0	241.2
Total	**95.6**	**655.8**	**751.4**

2014	Current in EUR million	Non-current in EUR million	Total in EUR million
Investments	0.0	8.1	8.1
Financial assets – leasing	27.9	461.3	489.2
Other financial assets	27.6	117.2	144.8
Total	**55.5**	**586.6**	**642.1**

Investments

See Note 35 for a full schedule of all investments. In accordance with IAS 39, these investments are classified as available for sale, but measured at cost less impairment as fair values cannot be reliably determined since the investments are not listed shares.

Financial assets – leasing

Financial lease assets mainly consist of non-current loans and deposits and relate almost entirely to cross-border leasing transaction. Their purpose is to cover future payment obligations (lease installments and purchase prices). Capital gains on accumulating investments increase the amount, 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.

The figure for (non-current) financial lease assets includes EUR 81.8 million (previous year: EUR 81.8 million), which reflects the residual value of leased assets held in the form of bank deposits. Restrictions on disposal rights apply for financial lease assets of EUR 242.2 million (previous year: EUR 255.2 million). In addition, financial assets amounting to EUR 166.2 million (previous year: EUR 56.2 million), which are reported under other financial assets, have been pledged as collateral for a lease liability. See Note 30 for further details.

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.

19. Non-current assets held for sale

Non-current assets held for sale	2015 in EUR million	2014 in EUR million
As of Jan 01	*1.8*	*16.3*
Disposals by sale	-0.9	-16.3
Reclassification from tangible fixed assets	0.0	1.5
Reclassification from investments recorded at equity	0.0	0.3
As of Dec 31	**0.9**	**1.8**
of which reported at amortized cost	*0.1*	*0.6*
of which reported at fair value less costs to sell	*0.8*	*1.2*

In 2014, the investment in Trans Cargo Logistic GmbH was recognized under this item in the amount of EUR 0.3 million, which was included in the Consolidated Financial Statements as of December 31, 2013 using the equity method, and sold in January 2015. The fair values of these investments were taken from the sales contracts, and are therefore allocated to hierarchy level 3 pursuant to IFRS 13. In doing so, in 2014, the value of the asset was written down by EUR 1.8 million to the agreed purchase price, according to the outcome of negotiations with the contractual parties, and this expense is recognized in earnings of investments accounted for using the equity method.

The assets are allocated as follows: EUR 0.1 million (previous year: EUR 0.6 million) to the reportable segment Infrastructure, and EUR 0.8 million (previous year: EUR 1.2 million) to the segment Rail Cargo.

The expected proceeds on assets held for sale in 2016 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 5.2 million (previous year: EUR 23.5 million) from the sale of assets held for sale, which were recognized in other operating income, together with the result from the sale of other assets.

The following table shows the development of assets recognized at fair value less cost to sell.

Development of fair value	2015 in EUR million	2014 in EUR million
As of Jan 01	*1.2*	*4.2*
Disposal/Reclassification	-0.4	-4.2
Addition/Reclassification	0.0	1.2
As of Dec 31	0.8	1.2

No further assets were reclassified between the reporting date and the preparation of the Consolidated Financial Statements as held for sale as of either December 31, 2014 or as of December 31, 2015.

20. Trade and other receivables

Dec 31, 2015	Current in EUR million	Non-current in EUR million	Total in EUR million
Trade receivables	491.4	0.0	491.4
thereof from construction contracts	*4.8*	*0.0*	*4.8*
Other receivables and deferrals	269.3	158.6	427.9
Income tax receivables	0.4	0.0	0.4
Total	**761.1**	**158.6**	**919.7**

Dec 31, 2014	Current in EUR million	Non-current in EUR million	Total in EUR million
Trade receivables	501.5	0.0	501.5
thereof from construction contracts	*8.9*	*0.0*	*8.9*
Other receivables and deferrals	297.5	171.9	469.4
Income tax receivables	0.4	0.0	0.4
Total	**799.4**	**171.9**	**971.3**

In both the year under review and the prior 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 recognized as trade receivables. For construction contracts, contract revenue of EUR 56.5 million (previous year: EUR 41.1 million) was realized.

Other receivables and deferrals include receivables from the turnover tax with respect to the Austrian tax authorities. Other receivables also include VAT refunds from the Austrian tax authorities, as well as receivables payable by the Republic of Austria with respect to subsidies for apprentices.

Other receivables also include deferrals of EUR 257.9 million (previous year: EUR 264.4 million). These deferrals relate primarily to prepaid guarantee premiums amounting to EUR 169.4 million (previous year: EUR 182.0 million) and salaries including fees for January, which were paid in December, amounting to EUR 59.7 million (previous year: EUR 57.2 million).

The allowances mainly refer to trade receivables and developed as follows:

	2015 in EUR million	2014 in EUR million
As of Jan 01	*44.4*	*48.3*
Increase due to changes in basis of consolidation	0.2	0.0
Reclassifications	0.0	-1.1
Utilization	-6.0	-7.6
Release	-5.9	-5.7
Additions	8.6	10.5
As of Dec 31	**41.3**	**44.4**

Past due receivables and impaired receivables that are not overdue are presented as follows:

Dec 31, 2015 Analysis of past due/ impaired receivables	Gross carrying amount (before impairment) in EUR million	thereof not individually impaired in EUR million	thereof individually impaired (gross) in EUR million	Allowance in EUR million	thereof individual allowance in EUR million	thereof portfolio allowance in EUR million	Net carrying amount in EUR million
Receivables not past due but impaired	15.7	0.0	15.7	3.1	2.6	0.5	12.6
up to 90 days past due	60.5	51.7	8.8	2.5	1.8	0.7	58.0
90 to 180 days past due	28.9	24.1	4.8	4.2	3.8	0.4	24.7
180 to 360 days past due	17.1	12.2	4.9	3.7	2.9	0.8	13.4
more than 360 days past due	36.5	6.6	29.9	27.8	24.6	3.2	8.7
Total exposure	**158.7**	**94.6**	**64.1**	**41.3**	**35.7**	**5.6**	**117.4**

Dec 31, 2014 Analysis of past due/ impaired receivables	Gross carrying amount (before impairment) in EUR million	thereof not individually impaired in EUR million	thereof individually impaired (gross) in EUR million	Allowance in EUR million	thereof individual allowance in EUR million	thereof portfolio allowance in EUR million	Net carrying amount in EUR million
Receivables not past due but impaired	10.7	0.8	9.9	3.8	3.5	0.3	6.9
up to 90 days past due	49.1	15.0	34.1	1.0	0.4	0.6	48.1
90 to 180 days past due	8.9	5.4	3.5	1.0	0.6	0.4	7.9
180 to 360 days past due	12.4	5.0	7.4	4.3	3.6	0.7	8.1
more than 360 days past due	41.1	1.4	39.7	34.3	26.7	7.6	6.8
Total exposure	**122.2**	**27.6**	**94.6**	**44.4**	**34.8**	**9.6**	**77.8**

Overdue unimpaired receivables amounting to EUR 94.6 million (previous year: EUR 26.8 million) are monitored regularly.

Based on experience, the management of the ÖBB Group estimates that no additional allowances other than the ones detailed above are required, even if the receivables are past due by more than 30 days.

More information is provided in Note 29.1.c.

21. Inventories

This line item is composed as follows:

	Dec 31, 2015 in EUR million	Dec 31, 2014 in EUR million
Inventories	200.2	207.4
Finished goods	2.1	2.8
Prepayments	0.7	6.6
Total	**203.0**	**216.8**
thereof measured at cost	*187.8*	*169.3*
thereof measured at net realizable value	*15.2*	*47.5*

See Note 7 for the recognized cost of materials. Cost of materials includes expenses relating to the impairment of inventories of EUR 1.6 million (previous year: EUR 2.2 million). Reversals of previous write-downs amounting to EUR 1.7 million (previous year: EUR 1.9 million) were carried out, with effect on income. Real estate development projects were recognized under inventories in the amount of EUR 26.0 million (previous year: EUR 44.8 million).

22. Cash and cash equivalents

	Dec 31, 2015 in EUR million	Dec 31, 2014 in EUR million
Cash on hand and cash	3.6	3.8
Cash in banks	271.0	334.1
Total	**274.6**	**337.9**

This item includes investments, cash in banks and cash on hand that are classified as current (terms of less than 3 months) based on their residual terms 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 34.

23. Share capital and other equity

The development of the shareholders' equity is shown in the Statement of Changes in Shareholders' Equity.

Share capital and capital reserves

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 and constitutes the share capital of the parent company. The share capital was raised pursuant to Article 2 (2) of the Federal Railways Act by contribution of all shares of the federal government in Österreichische Bundesbahnen. The shares were to be recognized as equity within the meaning of Article 224 (3) UGB in accordance with the Statement of Financial Position of Österreichische Bundesbahnen as of December 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 Federal Railways Act, and may not be traded publicly.

Unchanged from the previous year, capital reserves total about 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, retained earnings

	Dec 31, 2015 in EUR million	Dec 31, 2014 in EUR million
Additional paid-in capital	260.8	260.8
Other reserves	-146.3	-162.5
thereof cash flow hedge reserve	*-107.7*	*-126.4*
thereof available for sale reserve	*8.4*	*10.7*
thereof translation differences	*-47.0*	*-46.8*
Retained earnings	-98.3	-312.2

Further information on the changes in shareholders' equity is provided in the Consolidated Statement of Changes in Shareholders' Equity. Actuarial gains and losses in the Statement of Comprehensive Income include income taxes in the amount of EUR -0.2 million (previous year: EUR 0.6 million).

Differences resulting from capital consolidation prior to the transition to IFRS are recognized 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	
	Development of the carrying amount in EUR million	Income taxes included therein in EUR million	Development of the carrying amount in EUR million	Income taxes included therein in EUR million
As of Jan 01, 2014	*-83.2*	*28.4*	*9.0*	*0.0*
Realized gains and losses	33.8	-5.4	0.0	0.0
Changes in the fair values	-76.9	9.8	1.7	0.0
As of Dec 31, 2014	**-126.4**	**32.8**	**10.7**	**0.0**
Realized gains and losses	35.1	-3.7	0.0	0.0
Changes in the fair values	-16.4	-1.1	-2.2	0.0
As of Dec 31, 2015	**-107.7**	**28.0**	**8.4**	**0.0**

The transition reserve amounting to EUR -402.3 million, which resulted from the IFRS opening Statement of Financial Position as of January 1, 2006, and includes all the effects of the transition from UGB to IFRS, was recognized in the retained earnings in both years. See the Consolidated Statement of Changes in Shareholders' Equity for further explanation.

25. Financial liabilities

Dec 31, 2015	up to 1 year in EUR million	1 - 5 years in EUR million	more than 5 years in EUR million	Total in EUR million
Bonds	1,371.0	3,271.0	10,670.8	15,312.8
Liabilities to banks	254.5	689.0	3,017.9	3,961.4
Financial liabilities leasing	43.3	321.1	273.7	638.1
Other financial liabilities	426.2	974.1	1,004.4	2,404.7
Total	**2,095.0**	**5,255.2**	**14,966.8**	**22,317.0**

Dec 31, 2014	up to 1 year in EUR million	1 - 5 years in EUR million	more than 5 years in EUR million	Total in EUR million
Bonds	180.6	3,287.9	11,739.7	15,208.2
Liabilities to banks	183.0	442.7	2,625.6	3,251.3
Financial liabilities leasing	224.8	168.6	427.7	821.1
Other financial liabilities	409.9	834.9	1,285.7	2,530.5
Total	**998.3**	**4,734.1**	**16,078.7**	**21,811.1**

The total amount of liabilities with a maturity of more than five years mainly relates to bonds, bank loans with EUROFIMA or banks and liabilities from cross-border lease agreements.

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 4)	XS0232778083	3.5000%
100,000,000.00	EUR	2006 - 2036 1)	XS0243862876	3.4200%
100,000,000.00	EUR	2006 - 2036 1)	XS0244522396	3.4800%
100,000,000.00	EUR	2006 - 2036 1)	XS0252697130	2)
50,000,000.00	EUR	2006 - 2036 1)	XS0252721450	2)
1,000,000,000.00	EUR	2006 - 2016	XS0271660242	3.8750%
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 4)	XS0307792159	4.8750%
100,000,000.00	EUR	2007 - 2037 3)	XS0321318163	4.1715%
100,000,000.00	EUR	2007 - 2037 3)	XS0324893626	4.3975%
50,000,000.00	EUR	2007 - 2037 3)	XS0324895670	4.3975%
100,000,000.00	EUR	2007 - 2037 3)	XS0328866982	4.2270%
50,000,000.00	EUR	2007 - 2037 3)	XS0331427905	4.1950%
50,000,000.00	EUR	2007 - 2037	XS0336043517	3.9900%
1,250,000,000.00	EUR	2009 - 2019	XS0436314545	4.5000%
100,000,000.00	EUR	2010 - 2019 4)	XS0436314545	4.5000%
50,000,000.00	EUR	2011 - 2019 4)	XS0436314545	4.5000%
100,000,000.00	EUR	2009 - 2019	XS0463371236	3MoEURIBOR +0.46%
40,000,000.00	EUR	2009 - 2019	XS0475835863	3.7500%
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 4)	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%

1) Right of early cancellation by investor in 2016, 2) 3.409% provided the 1-year EURIBOR swap rate <5%, otherwise 1-year EURIBOR swap rate -0.2%, 3) Right of early cancellation by investor in 2017, 4) Increase

From 2005 to 2014, ÖBB-Infrastruktur AG initiated a Euro medium-term note ("EMTN") program. Payments relating to bonds issued under this framework agreement are guaranteed unconditionally and irrevocably by the Republic of Austria. All bonds listed above were issued by ÖBB-Infrastruktur AG as part of this program.

In 2015, six bonds totaling USD 108.5 million with the CUSIP numbers A5790#AA6 (maturity 2016), A5790#AB4 (maturity 2017), A5790#AC2 (maturity 2017), A5790#AD0 (maturity 2026), A5790#AE8 (maturity 2025) and A5790#AF5 (maturity 2025) were issued.

As of Dec 31, 2015, the Group has fulfilled all obligations under the loan and credit agreements.

Liabilities to banks include EUR 3,163.3 million (prior year: EUR 2,562.1 million) of loans from the European Investment Bank (EIB). Liabilities in the amount of EUR 70 million (previous year: EUR 9.6 million) are collateralized in rem.

Financial liabilities leasing

Lease liabilities result primarily from non-linked CBL transactions and from finance leases. 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 prior years.

Other financial liabilities

Other financial liabilities essentially comprise EUROFIMA loans amounting to EUR 1,778.3 million (previous year: EUR 1,876.7 million), of which in 2015, EUR 92.5 million (previous year: EUR 111.2 million) had a residual term of less than one year. Negative present values of derivative financial instruments are also recognized under this item.

Financial lease liabilities of EUR 276.7 million (previous year: EUR 311.4 million) are secured by financial assets, and other financial liabilities of EUR 1,390.6 million (previous year: EUR 1,176.6 million) are collateralized in rem, mainly in the form of vehicles. See Note 30 for details on lease transactions, and Note 29 for information pursuant to IFRS 7.

Guarantees of the federal government

The federal government has guaranteed bonds and liabilities to banks amounting to EUR 15,207.6 million (previous year: EUR 15,206.0 million). Additionally, liabilities to EUROFIMA of EUR 1,778.3 million (prior year: EUR 1,876.7 million) are also secured by federal government guarantees. Financial liabilities of EUR 71.6 million (previous year: EUR 55.0 million) are guaranteed by Österreichische Kontrollbank Aktiengesellschaft.

26. Provisions

ÖBB Group records provisions when an outflow of resources is probable, and the amount of the provision can be reliably estimated. The provision is recognized in the amount of the probable obligation. In the event of scenarios with equal probabilities, the expected value determined according to the probability is recognized as provision.

26.1. Provisions for personnel

Provisions for personnel

	Dec 31, 2015 in EUR million	Dec 31, 2014 in EUR million
Statutory severance payments	60.2	60.2
Pensions	1.1	1.1
Anniversary bonuses	227.7	245.5
Advance recognition date	0.0	113.0
Other provisions for personnel	4.6	4.3
Total	**293.6**	**424.1**
thereof long-term	*289.7*	*307.3*

Other provisions for personnel are the main component of short-term provisions. With the exception of the actuarial results from the provision for statutory severance payments and pensions, all changes to personnel provisions that affect profit or loss are recognized in personnel expenses.

Actuarial assumptions

The following table shows the assumptions used in the measurement of obligations for anniversary bonuses, severance payments, and pensions:

	Dec 31, 2015	Dec 31, 2014
Discount rate severance payments and pensions	2.40%	2.10%
Discount rate anniversary bonuses	1.80%	1.70%
Rate of compensation increase	3.80%	3.90%
Employee turnover rate severance payments	0.00%	0,00 - 0,59%
Employee turnover rate anniversary bonuses of tenured employees	0.00 - 2.99%	0.00 - 3.34%
Employee turnover rate anniversary bonuses of other workers and employees	0.00 - 7.57%	0.00 - 8.18%

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 tenured employees within the meaning of Article 21 (3) Bundesbahngesetz [Austrian Federal Railways Act] as amended by federal law BGBL I no. 71/2003. As required by IAS 19, actuarial calculation of the provision is based on the projected unit credit (PUC) method. Measurement is based on the biometric actuarial bases of the Aktuarvereinigung Österreichs (the Actuarial Association of Austria) (AVO) 2008-P by Pagler & Pagler.

Severance obligations to employees hired before January 1, 2003, are covered by defined benefit plans as described below. Following legal amendment, employees hired in Austria after January 1, 2003 are covered by a defined contribution plan. In this connection, in both reporting years, ÖBB Group paid EUR 6.6 million (previous year: EUR 6.0 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:

	2015 in EUR million	2014 in EUR million
Defined benefit commitments as of Jan 01	*60.2*	*47.0*
Service cost	3.3	3.1
Interest cost	1.2	1.5
Subtotal recorded in the net income	4.6	4.6
Actuarial losses (+) / gains (-) from changes in demographic assumptions	1.2	1.5
Actuarial losses (+) / gains (-) from changes in financial assumptions	-3.7	7.6
Experience adjustments	-0.9	0.6
Recognized in other comprehensive income	-3.3	9.7
Transfers	0.0	0.3
Severance payments	-1.6	-1.4
Company sales and acquisitions	0.4	0.0
Defined benefit commitments as of Dec 31	**60.2**	**60.2**

Severance provisions amounting to EUR 1.6 million (previous year: EUR 1.4 million) will be due in 2016, in the amount of 8.8 million (previous year: EUR 8.0 million) in 2017–2020 and in the amount of 49.8 million (previous year: EUR 50.8 million) after 2020. The duration is 16.0 (previous year: 16.7) years. The following sensitivity analysis for the provision of severance payments outlines the effect on the obligations of changes in key actuarial assumptions. In each case, one significant factor was changed, while the others were held constant. In reality, however, it is unlikely that these factors will not correlate. In accordance with IAS 19, the projected unit credit (PUC) method is used to measure both the modified and actual obligations through the application of changed parameters.

A change in the actuarial assumptions would have the following effect:

Sensitivity analysis of the provisions for severance payments	Change in assumption	Increase of the parameter/ change DBO		Decrease of the parameter/ Change in DBO	
	in %	2015 in EUR million	2014 in EUR million	2015 in EUR million	2014 in EUR million
Interest rate	+/-0.5	-6.7	-6.6	2.5	3.0
Salary increase	+/-0.5	2.3	2.9	-6.5	-6.5

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 an anniversary bonus equivalent to four months' salary. As required by IAS 19, actuarial calculation of the provision is based on the projected unit credit method. Measurement is based on the biometric actuarial bases of the Aktuarvereinigung Österreichs (the Actuarial Association of Austria) (AVO) 2008-P by Pagler & Pagler. 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 recognized 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:

	2015 in EUR million	2014 in EUR million
Defined benefit commitments as of Jan 01	*245.5*	*226.3*
Service cost	10.6	9.8
Interest cost	4.0	7.2
Anniversary bonuses	-19.7	-18.3
Reclassifications	0.0	0.1
Company sales and acquisitions	0.0	0.0
Actuarial losses (+) / gains (-)	-21.0	19.9
Experience adjustments	8.3	0.5
Defined benefit commitments as of Dec 31	**227.7**	**245.5**

The average duration is 8.7 (prior year: 8.7) years. A change in the actuarial assumptions would have the following effect:

Sensitivity analysis of the provisions for anniversaries	Change in assumption	Increase of the parameter/ change DBO		Reduction of the parameter/ change DBO	
	in %	2015 in EUR million	2014 in EUR million	2015 in EUR million	2014 in EUR million
Interest rate	+/-0.5	-9.5	-10.2	10.0	10.8
Salary increase	+/-0.5	9.8	10.5	-9.4	-10.0

Pensions

The provisions for pensions include only pension obligations arising from individual contracts.

Defined contribution plans

In Austria, pension benefits for employees are generally provided by the social security institutions, and for railway employees by the Versicherungsanstalt für Eisenbahn und Bergbau (Austrian insurance institution for railway and mining) or the federal government pursuant to Article 52 of the Federal Railways Act. ÖBB Group is required to pay pension and health care contributions for current tenured employees to Versicherungsanstalt für Eisenbahn und Bergbau. In addition, ÖBB Group offers all ÖBB Group employees in Austria a defined contribution plan. Contributions by ÖBB Group are calculated as a percentage of salary and may not exceed 1.2%. Expenses relating to this plan totaled EUR 17.7 million (previous year: EUR 16.7 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 measurement is based on actuarial principles assuming a discount factor of 2.3% (previous year: 2.1%) and a retirement age of 60.

Provisions for recalculation of the advanced recognition cutoff date for ÖBB employees who are subject to the General Terms and Conditions of Employment with Austrian Federal Railways (AVB)

Until 2010, the payroll system under AVB also considered previous periods of service when determining the relevant cutoff date for advance recognition if employees were older than 18 at the time. As this regulation was not consistent with EU law, BGBl. I no. 129/2011 dated December 27, 2011 enforced new regulations in Article 53a of the BBG [Austrian Federal Railways Act] retroactively with effect from January 1, 2004. As a result, service periods prior to the employee's 18th birthday were also considered, while at the same time the requisite period for advance recognition was extended by one year in each case for the first three wage levels, which resulted in the additional recognition not impacting costs.

The Supreme Court filed an action brought by an ÖBB employee affected by this amendment before the European Court of Justice to check whether the new regulation is consistent with EU law. The ECJ decision of January 28, 2015 (C417/13) found that the extension of the advanced recognition periods by three years as enumerated in Article 53a of the Federal Railways Act is incompatible with EU law. The Supreme Court fully concurred with this decision in the same action, whereby ÖBB Group would be required to recalculate the advance recognition cutoff date to incorporate periods prior to an employee's 18th birthday but without extending the advance recognition periods, and to pay the resulting differences in salary. A provision of EUR 113.0 million was accrued in total in 2014 to cover the associated risks.

As a result of this decision, in 2015 there was a new legal regulation of the recognition provisions in the BBG [Austrian Federal Railways Act] (Article 53a as amended BGBl. I No. 64/2015 of 17/06/2015). The recognition rules were thereby retroactively redefined legally in a non-discriminatory way by only recognizing periods in a railway operator, independent of age. In October 2015, after the legal deadline of four months for reporting periods of service for recognition, the advanced recognition date was recalculated for the affected employees. The subsequent payment of differences in compensation arising from the recognition of railway service periods before age 18 was made in November, 2015. After review of the legal situation, the balances of the above-mentioned provisions were reversed in their full amounts.

26.2. Other provisions

in EUR million	As of Jan 01, 2015	Change in scope of consolidation	Utili-zation	Re-lease	Trans-fers	Interest effects	Transla-tion effects	Additions	As of Dec 31, 2015
Asset retirement commitment	99.4	0.0	-2.7	-27.4	0.0	0.2	0.0	19.1	88.6
Public services according to EU Directive 1370/2007	46.8	0.0	0.0	-1.3	0.0	0.0	0.0	1.0	46.5
Environmental protection measures	33.8	0.0	-0.5	-2.0	0.0	0.1	0.0	12.5	43.9
Restitution of travel cost reimbursement	43.4	0.0	0.0	-5.4	0.6	0.0	0.0	1.1	39.7
Loss set aside	18.3	0.0	-17.3	-4.1	0.0	0.0	0.0	29.9	26.8
Litigations	31.8	0.0	-1.0	-15.4	0.4	0.0	1.9	4.3	22.0
Bad debts and public services	41.8	0.0	-4.6	-27.0	0.0	0.0	0.0	7.6	17.8
Demolition cost and similar obligations	20.1	0.0	-6.3	-0.9	0.0	0.1	0.0	1.8	14.8
Reorganization	9.4	0.0	-2.4	-0.3	0.0	0.0	0.0	2.9	9.6
Taxes and fees	14.9	0.0	-1.1	-10.7	0.0	0.0	0.0	1.3	4.4
Others	104.0	0.2	-37.0	-18.9	-0.8	0.1	0.1	49.0	96.7
Total	**463.7**	**0.2**	**-72.9**	**-113.4**	**0.2**	**0.5**	**2.0**	**130.5**	**410.7**
thereof long-term	*153.2*								*149.9*

The amounts in the column Transfers represent transfers to the liabilities.

The provision for asset retirement costs relates to future expenses in connection with the demolition, dismantling and removing the asset and the restoration of sites. This refers to already or in the near future retired railway lines and in 2015 newly added railway line segments. This provision was recognized only for routes whose decommissioning is sufficiently certain. In the reporting year, interest and cost rate adjustments necessitated the accrual of additional provisions in the amount of EUR 19.1 million (previous year: EUR 5.6 million). The reversal of the provision in 2015 relates to sold lines for which the purchaser has assumed the restoration obligation.

A provision of EUR 46.5 million (previous year: EUR 46.8 million) is recognized 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 liberalization of European rail transport in connection with EU-RL1370/2007.

The provision for environmental protection measures relates to anticipated restoration measures for contaminated sites. As dictated by law, it was recognized in the amount of the anticipated expenditure. Unchanged from the previous year, reimbursement claims for environmental protection measures exist in an amount of EUR 9.3 million and are recognized under other receivables.

Appropriate provisions are made for uncertainties with respect to the settlement of the free student and apprentice tickets (SLF) with the individual transport associations.

The provision for contingent losses is mainly composed of expenses for other legal matters and for onerous contracts from the Shipping, Technical Services and Operator divisions.

The provision for litigation was 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 legal disputes arising from the company's business operations.

Based on the audit of the Rail Cargo Group by Schieneninfrastruktur-Dienstleistungsgesellschaft mbH (SCHIG mbH), the risks with respect to the expected liability to the federal government arising from the non-compliant invoicing of transports of hazardous and environmentally hazardous materials were assessed for the respective years 2010 to 2012.

Because of the final settlements in 2010, 2011 and 2012 by SCHIG mbH and the confirmation of the settlements by the Austrian Ministry for Transport, Innovation and Technology, the existing public services provisions totaling EUR 24.1 million in financial year 2015 were reversed or used.

The provision for demolition costs and similar obligations includes demolition costs in connection with the sale of real estate.

Miscellaneous other provisions include mainly probable recoveries on infrastructure usage fees in respect of current Supreme Court decisions, expenses for geotechnical analyses in connection with the damages to railway embankments, as well as provisions for indemnity pensions and warranties.

Anticipated cash outflow for the provisions

Non-current provisions were discounted at interest rates of 0.1 - 2.1% (previous year: 0.1 - 2.1%). Adjustments due to changes in the discount rate were insignificant.

Of the other provisions, EUR 149.9 million (previous year: EUR 153.2 million) are classified as non-current. Payments relating to these provisions are anticipated after 2016, whereas cash outflows relating to provisions classified as current are expected in 2016. Provisions with uncertain payment dates were mainly classified as current.

27. Trade payables and other liabilities

Dec 31, 2015	Current in EUR million	Non-current in EUR million	Total in EUR million
Trade payables	857.5	0.0	857.5
Other liabilities	584.2	77.7	661.9
thereof deferral of federal subsidies	*190.4*	*0.0*	*190.4*
thereof accrued personnel liabilities	*155.2*	*0.0*	*155.2*
thereof other deferrals	*61.2*	*75.2*	*136.4*
thereof taxes	*53.7*	*0.0*	*53.7*
thereof social security	*28.3*	*0.0*	*28.3*
Total	**1,441.7**	**77.7**	**1,519.4**

Dec 31, 2014	Current in EUR million	Non-current in EUR million	Total in EUR million
Trade payables	774.8	0.0	774.8
Other liabilities	505.3	69.5	574.8
thereof accrued personnel liabilities	*130.7*	*0.0*	*130.7*
thereof deferral of federal subsidies	*126.1*	*0.0*	*126.1*
thereof other deferrals	*59.4*	*69.4*	*128.8*
thereof taxes	*41.0*	*0.0*	*41.0*
thereof social security	*37.6*	*0.0*	*37.6*
Total	**1,280.1**	**69.5**	**1,349.6**

The management estimates that the carrying amounts of the trade payables approximate their respective fair values.

Employee deferrals include, in particular, overtime of EUR 37.9 million (previous year: EUR 34.0 million) and outstanding vacation entitlements of EUR 94.5 million (previous year: EUR 75.0 million).

Accrued expenses and deferred income in the amount of EUR 20.2 million (prior year: EUR 1.2 million) arose from two sale and leaseback transactions, and was recognized 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 12.9 million (previous year: EUR 18.4 million), advance ticket sales of EUR 25.7 million (previous year: EUR 19.3 million) and accrued income from earnings from land lease agreements amounting to EUR 45.0 million (prior year: EUR 50.3 million).

C. OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. Other guarantees and contingent liabilities

	2015 in EUR million	2014 in EUR million
Contingent liabilities from lease transactions	396.0	397.6
Other guarantees	10.2	7.9
Total	**406.2**	**405.5**

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 fulfill 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 collateralized by pledged assets.

Other contingent liabilities

Of the other contingent liabilities, EUR 2.6 million (previous year: 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, measure and mitigate financial risks. Risk mitigation does not mean completely eliminating financial risks, but rather the reasonable management within a precisely defined framework of risks that can be quantified at any time.

ÖBB-Holding AG, which only enters into financial transactions on behalf and for the account of its subsidiary companies with their consent and upon their instruction, has created a risk-oriented monitoring environment that includes guidelines and procedures for risk assessment, and for approving, reporting and monitoring financial instruments. The protection of ÖBB Group assets is the first priority for any and all financial activities.

Most of the derivatives within the Group (95% [prior year: 94%] of the nominal value) are non-structured standard hedges ("plain vanilla" interest rate swaps and cross-currency interest rate swaps). Structured derivatives account for 5% (prior year: 6%) of the nominal volume. These two (previous year: four) structured derivatives constitute a total nominal volume of EUR 50.0 million (prior year: EUR 70.0 million) and mature in 2016 and 2022.

Financial risks are defined as follows:
– 29.1.a. Interest rate risk
– 29.1.b. Foreign exchange rate risk
– 29.1.c. Credit risk
– 29.1.d. Liquidity risk

29.1.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 can 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 Group companies therefore need to be limited (e.g. by using derivative financial instruments), in order to minimize their effect on earnings performance.

The conclusion of appropriate derivative financial instruments to manage interest risks (interest 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, it uses interest rate derivatives contracts taking the present debt structure into account.

Financial instruments (current and non-current) Dec 31, 2015	Fixed interest financial instruments in EUR million	Variable interest financial instruments in EUR million
Financial assets	675.2	55.5
Trade receivables	2.4	0.0
Other receivables and assets	1.8	0.0
Cash and cash equivalents	204.1	59.9
Total	**883.5**	**115.4**
Financial liabilities	21,248.2	493.5
Total	**21,249.2**	**493.5**

Financial instruments (current and non-current) Dec 31, 2014	Fixed interest financial instruments in EUR million	Variable interest financial instruments in EUR million
Financial assets	548.4	60.6
Trade receivables	3.7	0.0
Other receivables and assets	0.5	0.0
Cash and cash equivalents	276.1	44.9
Total	**828.7**	**105.5**
Financial liabilities	20,562.4	579.2
Total	**20,562.4**	**579.2**

The hedged items were classified as financial instruments at fixed or variable interest, taking the concluded derivatives into account.

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 amortized cost are not exposed to any interest rate risks.

In the case of fair value hedges designated to hedge interest rate changes, the change in the fair value of the underlying and the hedging instrument resulting from changes in interest rates in the same period are offset in the Income Statement. Consequently, these financial instruments are also not exposed to interest rate risk.

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 IAS 39 affect the other financial expenses or 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, 2015	Effect in income statement in EUR million + 100 base points	Effect in income statement in EUR million - 100 base points	Effect in shareholders' equity in EUR million + 100 base points	Effect in shareholders' equity in EUR million - 100 base points
Assets				
Financial assets	0.6	-0.6	0.0	0.0
Cash and cash equivalents	1.2	-1.2	0.0	0.0
Liabilities				
Financial liabilities	-4.9	4.9	46.6	-50.3
Consolidated effect 2015	**-3.1**	**3.1**	**46.6**	**-50.3**

Sensitivity analysis interest rate risk as of Dec 31, 2014	Effect in income statement in EUR million + 100 base points	Effect in income statement in EUR million - 100 base points	Effect in shareholders' equity in EUR million + 100 base points	Effect in shareholders' equity in EUR million - 100 base points
Assets				
Financial assets	0.6	-0.6	0.0	0.0
Cash and cash equivalents	0.4	-0.4	0.0	0.0
Liabilities				
Financial liabilities	-5.7	5.7	45.6	-49.5
Consolidated effect 2014	**-4.7**	**4.7**	**45.6**	**-49.5**

29.1.b. Foreign exchange rate risk

ÖBB Group is exposed to exchange rate risks resulting primarily from original financial liabilities denominated in foreign currencies. Most of these risks are hedged. As of the reporting date, ÖBB Group was not exposed to any material risks relating to foreign currency liabilities. Cross currency swaps are used to convert financial liabilities in foreign currencies to EUR. Accordingly, changes in exchange rates do not materially affect the result. Residual 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 2015	In USD million	In CHF million
Trade receivables	10.0	0.0
Other financial assets	632.0	35.0
Trade payables	-7.0	0.0
Other financial liabilities	-629.0	0.0
	6.0	**35.0**
less forward foreign exchange contracts/currency swaps	3.0	0.0
Net exchange rate risk	**9.0**	**35.0**

Currency-sensitive financial instruments 2014	In USD million	In CHF million
Trade receivables	4.0	0.0
Other financial assets	565.0	25.0
Trade payables	-4.0	0.0
Other financial liabilities	-568.0	0.0
	-3.0	**25.0**
less forward foreign exchange contracts/currency swaps	8.0	0.0
Net exchange rate risk	**5.0**	**25.0**

Sensitivity analysis for exchange rate risk

Additionally, the Company has derivative financial instruments which completely hedge against the exchange risk of the hedged item (basis swaps), but for which hedge accounting is not applied.

If the EUR had gained (lost) 10% against the CHF, the result as of Dec 31, 2015 would have been EUR 3.5 million higher (EUR 3.5 million lower) and as of Dec 31, 2014, EUR 2.3 million higher (EUR 1.9 million lower). If the EUR had gained (lost) 10% against the CHF, the result as of Dec 31, 2015 would have been EUR 1.0 million higher or lower. Against the US dollar, there would have been no significant effects on earnings in 2014.

29.1.c. Credit risk

Credit risk describes the potential loss from failure by finance partners to honor their financial commitments (mainly money market transactions, investments, funds, positive present value swap transactions). 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 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 utilization are monitored daily in order to ensure timely, risk-focused response to market disruptions.

Apart from the original transactions with finance partners, credit risk also exists in connection with cross-border leases. For cross border leasing transactions, security deposits, payment undertaking agreements and swaps were concluded with financial partners for lease payments during the term and the purchase price 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 in banks, 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 circumstance, this credit risk therefore constitutes the equivalent of all assets less property, plant and equipment, intangible assets, investments in associated companies, inventories and other receivables that do not constitute financial instruments.

The credit risk comprises the following:

Credit risk from financial instruments	Gross exposure (carrying amount plus impairments) in EUR million	less collateral (FV) in EUR million	Net exposure in EUR million
Total exposure 2015			
Financial assets	752.9	0.0	752.9
Trade receivables	526.9	-3.0	523.9
Other receivables and assets	61.6	-2.7	58.9
Cash and cash equivalents	274.6	0.0	274.6
Risk current and non-current assets	**1,616.0**	**-5.7**	**1,610.3**
thereof neither past due nor impaired			*1,394.8*
thereof not past due because renegotiated or impaired			*168.1*
thereof past due			*47.4*
Contingent liabilities from lease transactions	396.0	0.0	396.0
Other guarantees	10.2	0.0	10.2
Credit risk from issued guarantees	**406.2**	**0.0**	**406.2**
Total credit risk as of Dec 31, 2015	**2,022.2**	**-5.7**	**2,016.5**
Total exposure 2014			
Financial assets	644.7	0.0	644.7
Trade receivables	534.7	-18.8	515.9
Other receivables and assets	98.1	-1.5	96.6
Cash and cash equivalents	338.1	0.0	338.1
Risk current and non-current assets	**1,615.6**	**-20.3**	**1,595.3**
thereof neither past due nor impaired			*1,285.2*
thereof not past due because renegotiated or impaired			*198.6*
thereof past due			*111.5*
Contingent liabilities from lease transactions	397.6	0.0	397.6
Other guarantees	7.9	0.0	7.9
Credit risk from issued guarantees	**405.5**	**0.0**	**405.5**
Total credit risk as of Dec 31, 2014	**2,021.1**	**-20.3**	**2,000.8**

With respect to maturities, see Note 20.

29.1.d. Liquidity risk

The superior goal of ÖBB Group in financial terms is to secure the necessary cash flow flexibility for all ÖBB Group business operations. For ÖBB Group, liquidity risk also means any restrictions in terms of volume or conditions on the Group's ability to borrow or raise capital (e.g. if downgraded by a ratings agency or in-house by a bank) that might hinder the implementation of Group strategy or limit financial scope.

The task thus consists of analyzing the liquidity risk and consistently securing liquidity (mainly by liquidity planning, agreement of sufficient credit lines and sufficient diversification of creditors).

The following tables show the contractually agreed (undiscounted) interest and redemption payments on original and derivative financial liabilities. Actually expected maturities do not deviate from the contractually agreed maturities.

		Cash flows 2016		Cash flows 2017-20		Cash flows 2021 et seq.	
	Carrying amount Dec 31, 2015 in EUR million	Interest 2016 in EUR million	Redemption 2016 in EUR million	Interest 2017-2020 in EUR million	Redemption 2017-2020 in EUR million	Interest 2021 et seq. in EUR million	Redemption 2021 et seq. in EUR million
Original financial liabilities							
Bonds	15,312.8	528.7	1,371.0	1,795.6	3,271.0	2,163.0	10,670.8
Liabilities to banks	3,961.4	115.2	254.5	436.6	689.0	910.6	3,017.9
Finance leasing, sub-lease and CBL liabilities	638.1	25.8	43.3	105.6	321.1	65.0	273.7
Other financial liabilities	2,228.2	43.1	379.9	148.7	869.6	36.2	978.7
Trade payables	843.9	0.0	843.9	0.0	0.0	0.0	0.0
Other liabilities	54.2	0.0	51.8	0.0	2.4	0.0	0.0

		Cash flows 2016		Cash flows 2017-20		Cash flows 2021 et seq.	
	Carrying amount Dec 31, 2015 in EUR million	Interest 2016 in EUR million	Redemption 2016 in EUR million	Interest 2017-2020 in EUR million	Redemption 2017-2020 in EUR million	Interest 2021 et seq. in EUR million	Redemption 2021 et seq. in EUR million
Derivative financial receivables							
Other derivatives not designated as hedges	5.6	0.0	57.1	0.0	0.8	0.0	0.0
Cross currency swaps not designated as cash flow hedges	0.3	0.0	0.3	0.0	0.0	0.0	0.0
Other derivatives designated as hedges	0.2	0.0	0.2	0.0	0.0	0.0	0.0
Cash paid		*0.0*	*0.2*	*0.0*	*0.0*	*0.0*	*0.0*
Derivative financial liabilities							
Interest rate derivatives not designated as hedges	6.8	3.4	0.0	3.3	0.0	1.6	0.0
Interest rate derivatives designated as hedges	137.9	31.6	0.0	88.4	0.0	59.5	0.0
Power derivatives - Cash flow hedges	9.5	0.0	21.9	0.0	25.0	0.0	0.0
Other derivatives not designated as hedges	22.3	0.0	99.2	0.0	54.2	0.0	4.1
Financial guarantees							
Guarantees from cross-border leasing	396.0	12.1	43.4	49.2	168.4	72.4	184.2
Other contingent liabilities	10.2	0.0	7.4	0.0	1.0	0.0	1.8

		Cash flows 2015		Cash flows 2016-19		Cash flows 2020 et seq.	
	Carrying amount 31.12.2014 in EUR million	Interest 2015 in EUR million	Redemption 2015 in EUR million	Interest 2016-2019 in EUR million	Redemption 2016-2019 in EUR million	Interest 2020 et seq. in EUR million	Redemption 2020 et seq. in EUR million
Original financial liabilities							
Bonds	15,208.2	528.8	180.6	1,903.7	3,287.9	2,452.2	11,739.7
Liabilities to banks	3,251.3	110.5	183.0	409.9	442.7	929.4	2,625.6
Finance leasing, sub-lease and CBL liabilities	821.1	27.6	224.8	100.8	168.6	83.2	427.7
Other financial liabilities	2,328.3	44.3	370.8	166.0	660.7	64.1	1,296.8
Trade payables	762.5	0.0	774.8	0.0	0.0	0.0	0.0
Other liabilities	105.4	0.0	105.4	0.0	0.0	0.0	0.0

		Cash flows 2015		Cash flows 2016-19		Cash flows 2020 et seq.	
	Carrying amount 31.12.2014 in EUR million	Interest 2015 in EUR million	Redemption 2015 in EUR million	Interest 2016-2019 in EUR million	Redemption 2016-2019 in EUR million	Interest 2020 et seq. in EUR million	Redemption 2020 et seq. in EUR million
Derivative financial receivables							
Other derivatives not designated as hedges	6.1	0.0	64.4	0.0	7.6	0.0	0.0
Cross currency swaps not designated as cash flow hedges	0.2	0.0	0.1	0.0	0.1	0.0	0.0
Other derivatives designated as hedges	0.3	0.0	0.9	0.0	0.4	0.0	0.0
Cash paid		*0.0*	*0.9*	*0.0*	*0.4*	*0.0*	*0.0*
Derivative financial liabilities							
Interest rate derivatives not designated as hedges	9.8	3.3	0.0	5.7	0.0	2.5	0.0
Interest rate derivatives designated as hedges	161.6	32.3	0.0	94.1	0.0	75.3	0.0
Power derivatives - Cash flow hedges	9.1	0.0	25.3	0.0	17.8	0.0	13.4
Other derivatives not designated as hedges	21.7	0.0	91.8	0.0	21.3	0.0	8.1
Financial guarantees							
Guarantees from cross-border leasing	397.6	15.8	8.3	70.4	204.4	102.2	184.8
Other contingent liabilities	7.9	0.0	7.6	0.0	0.3	0.0	0.0

The table includes all financial instruments held in the portfolio as of the reporting date for which payments have already been contractually agreed. Anticipated new liabilities were not included. Amounts in foreign currencies were translated at the rate applicable on the reporting date. Variable interest payments from financial instruments were determined based on the interest rates applicable on 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.

29.2. Hedging transactions

Hedge Accounting

ÖBB Group applies the hedge accounting regulations of IAS 39 relating 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 recognized 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 recognized 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 recognized in the Consolidated Income Statement.

For cross currency swaps designated as cash flow hedges, the hedged risk comprises only the exchange rate risk, that is, the risk of a change in the fair value of the hedged item due to changes in the spot rate. In accordance with IAS 39.100, the corresponding amount is transferred from the cash flow hedge reserve to the Consolidated Income Statement.

When hedging currency risks of floating interest assets and liabilities, ÖBB Group does not apply hedge accounting in accordance with IAS 39 for basis swaps because – according to IAS 21 – the currency translation gains and losses from the hedged items must be recognized in profit or loss in the Consolidated Income Statement in the same period as the gains and losses resulting from the derivatives used as hedging instruments. However, when fixed-interest hedged items denominated in a foreign currency are hedged, the option to designate this as a cash flow hedge is used.

The ÖBB Group meets the requirements of IAS 39 for hedge accounting as follows:

At the inception of the hedge, the relationship between hedging instrument and hedged item, and the reason for the hedge are documented. The documentation includes allocation of the hedging instruments to the respective hedged assets/liabilities, and an assessment of the effectiveness of the hedging instruments. The effectiveness of current hedges is monitored on an ongoing basis; if a hedge becomes ineffective, the hedging relationship is discontinued.

The ÖBB Group also enters into hedges which do not comply with the formal requirements of IAS 39 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 / exchange rate risks

ÖBB Group has entered into payer interest swaps (receive variable – pay fixed) to hedge interest payment risks. 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:

31.12.2015 Maturity	Number of swaps	Nominal volume in EUR million
Portfolio	43	999.3
thereof maturing 2016	*9*	*128.2*
thereof maturing 2017	*7*	*150.3*
thereof maturing 2018	*4*	*77.0*
thereof maturing 2019	*1*	*100.0*
thereof maturing in 2020 et seq.	*22*	*543.8*

Dec 31, 2014 Maturity	Number of swaps	Nominal volume in EUR million
Portfolio	48	1,051.0
thereof maturing 2015	*6*	*53.7*
thereof maturing 2016	*8*	*126.6*
thereof maturing 2017	*7*	*149.9*
thereof maturing 2018	*4*	*77.0*
thereof maturing in 2019 et seq.	*23*	*643.8*

The effectiveness of the hedging relationship is assessed on a prospective basis using the Critical Terms Match method. Effectiveness is tested retrospectively at each reporting date using the dollar offset method. A hypothetical financial derivative serves as the hedged item. All hedging relationships of this type were effective as of the reporting date. As a result of changes in the fair value of the hedging transactions recognized in other comprehensive income, an amount of EUR 18.7 million (previous year: EUR -43.1 million) was recognized in the cash flow hedge reserve in the financial year. See Note 24 for further information.

Changes in the fair value of interest rate swaps designated as hedging instruments with respect to future interest payments for variable interest liabilities are recognized in equity through other comprehensive income (see Statement of Changes in Shareholders' Equity). These amounts are recognized as finance costs in the period in which the corresponding interest payments from the hedged item affect profit or loss (EUR 31.3 million [previous year: EUR 29.6 million]). Further, ineffective portions of hedge accounting relationships amounting to EUR 0.4 million (previous year: EUR 0.04 million) were recognized through profit or loss. As of the reporting date, EUR 2.4 million (prior year: EUR 1.8 million (previous year: EUR 2.4 million) from the expiry of cash flow hedges is recognized in equity through other comprehensive income, which will materialize as follows: 2016 EUR 0.4 million, 2017–2019: EUR 0.5 million, 2020 and after: EUR 0.9 million.

Power derivatives

a) Cash flow hedges

ÖBB-Infrastruktur Group has entered into power derivative contracts (long-term procurement agreements, power purchase and sale forwards) aimed primarily at hedging the power purchase price and managing the portfolio of power suppliers and long-term purchase and sales 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 IAS 39. The purpose of the hedging transactions is to fix the variable prices of planned power purchases. Where purchase and sales contracts are offset by matching counter-transactions, both transactions are recognized through profit or loss at their respective fair value.

Power derivatives designated as hedges Maturity	Number of swaps	Dec 31, 2015 Nominal volume in EUR million		Number of swaps	Dec 31, 2014 Nominal volume in EUR million
Portfolio	40	46.9	Portfolio	42	56.5
thereof maturing 2016	*23*	21.9	*thereof maturing 2015*	*22*	25.3
thereof maturing 2017	*12*	*18.8*	*thereof maturing 2016*	*11*	*17.8*
thereof maturing 2018	*5*	*6.2*	*thereof maturing 2017*	*9*	*13.4*

In general, the effectiveness of every derivative designated as a hedging instrument is tested prospectively within the framework of its designation and retrospectively at each reporting date. In the course of this effectiveness test, proof must be provided that the change in the fair value of the derivative is between 80% and 125% of the change in the fair value of the designated hedged item resulting from the hedged risk. The hedging relations established are micro-hedges for which all parameters of the hedged item and the hedging transaction that determine the scope of the hedged change in the value are identical but opposed. This indicates an entirely efficient hedging relation, both from a prospective and from a retrospective point of view. The effectiveness was determined retrospectively using the Change in Fair Value method, thus the change in the fair value of the hedging instrument was compared to the change in the value of the hedged item.

The fair value of the power purchase and power sales forwards as of the reporting date is determined based on the EEX (European Energy Exchange) futures rates discounted on the basis of current yield curves. In the financial year 2015, the recognition of power purchase and power sale forwards as hedging transactions resulted in an amount of EUR -1.1 million (previous year: EUR -6.8 million) less income taxes in the amount of EUR -0.3 million (previous year: EUR -1.6 million) being recognized in the cash flow hedge reserve through other comprehensive income.

b) Other derivatives

The following table shows the range of maturities of those forwards that were concluded for hedging purposes but do not fulfill the formal requirements for cash flow hedge accounting according to IAS 39 due to the fluctuations of the consumption, among other reasons.

		Dec 31, 2015		
Power derivatives not designated as hedges Maturity	Number of swaps Purchases	Nominal volume in EUR million	Number of swaps Sale	Nominal volume in EUR million
Portfolio	64	102.0	49	57.2
thereof maturing 2016	*41*	*72.9*	*40*	*47.9*
thereof maturing 2017	*13*	*15.9*	*5*	*3.8*
thereof maturing 2018	*10*	*13.2*	*4*	*5.5*

		Dec 31, 2014		
Power derivatives not designated as hedges Maturity	Number of swaps Purchases	Nominal volume in EUR million	Number of swaps Sale	Nominal volume in EUR million
Portfolio	50	113.1	50	72.0
thereof maturing 2015	*37*	*91.8*	*43*	*64.4*
thereof maturing 2016	*13*	*21.3*	*7*	*7.6*

In addition, diesel hedges were concluded at a small amount.

29.3. Additional disclosures according to IFRS 7

Financial assets and liabilities held for trading (FAHfT) are measured at fair value. This category consists of derivative financial instruments that are not designated as hedges in accordance with IAS 39 and are therefore required to be classified as held for trading. Gains or losses from the subsequent measurement are recognized in the Consolidated Income Statement.

Loans and Receivables (LaR) comprise financial assets with fixed or determinable payments which are not traded in an active market and are not held for sale.

Available-for-sale financial assets (AfS) are financial assets which are not allocated to any other category. Equity instruments and interests in investment funds, if not carried at fair value through profit and loss, are required to be classified to this category. In principle, interests in investment funds are always classified to this category unless short-term trading activity can be proven. Investments are allocated to this category as well.

Financial liabilities (FLAC) are initially measured at their fair value and subsequently at amortized cost.

Derivative financial instruments are used by The ÖBB Group for the purpose of hedging its exposure to interest rate and exchange rate risks resulting from financial transactions. All derivative financial instruments are recognized either as assets or liabilities in the Statement of Financial Position and measured at their fair value in accordance with IAS 39. Changes in the fair value of derivative financial instruments designated as hedging instruments in accordance with IAS 39 are recognized through profit or loss in the Consolidated Income Statement or in other comprehensive income (cash flow hedge reserve), depending on whether the derivative financial instrument is hedging the fair value of an item recognized in the Statement of Financial Position (fair value hedge) or cash flows (cash flow hedge).

Recognition in the Consolidated Income Statement

The interest result is allocated to the valuation categories according to the hedged item. In the period under review, only financial liabilities were hedged.

Additional disclosures regarding the financial instruments

Cash and cash equivalents, trade receivables and other receivables, as far as they are financial instruments, mainly have a short residual term. Therefore, their carrying amounts as of the reporting date approximate their fair value. The fair values of other non-current receivables correspond to the present values of the payments associated with these assets discounted at the respective interest rates.

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 to banks are determined as the present values of future interest payments and principal redemption based on the applicable yield curve. The following reconciliation shows non-financial instruments and financial instruments from hedge accounting in a separate column in order to enable reconciliation to the carrying amount of the items reported in the Statement of Financial Position.

The fair values in the following tables indicated for each balance sheet item only refer to the financial instruments and also include the carrying amounts of the instruments in the available-for-sale (at cost) category. All financial assets and liabilities, except the available-for-sale assets shown under 29.5 and cash and cash equivalents as well as bonds, which are reported in the financial liabilities, are measured at fair value pursuant to level 2. Level-2 measurements are based on input parameters – other than the quoted prices included at level 1 – that are either directly or indirectly observable on the market for the asset or liability. The fair value of long-term financial instruments is based on discounted cash flows.

Market prices are used for the indicated fair values of bonds issued with an ISIN in the amount of EUR 18,116.6 million (previous year: EUR 18,162.8 million), for which a level-1 measurement exists. Level-1 measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. The sources of the quotations are Bloomberg and 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 103.2 million. These were valued based on input parameters in accordance with level 2.

Financial assets Dec 31, 2015 in EUR million	Carrying amount as of Dec 31, 2015	Less non-financial instru-ments	Financial instru-ments	Availa-ble for Sale (at Fair Value)	Availa-ble for Sale (at Cost)	At Fair Value through Profit and Loss (Held for Trading)	Loans and Receiv-ables	Cash	Hedge Accoun-ting	Fair value as of Dec 31, 2015
Non-current assets										
Financial assets	655.8	0.0	655.8	178.8	15.1	0.0	461.9	0.0	0.0	712.6
Other receivables and assets	158.6	154.2	4.4	0.0	0.0	0.0	4.4	0.0	0.0	4.4
Current assets										
Financial assets	95.6	0.0	95.6	39.1	0.0	5.9	50.4	0.0	0.2	96.4
Trade receivables	491.4	4.8	486.6	0.0	0.0	0.0	486.6	0.0	0.0	486.6
Other receivables and assets	269.4	213.2	56.2	0.0	0.0	0.0	56.2	0.0	0.0	56.2
Cash and cash equivalents	274.6	0.0	274.6	0.0	0.0	0.0	0.0	274.6	0.0	274.6
Total carrying amount per category				**217.9**	**15.1**	**5.9**	**1,059.5**	**274.6**	**0.2**	

Financial liabilities as of Dec 31, 2015 in EUR million	Carrying amount as of Dec 31, 2015	Less non-financial instru-ments	Financial instru-ments	At Amortized Cost	At Fair Value through Profit and Loss (Held for Trading)	Hedge Accoun-ting	Finance Lease	Fair Value as of Dec 31, 2015
Non-current liabilities								
Financial liabilities	20,222.0	0.0	20,222.0	19,986.5	12.8	112.0	110.7	23,844.0
Other liabilities	77.7	75.3	2.4	2.4	0.0	0.0	0.0	2.4
Current liabilities								
Financial liabilities	2,095.0	0.0	2,095.0	2,035.6	16.3	35.4	7.7	2,502.7
Trade payables	857.5	13.6	843.9	843.9	0.0	0.0	0.0	843.9
Other liabilities	584.0	532.2	51.8	51.8	0.0	0.0	0.0	51.8
Total carrying amount per category				**22,920.2**	**29.1**	**147.4**	**118.4**	

Financial assets Dec 31, 2014 in EUR million	Carrying amount as of Dec 31, 2014	Less non-financial instru-ments	Financial instru-ments	Available for Sale (at Fair Value)	Available for Sale (at Cost)	At Fair Value through Profit and Loss (Held for Trading)	Loans and Receiv-ables	Cash	Hedge Accoun-ting	Fair value as of Dec 31, 2014
Non-current assets										
Financial assets	586.6	0.0	586.6	100.9	8.1	0.0	477.3	0.0	0.3	616.9
Other receivables and assets	171.9	168.2	3.7	0.0	0.0	0.0	3.7	0.0	0.0	3.7
Current assets										
Financial assets	55.5	0.0	55.5	0.0	0.0	6.3	49.1	0.0	0.0	55.5
Trade receivables	501.5	8.9	492.6	0.0	0.0	0.0	492.6	0.0	0.0	492.6
Other receivables and assets	297.5	205.1	92.4	0.0	0.0	0.0	92.4	0.0	0.0	92.4
Cash and cash equivalents	337.9	0.0	337.9	0.0	0.0	0.0	0.0	337.9	0.0	337.9
Total carrying amount per category				**100.9**	**8.1**	**6.3**	**1,115.1**	**337.9**	**0.3**	

Financial liabilities as of Dec 31, 2014 in EUR million	Carrying amount as of Dec 31, 2014	Less non-financial instru-ments	Financial instru-ments	At Amortized Cost	At Fair Value through Profit and Loss (Held for Trading)	Hedge Accoun-ting	Finance Lease	Fair Value as of Dec 31, 2014
Non-current liabilities								
Financial liabilities	20,812.8	0.0	20,812.8	20,562.3	14.7	134.0	101.8	22,430.5
Other liabilities	69.5	69.5	0.0	0.0	0.0	0.0	0.0	0.0
Current liabilities								
Financial liabilities	998.3	0.0	998.3	837.6	16.8	36.7	107.2	1,057.3
Trade payables	774.8	12.3	762.5	762.5	0.0	0.0	0.0	762.5
Other liabilities	505.3	399.9	105.4	105.4	0.0	0.0	0.0	105.4
Total carrying amount per category				**22,267.8**	**31.5**	**170.7**	**209.0**	

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 balancing, 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, 2015	Gross carrying amount reported	Potential offset amount not reported in the financial statement	Net amount after potential offsetting
	in EUR million	in EUR million	in EUR million
Power derivative assets	5.6	-0.4	5.2
Power derivative liabilities	-13.2	5.2	-8.0

as of Dec 31, 2014	Gross carrying amount reported	Potential offset amount not reported in the financial statement	Net amount after potential offsetting
	in EUR million	in EUR million	in EUR million
Power derivative assets	6.1	-0.6	5.5
Power derivative liabilities	-13.6	0.6	-13.0

Net financial results by category

The net financial result by category is presented below:

Result of subsequent measurement Dec 31, 2015	Interest income/ expenses in EUR million	At fair value in EUR million	Foreign currency translation in EUR million	Result from disposal in EUR million	Result from investments in EUR million
Loans and Receivables (LaR)	29.8	0.0	42.0	0.1	0.1
Available for Sale Financial Assets (AfS)	4.7	0.0	0.0	-0.6	1.1
Financial Instruments Held-for-Trading (FAHfT, FLHfT)	0.0	5.8	1.0	0.0	0.0
Financial Liabilities Measured at Amortized Cost (FLAC)	-685.3	0.0	-41.0	0.0	0.0
Hedge Accounting	-31.7	0.0	-0.1	0.0	0.0
Cash and cash equivalents	0.2	0.0	0.0	0.0	0.0

Result of subsequent measurement Dec 31, 2014	Interest income/ expenses in EUR million	At fair value in EUR million	Foreign currency translation in EUR million	Result from disposal in EUR million	Result from investments in EUR million
Loans and Receivables (LaR)	31.9	0.0	-6.2	0.0	1.0
Available for Sale Financial Assets (AfS)	3.0	-1.9	0.0	4.2	1.2
Financial Instruments Held-for-Trading (FAHfT, FLHfT)	0.0	2.6	-1.3	0.0	0.0
Financial Liabilities Measured at Amortized Cost (FLAC)	-694.6	0.0	-2.2	-0.3	0.0
Hedge Accounting	-30.8	0.0	0.0	0.0	0.0
Cash and cash equivalents	5.5	0.0	0.2	0.0	0.0

The interest result from financial liabilities classified as "Financial liabilities measured at amortized cost" (expenses in the net amount of approximately EUR 685.3 million [previous year: EUR 694.6 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.

Valuation losses are recognized in equity at the end of the financial year as part of the determination of changes in the value of financial assets classified as available for sale through other comprehensive income. From the amounts recognized in equity, there were no transfers to the Income Statement in financial years. For information regarding these financial instruments see Note 24.

29.4. 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 IAS 39 (fair value hedge, cash flow hedge) and those that are not.

	Assets		Shareholders' equity and liabilities	
	Carrying amounts Dec 31, 2015 in EUR million	Carrying amounts Dec 31, 2014 in EUR million	Carrying amounts Dec 31, 2015 in EUR million	Carrying amounts Dec 31, 2014 in EUR million
Interest rate swaps				
without hedge relation	0.0	0.0	6.8	9.8
with cash flow hedges	0.0	0.0	137.9	161.6
Cross currency swaps				
without hedge relation	0.3	0.2	0.0	0.0
Power forwards				
without hedge relation	5.6	6.1	13.2	13.6
with cash flow hedges	0.2	0.3	9.5	9.1
Other derivatives				
Derivatives without a hedging relationship	0.0	0.0	9.1	8.1
Total	**6.1**	**6.6**	**176.5**	**202.2**

Fair value hierarchy

The following table shows how the fair values of the assets and liabilities recognized at fair value were determined, with categorization into a three-level hierarchy reflecting the proximity to the market of the data included in the determination.

Dec 31, 2015	Level 1	Level 2	Total
Derivatives designated as hedge instrument	0.0	0.2	0.2
Derivatives held for trading	0.0	5.9	5.9
Available for sale	166.4	51.5	217.9
Financial assets	**166.4**	**57.6**	**224.0**
Derivatives held for trading	0.0	29.1	29.1
Derivatives designated as hedge instrument	0.0	147.4	147.4
Financial liabilities	**0.0**	**176.5**	**176.5**

Dec 31, 2014	Level 1	Level 2	Total
Derivatives designated as hedge instrument	0.0	0.3	0.3
Derivatives held for trading	0.0	6.3	6.3
Available for sale	56.2	44.7	100.9
Financial assets	**56.2**	**51.3**	**107.5**
Derivatives held for trading	0.0	31.5	31.5
Derivatives designated as hedge instrument	0.0	170.7	170.7
Financial liabilities	**0.0**	**202.2**	**202.2**

The levels were determined as follows:

Level 1: Quoted prices (unadjusted) are available from an active market for identical financial instruments.
Level 2: Other parameters than those stated for level 1 were used which are observable for the financial instrument (either directly, i.e. as price, or indirectly, i.e. derived from prices).
Level 3: Parameters were used which are not exclusively based on observable market data.

Transfers between the individual levels did not occur.

For further details on these financial instruments see Note 29.3.

30. Leasing transactions

30.1. Lessor

The assets leased to third parties are investment properties (IAS 40) and buildings that are partially leased out; however, the share of the latter is not predominant, which means that it does not fall under the scope of IAS 40, and cannot be recognized separately. The vast majority of the leases can be terminated. The infrastructure provided for usage to other railway operators against payment of a usage fee (including compensation of the federal government) is charged based on a current price list (mileage or gross tonnes transported), and is therefore not classified as a lease but as services provided.

There are 26,700 (previous year: 26,500) lease agreements, predominantly with indefinite terms, which can be terminated with a notice period of 6 months maximum. These include 6,800 (previous year: 6,600) external lease agreements that will end between 2016 and 2059. The long-term agreements refer to building leases 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.

The minimum lease payments from the non-cancellable operating lease agreements as of Dec 31, 2015 amount to:

Dec 31, 2015	Total in EUR million	up to 1 year in EUR million	1 to 5 years in EUR million	more than 5 years in EUR million
Land and buildings	292.5	25.5	52.5	214.5
Other technical equipment and machinery	0.8	0.0	0.2	0.6
Other plant, furniture and fixtures	1.1	0.8	0.3	0.0
Automobiles and trucks	1.6	1.4	0.2	0.0

Dec 31, 2014	Total in EUR million	up to 1 year in EUR million	1 to 5 years in EUR million	more than 5 years in EUR million
Land and buildings	281.1	22.4	45.6	213.1
Other technical equipment and machinery	0.9	0.0	0.2	0.7
Other plant, furniture and fixtures	0.9	0.7	0.2	0.0
Automobiles and trucks	0.6	0.4	0.2	0.0

Contingent lease payments were recognized in the period under review as income from land and buildings at an amount of EUR 1.6 million (previous year: EUR 2.2 million). Details on the cross-border leasing agreements are provided in Note 30.3.

The ÖBB Group leases out equipment that is classified either as an operating lease or as a cross-border lease. The agreements have different contractual terms customary in the market, depending on the leased object.

30.2. Lessee

Finance leasing

The ÖBB Group procured certain items of its property, plant and equipment by means of finance lease agreements. As of the reporting dates, the average effective interest rate was based on the six-month EURIBOR rate, including a contractually agreed premium. The interest rates are fixed upon conclusion of the contracts. The terms of all leases are stipulated in writing.

The net carrying amounts of the finance lease assets by asset category and their respective development are shown in the schedule of property, plant and equipment (Note 14). As of the reporting date, the ÖBB Group had contractually agreed the following minimum lease payments with lessors for the non-terminable finance leases:

Dec 31, 2015	Minimum lease payments in EUR million	Interest expense included in EUR million
2016	24.8	12.7
2017 - 2020	104.9	47.7
after 2020	267.2	39.8
Total of minimum lease payments	**396.9**	**100.2**
less interest	-100.2	
Present value of lease payments	**296.7**	

Dec 31, 2014	Minimum lease payments in EUR million	Interest expense included in EUR million
2015	206.6	8.9
2016 - 2019	72.4	33.5
after 2019	216.4	46.8
Total of minimum lease payments	**495.4**	**89.2**
less interest	-89.2	
Present value of lease payments	**406.2**	

Contingent lease payments were made in the amount of EUR 0.3 million (previous year: EUR 1.2 million).

Operating leases

Payments of minimum lease payments amounting to EUR 65.5 million (previous year: EUR 111.7 million) were recognized as expenses in the respective reporting periods.

Future minimum lease payments from non-cancellable operating lease agreements in each of the subsequent periods are as follows:

2015	up to 1 year in EUR million	1-5 years in EUR million	more than 5 years in EUR million
Land and buildings	17.9	64.7	187.8
Automobiles and trucks	14.7	38.2	2.9
Other technical equipment and machinery	4.8	19.4	0.0
Other plant, furniture and fixtures	0.1	0.2	0.0
Total	**37.5**	**122.5**	**190.7**

2014	up to 1 year in EUR million	1-5 years in EUR million	more than 5 years in EUR million
Land and buildings	13.4	61.6	194.5
Automobiles and trucks	9.9	9.3	0.2
Other technical equipment and machinery	4.0	15.8	0.0
Other plant, furniture and fixtures	8.0	11.9	0.0
Total	**35.3**	**98.6**	**194.7**

The operating lease agreements mainly refer to buildings, automobiles and trucks as well as furniture and fixtures. Contingent lease payments have not been agreed. The term of the lease agreements ends in 2040 (signaling and control center). In the reporting years 2015 and 2014, no significant future minimum lease payments from non-terminable sub-lease agreements were recognized.

Sale and leaseback transactions

A sale and leaseback transaction was completed for 150 freight cars in 2014. This resulted in a profit of EUR 1.3 million, of which EUR 1.2 million is deferred and released to income over the remaining term 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 cars was signed. This transaction gives rise to a sale-and-leaseback finance lease. The lease liability for 800 cars as of December 31, 2015, amounted to EUR 18.1 million. The sales income in the amount of EUR 19.8 million for the 800 cars is released over 6 years, distributed across the term of the lease.

30.3. Cross-border lease agreements

Between May 1995 and June 2006, Österreichische Bundesbahnen (now ÖBB-Infrastruktur AG) entered into six (previous year: seven) cross-border lease ("CBL") transactions, and ÖBB-Produktion Gesellschaft mbH and ÖBB-Personenverkehr AG each entered into one CBL transaction, both of which were still valid as of Dec 31, 2015.

Essentially two types of transactions were applied:

- Sale and leaseback:
  In this transaction, the contractual partner is the buyer of the assets and leases them back to the respective companies of the ÖBB Group.
- Lease and leaseback:
  The respective companies of The ÖBB Group lease assets under its legal ownership to the investor and simultaneously lease them back. Here, the contractual partner made upfront lease payments.

All leasing 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. In most CBL transactions, minimum ratings have been established for the banks and leasing institutions. If the minimum rating threshold is not met (rating trigger event), ÖBB-Infrastruktur must replace the liability, the relevant repayment vehicle, with U.S. treasury notes.

Assets subject to the CBL transactions (infrastructure assets and rolling stock) are maintained regularly in accordance with the provisions of the agreements and may, in principle, not be sold, leased, pledged as collateral or decommissioned.

Premature termination of CBL transactions

In the reporting year 2015, one (previous year: two) CBL transaction with two tranches (trusts) were ended prematurely. One tranche ended by exercising the purchase option, the second was terminated prematurely. Both tranches related in legal terms to ÖBB-Infrastruktur AG in their external relation, but in their internal relation they were recharged to ÖBB-Personenverkehr AG via the sub-leasing agreement.

In addition, for one CBL transaction and one tranche (trust), an additional CBL transaction was contractually fixed through the exercise of purchase options in 2015. Both purchase options become economically effective in January 2016 and, through the sub-lease agreements, affect Rail Cargo Austria AG (complete transaction) and ÖBB-Personenverkehr AG (Trust).

Remediation of the rating trigger for UniCredit Bank Austria

In June 2014, the rating of an equity repayment vehicle (Payment Undertaking Agreement, "PUA" for short, by the UniCredit Bank Austria with the city of Vienna acting as guarantor) was downgraded from AA- to BBB+, thereby causing the transaction to fall below the minimum creditworthiness specified in the contract. To remediate this rating trigger event, securities had to be provided to the investor in the form of a pledged deposit account with U.S. treasury notes amounting to USD 68.2 million as collateral for the period extending from October 2014 to December 2017. The deposit was financed by borrowing in the same currency. The existing PUA, which the investor no longer required as collateral after the establishment of the deposit account, is serving to repay the loan. This transaction relates in legal terms to ÖBB-Infrastruktur AG in its external relation, but was recharged in its entirety to ÖBB-Personenverkehr AG due to an existing sub-leasing agreement.

In April 2015, three additional transactions were restructured due to the rating downgrade last year. The appropriate provisions had been recognized for this in financial year 2014. To remediate this rating trigger event, securities were provided in the form of six pledged deposit accounts with U.S. treasury notes in the CBL transactions. The nominal value of the U.S. treasury notes amounts to USD 128.1 million, with various maturities between 2016 and 2026. The purchase of the U.S. treasury notes was carried out via loans in the corresponding currencies (private placement). The existing PUAs, which ÖBB-Infrastruktur AG no longer requires as collateral after the establishment of the deposit account, are serving, together with two swaps by KA Finanz AG, to repay the private placements entered into for the purchase of the U.S. treasury notes. The securities swap legally relates in its entirety to ÖBB-Infrastruktur AG in its external relation. This also applies to the PUAs that continue to exist, the private placement and the swaps with KA Finanz AG. One CBL transaction with two securities accounts economically affects ÖBB-Infrastruktur itself. Two CBL transactions with four securities accounts will be recharged to ÖBB-Personenverkehr AG and ÖBB-Produktion GmbH via sub-lease agreements.

Accounting

General principles for all CBL transactions:

- **The ÖBB Group remains the beneficial owner of the assets**: Due to continuing beneficial ownership, property, plant and equipment sold and leased back is still recognized in the property, plant and equipment of the ÖBB Group.
- **Amortization of the deferred tax benefit:** The tax benefit realized at the inception of the transaction is recognized in other liabilities and amortized pro rata temporis over the term of the contracts. As of Dec 31, 2015, the net present value benefit not yet amortized amounted to EUR 17.5 million (previous year: EUR 23.4 million). Income from the release of the tax benefit amounting in 2015 to EUR 9.4 million (previous year: EUR 9.4 million including EUR 9.3 million from the premature termination of a transaction) is recognized as interest income in the interest result.

Classification of lease transactions according to their substance

IAS 17 (Leases) provides detailed rules for the accounting of leases. The substance of the lease transaction is decisive for accounting.

The CBL transactions were classified in accordance with SIC 27 (Evaluating the Substance of Transactions in the Legal Form of a Lease). IAS 17 applies only when the substance of an agreement includes the conveyance of the right to use an asset for an agreed period. In consideration of the regulations of SIC 27, numerous 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 substance of the agreements, and are therefore not accounted for ("off balance"). Thus, for some transactions ("non-linked transactions") in the Consolidated Financial Statements, a (partial) accounting is required in the Statement of Financial Position ("on balance").

In respect of contractual parties with at least an AA+ rating or for whose compliance a subsidiary guarantor liability is assumed by the government, and whose investments are pledged in favor of the investor, the default risk is still regarded as extremely low, so that no need for any change is seen at present and these transactions continue to be disclosed "off balance." However, the creditworthiness (measured by the rating) of contractual partners rated as safe in the past has in some instances significantly deteriorated. For this case, the contractual provisions prescribe, among other requirements, that the affected deposits or payment undertaking agreements shall be replaced or hedged. In this context, the existing repayment vehicle was collateralized by the acquisition of U.S. treasury notes in a tranche for one transaction. This transaction relates to ÖBB-Infrastruktur AG in its external relation, and is recharged in its entirety to ÖBB-Personenverkehr AG. All items are presented in the Statement of Financial Position.

Accounting for assets and lease liabilities (non-linked transactions)

If recognition in the Statement of Financial Position is required, the securities were classified as available for sale (securities) or loans and receivables (deposits with banks and payment undertaking agreements) and measured at fair value or amortized cost. The U.S. treasury notes in 2014 and 2015 for the remediation of the rating trigger were classified as available for sale. Initially, the financial assets are matched with lease liabilities in the same amount, and the U.S. treasury notes are also matched with credit financing in the same amount. Amounts denominated in foreign currencies are translated at the exchange rate applicable at the reporting date. Any changes in the value of the assets resulting from changes in exchange rates are offset by corresponding exchange rate effects on the lease liabilities, and credit financing in the event of a hedged repayment vehicle for one of the tranches of a transaction.

Higher credit risks were considered by recording allowances on investments with those contractual parties which have a Standard & Poor's rating below AA and for which no additional collateral in the form of a guarantor liability or pledged marketable securities of the highest rating (AAA) in favor of the ÖBB Group exist. The amount of the respective allowance is determined using portfolio allowance based on historical probabilities of default, measured by the rating of the contractual parties and the residual term of the transaction in consideration of the individual circumstances. As of Dec 31, 2015, there were allowances on investments in the amount of EUR 2.9 million (previous year: EUR 2.4 million).

In the Consolidated Financial Statements as of Dec 31, 2015, financial assets associated with non-linked leasing transactions amounted to EUR 495.1 million (previous year: EUR 489.3 million). On Dec 31, 2015, related financial liabilities amounted to EUR 591.4 million (previous year: EUR 597.1 million). These lease liabilities include finance lease liabilities in the amount of EUR 178.3 million (previous year: EUR 182.3 million). This amount is therefore also presented in the list in Note 30.2.

Accounting for transactions without substance (linked transactions)

In accordance with SIC 27, the Company did not recognize any assets or liabilities for these transactions. Therefore, the deposits made and marketable securities purchased in connection with the payment undertaking agreements and the lease prepayments received under the master lease agreement are not recognized in the Statement of Financial Position. 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 recognized as contingent liabilities. As of Dec 31, 2015, contingent liabilities from CBL transactions amounted to EUR 396.0 million (previous year: EUR 397.6 million). All underlying investments have at least an AA+ rating or are collateralized by a guarantor liability issued by the government, and are not associated with hedges of existing repayment vehicles.

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

Service concession arrangements in the sense of SIC 29 concern the railway infrastructure business area. On 6/13/1977, ÖBB-Infrastruktur Bau AG (now ÖBB-Infrastruktur AG) was granted a concession to operate a railway in the Principality of Liechtenstein that is valid until December 31, 2017. ÖBB-Infrastruktur AG is therefore authorized and obligated to maintain the uninterrupted and proper operation of this railway, which serves for public transportation, throughout the entire duration of the concession. Infrastructure assets in Liechtenstein are the property of ÖBB-Infrastruktur AG. As of Dec 31, 2015, these assets had a carrying amount of EUR 15.5 million (previous year: EUR 15.8 million). The concessionaire assumes responsibility for the conveyance of people, luggage, and freight.

An extension of the concession is pursued. The new Liechtenstein Railways Act came into effect in 2011. This change in the legal situation, in accordance 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 will be sharply rejected by the Principality of Liechtenstein. The progress of the negotiations on this issue is expected to have significant influence on the time frame of the concession proceedings.

Because in recent meetings of the Trilateral Steering Committee the Liechtenstein delegation consistently had no negotiating power granted by the government of Liechtenstein and has now given notice that it will no longer participate in the meetings of the Steering Committee (explicit reference was made to the period of activity of the current government, which ends in 2017), it is necessary to clarify the further procedure of political talks at the level of at least the competent ministries of the three countries bordering the route. Further talks on coordinating actions with Switzerland were planned on the part of BMVIT.

To ensure operations, the draft of a letter to the governments of Liechtenstein and Switzerland is being prepared by ÖBB-Infrastruktur AG, which will ensure the continued operation of the routes through the end of 2020. Agreement to this was signaled by Switzerland, and Liechtenstein has also repeatedly stressed that the pending application for the extension of the concession ensures the continued operation for the duration of the process.

Although upon expiration of the concession in 2017, the assets would be transferred to Liechtenstein, 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 is the only applicant for the concession, and is likely to be able to continue its operations; 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 even provided for in the law.

Independently of this, in the framework of the Steering Committee, the three states have agreed to obtain an independent evaluation of the current status of the facilities and the issue of whether conservation measures are overdue. The required EIA (environmental impact assessment) permits for the expansion of the Liechtenstein section of the line were received in December 2014 (FL) and June 2015 (A).

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, the segments should only be maintained and operated, or if the ÖBB will withdraw its application for a license.

32. Related party transactions

Supplies to and from related parties

Related parties consist of affiliated, not fully consolidated companies of the ÖBB Group, associated companies, the shareholder of ÖBB-Holding AG (Republic of Austria) and their major subsidiaries and key management personnel (members of the Board of Management and the Supervisory Board of ÖBB-Holding AG).

The Company maintains business relationships at arm's lengths, within the services portfolio of the ÖBB Group, with companies in which the Republic of Austria directly or indirectly holds an interest (e.g. 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 parties in accordance with IAS 24. The transactions in the sense of IAS 24 that were carried out with these companies during the two reporting years, and that concerned ordinary transactions in the course of the operating business, were insignificant in overall terms and amounted to less than 0.5% of cost of materials and purchased services and less than 2.0% 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 companies included in the Consolidated Financial Statements and related parties during the financial year, and the receivables or liabilities resulting from these transactions at the end of the financial year:

	Members of the Supervisory Board and persons related to other bodies		Associated companies		Subsidiaries, not consolidated	
in EUR million, rounded	2015	2014	2015	2014	2015	2014
Sale of goods/ rendering of services (total revenue)	0.0	0.0	32.0	39.9	3.0	0.6
Purchase of goods/ services (total expenditure)	0.0 *)	0.1	41.3	38.9	5.1	2.9
Receivables as of Dec 31			48.0	42.0	1.8	0.9
Liabilities as of Dec 31			33.8	28.9	1.8	0.4

*) small amount

No guarantees or investment grants were issued to or accepted by affiliated, not fully consolidated companies. There were no transactions carried out in both financial years with board members 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 members of the Supervisory Board relate to sales concluded with companies in which the members of the Supervisory Board of the ÖBB Group also exercised a controlling interest.

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 Federal Railways Act, 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 644.8 million (previous year: EUR 635.6 million). On the basis of transport service agreements, services are provided for the federal provinces and the communities that were charged at EUR 285.8 million for the financial year (previous year: EUR 290.5 million).

Rail Cargo Austria AG, like all other railway operators that provide services in the form of single-car transport, unaccompanied transportation or rolling highway (combined road/railway transport), receives subsidies in accordance with the aid program for railway freight transportation granted by the European Commission to the Republic of Austria. The subsidies guaranteed to the Republic of Austria for Rail Cargo Austria AG amounted in 2015 to 81.9 million (previous year: EUR 82.0 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 Bundesbahngesetz [Austrian Federal Railways Act]. The basis for the financing of the Company is given in Article 47 of the Federal Railways Act, according to which the federal government is responsible for ensuring that ÖBB-Infrastruktur AG has the funds required to fulfill its tasks and maintain its liquidity and equity, insofar as the tasks are included in the business plan pursuant to Article 42 (6) of the Federal Railways Act. The commitment regulated by the federal government in this provision is implemented by the grant agreements pursuant to Article 42 (1) and (2) of the Federal Railways Act.

It is the understanding of the contractual parties that the objective of the grant agreements, irrespective of their respective terms, is to permanently guarantee the value of the assets of ÖBB-Infrastruktur AG used for the tasks pursuant to Article 31 of the Federal Railways Act, which also conforms to the official task according to the Federal Railways Act.

ÖBB-Infrastruktur AG bears the costs incurred for the fulfillment of its tasks. The federal government grants ÖBB-Infrastruktur AG

– a grant pursuant to Article 42 (1) of the Federal Railways Act, at the request of ÖBB-Infrastruktur AG, in particular for the operation of the railway infrastructure and the provision of the same to its users insofar and for as long as the revenue that can be achieved from 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 Federal Railways Act for the maintenance, planning and construction of the railway infrastructure.

Two separate agreements on the grants pursuant to Article 42 (1) and (2) of the Federal Railways Act shall be concluded between ÖBB-Infrastruktur AG and the Federal Ministry of Transport, Innovation and Technology (BMVIT) in coordination with the Federal Ministry of Finance (BMF), each with a term of six years, and these agreements shall determine the objective of the grant, the amounts to be granted for this purpose, the general and specific terms and conditions and the payment terms.

Schieneninfrastruktur-Dienstleistungsgesellschaft m.b.H. (SCHIG mbH) monitors compliance with the obligations assumed by ÖBB-Infrastruktur AG in the grant agreements according to Article 42 of the Austrian Federal Railways Act. The monitoring is related to the economic, efficient and appropriate use of funds in the planning, construction, maintenance, deployment and operation of a demand-oriented and safe rail infrastructure.

The 2016-2021 plan was approved by the Supervisory Board of ÖBB-Infrastruktur AG in October 2015.

In August 2015, the Republic of Austria, represented by the Federal Ministry of Transport, Innovation and Technology in coordination with the Federal Ministry of Finance, ÖBB-Infrastruktur AG and ÖBB-Holding AG formally concluded the subsidies agreements pursuant to Article 42 of the Austrian Federal Railways Act that regulates the subsidies from 2015 onwards. The subsidies agreement is valid for 2015.

Infrastructure financing

The grant agreement pursuant to Article 42 (2) of the Federal Railways Act is based on the business plan to be prepared by ÖBB-Infrastruktur AG pursuant to Article 42 (6) of the Federal Railways Act. One component of the business plan is the six-year master plan to be prepared by ÖBB-Infrastruktur AG pursuant to Article 42 (7) of the Federal Railways Act, which has to comprise the annual funds for maintenance (in particular repairs and reinvestments) and for investments in expansion. Both the business plan and the master plan shall be amended each year by one year and adapted to the new six-year period.

According to the grant agreement 2014-2019, the federal government shall bear 75% of the annual investments in expansion and reinvestments according to the master plan 2014-2019 (with the exception of the Brenner base tunnel) until 2016 and 80% for the years 2017 and 2018; for these investments, subsidies are granted in the form of an annuity allocated over 30 years. For the Brenner base tunnel project, the federal government provides a 100% grant in the form of an annuity allocated over 50 years. The interest rate corresponds to the rate respectively applicable for long-term financing measures of ÖBB-Infrastruktur AG.

The share of the investments for expansion (with the exception of the Brenner base tunnel) and reinvestments to be assumed by the federal government is continuously reviewed and adjusted as necessary to the current requirements for future grants.

The federal government also grants a subsidy for inspection and maintenance, elimination of malfunctions and repair of the railway infrastructure operated by ÖBB-Infrastruktur AG. The amount of the grant is fixed with consideration of the liquidity requirements based on the business plan of ÖBB-Infrastruktur AG, the limit of the total grant prescribed by Article 42 of the Federal Railways Act and the objectives (performance and output objectives) according to the grant agreement pursuant to Article 42 (1) of the Federal Railways Act. Changes of the functionality and/or the extent of the railway infrastructure operated by ÖBB-Infrastruktur AG result in a corresponding increase or decrease of the grant. Therefore, ÖBB-Infrastruktur AG has to obtain the consent of the BMVIT and the BMF prior to any such change.

In 2015, based on the applicable subsidies agreement for 2014–2019, an amount of EUR 678.2 million (previous year: EUR 613.3 million) was granted for investments in expansion and reinvestments (with the exception of the Brenner base tunnel) For inspection, maintenance and elimination of malfunctions, an amount of EUR 501.0 million (previous year: EUR 498.8 million) was granted.

ÖBB-Infrastruktur AG has provided investment grants for the construction costs of the Brenner base tunnel in the amount of EUR 112.5 million (previous year: EUR 50.0 million) that were reimbursed to the company by the federal government after deduction of the payments agreed contractually with the federal province of Tyrol in the course of acquisition in the amount of EUR 106.5 million (previous year: EUR 45.9 million).

Infrastructure operation and apprenticeship costs

The federal government grants a subsidy pursuant to Article 42 (1) of the Federal Railways Act, at the request of ÖBB-Infrastruktur AG, in particular for the operation of the railway infrastructure and the provision of the same to its users insofar and for as long as the revenues that can be achieved from the users of the railway infrastructure under the respective market conditions do not cover the expenses incurred with economical and efficient management.

ÖBB-Infrastruktur AG has to submit an annual rationalization and savings plan with a forecast statement to the Federal Ministry of Transport, Innovation and Technology and the Federal Ministry of Finance.

The agreement on the grant pursuant to Article 42 (1) of the Federal Railways Act is based in particular on the six-year business plan to be prepared by ÖBB-Infrastruktur AG pursuant to Article 42 (6) Federal Railways Act, which comprises a detailed description of the measures required to fulfill its tasks of providing a secure railway infrastructure corresponding to requirements, including time schedules, budgets, rationalization plans and a forecast with respect to usage fees and other fees and charges. The business plan pursuant to Article 42 (6) Federal Railways Act shall be amended each year by one year and adapted to the new six-year period.

Pursuant to Article 45 Federal Railways Act, the BMVIT charged SCHIG with monitoring the fulfillment 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 Federal Railways Act.

The specific objectives to be achieved by ÖBB-Infrastruktur AG are categorized in particular into general, quality, safety and efficiency objectives agreed with consideration of the statutory tasks of ÖBB-Infrastruktur AG and stipulated in the business plan agreed between the federal government and ÖBB-Infrastruktur AG pursuant to Article 42 (6) Federal Railways Act.

The compliance with the obligation for ÖBB-Infrastruktur AG to guarantee and constantly improve the quality and safety of the operated railway infrastructure, which results from the Federal Railways Act, is assessed by means of certain ratios in connection with the grant.

Unless otherwise agreed between ÖBB-Infrastruktur AG and the federal government, the annual grant shall be reduced by the portion of operating expenses incurred for railway infrastructure that is transferred to other operators or no longer operated by ÖBB-Infrastruktur AG, contrary to the provisions of the business plan pursuant to Article 42 (6) Federal Railways Act.

The entire grant for 2015 according to Article 42 of the Federal Railways Act amounts to EUR 1,850.4 million (previous year: EUR 1,800.0 million). The grant for expansion and reinvestment in the amount of EUR 678.2 million (previous year: EUR 613.1 million) was reduced by EUR 43.7 million (previous year: EUR 36.2 million) to EUR 634.5 million (previous year: EUR 576.9 million) due to the investment measures carried out and more favorable interest rate developments, and is presented in other operating income. The grant for operation, inspection, maintenance, fault clearance and repair amounting to EUR 1,172.2 million (previous year: EUR 1,186.5 million) was reduced by EUR 1.8 million due to reduced requirements for the apprenticeship program. In addition, the reversal of provisions created in previous periods in connection with the dismantling of decommissioned routes resulted in income of EUR 18.8 million, which additionally reduces the need for subsidies. For the realization of the amount of EUR 2.4 million recognized in deferred income in the financial year, EUR 1.4 million was recognized in revenue.

The subsidy in the amount of EUR 53.6 million attributable to capitalized interest under IAS 23 is considered to be an investment subsidy and is used to cover future expenses incurred in the form of depreciation. The disclosure in the financial statements is made in revenue as a reduction in the subsidy pursuant to Article 42 (1) of the Federal Railways Act and presented as an investment grant. Consequently, the amount of EUR 1,099.5 million (previous year: EUR 1,153.5 million) was recognized through profit or loss for operation, inspection, maintenance, fault clearance and repair. The amounts deferred in connection with the grant for expansion and reinvestment in the amount of EUR 43.7 million (prior year: EUR 36.2 million) as well as in connection with the operational management and apprenticeship program in the amount of EUR 20.6 million (prior year: EUR 40.6 million) is presented in other liabilities.

The development of grants in 2015 breaks down as follows:

in EUR million	Grant contract 2014-2019	Accruals	Recognized in income 2015
§ 42 (1) Operation	671.2	74.1	597.1
§ 42 (2) Inspection/maintenance/disposal and repair	501.0	-1.4	502.4
Revenue	**1,172.2**	**72.7**	**1,099.5**
§ 42 (2) Expansion and reinvestment	678.2	43.7	634.5
Other operating income	**678.2**	**43.7**	**634.5**
Total	**1,850.4**	**116.4**	**1,734.0**

With respect to Group liabilities assumed by the federal government, see Note 25.

In addition, contributions (usually grants for investment measures) from the Austrian provincial governments amounting to EUR 50.8 million (previous year: EUR 49.4 million) and from municipalities in the amount of EUR 13.2 million (previous year: EUR 14.9 million) were received, whereby on the reporting date there were still outstanding receivables amounting to EUR 7.6 million (previous year: EUR 3.1 million) and outstanding liabilities of EUR 0.7 million (previous year: 2.2 million). Furthermore, EU subsidies amounting to EUR 39.0 million (previous year: EUR 7.1 million) were granted. The investment grants and EU grants are grants from the public authorities or the EU, and are recognized 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 (previous year: two). In accordance with section 266 (7) UGB, the ÖBB-Holding AG Board compensation for Board members amounted to kEUR 1,313 (previous year: kEUR 1,744). This includes claims from previous periods and benefits in kind. Furthermore, statutory contributions to the severance insurance scheme amounted to kEUR 12 in the year under review (previous year: kEUR 18 million) and contributions to a pension fund amounted to kEUR 83 (previous year: kEUR 80) vacation accrual declined versus the previous year from kEUR 97 by kEUR 20 to kEUR 77. The provision for severance payments was increased by kEUR 28 (previous year: reduced by kEUR 225).193

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 general managers of companies on comparable levels) include a performance-related component; thus, the success of the company is reflected by the remuneration to a considerable extent. In principle, two-thirds of the remuneration of top executives consists of a fixed base salary, and one-third is a variable performance-related component. At the beginning of each financial year, an individual score card is developed for each company for the purpose of agreeing upon clearly defined, mainly quantitative objectives. 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.

Remuneration of members of the Supervisory Board

In accordance with the rules of procedure of the Supervisory Board of ÖBB-Holding AG and the resolution of the annual general meeting, the ÖBB Group shall reimburse the actual invoiced expenses incurred by the members of the Supervisory Board in the course of performing their duty and pay compensation to the shareholders' representatives on the Supervisory Board.

The basic remuneration for a Supervisory Board member amounts to kEUR 9 per year. In addition, each Supervisory Board member receives an attendance fee of EUR 200 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 chairperson within ÖBB-Holding AG receives 150% of the basic remuneration. For any activity in another Supervisory Board of the ÖBB Group, the member receives an additional 50% of the amounts stipulated above. If several functions are accumulated in one person, the upper limit of EUR 27 thousand (plus attendance fees) may not be exceeded. Members of the Supervisory Board who are members of the Board of Management, employee representatives, general managers or employees of the ÖBB Group do not receive any Supervisory Board remuneration.

The compensation of the shareholders' representatives on the Supervisory Board for their activities in the ÖBB-Holding Group amounted to kEUR 130 (previous year: kEUR 136). The remuneration of the other members of the Supervisory Boards of the Group companies amounted to kEUR 44 (previous year: kEUR 40).

33. Segment reporting

A business segment is a component of a company that engages in business activities from which it may earn revenue and incur expenses and whose operating results are reviewed regularly by the company's chief operating decision-maker with respect to the allocation of resources to the respective segment and the assessment of its performance. A business segment is a group of assets and operating activities providing products or services which are subject to risks and return that are different from those of other operating segments and for which discrete financial information is available.

Information on business segments

The structure of the ÖBB sub-groups according to the management structure is used for segment reporting. In addition, the "Others" unit comprises the direct subsidiaries of ÖBB-Holding AG. These units constitute the basis for segment reporting by business segment.

The ÖBB Group comprises the following segments (= sub-groups):

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, local 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 Group to position itself based on the needs of customers and markets and also be able to offer customized solutions in addition to binding service commitments, the purpose of the company is classified into five complementary, transnational railway services.

- Shipping: 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) – RO (railway operator = carrier service) for Group-owned traction stock (e.g. base load, single car transport)
- Cars: Rail Cargo Wagon (RCW) – wagon lessor
- TS: Technical Services (TS) – Maintenance of rolling stock

Infrastructure

The tasks of the ÖBB Infrastruktur sub-group comprise
- planning and construction of railway 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 railway 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 and utilization of real estate.

Holding/Other activities

This segment comprises the various management, financing and service functions of ÖBB-Holding AG; its other investments (e.g. ÖBB-Business Competence Center GmbH, ÖBB-Finanzierungsservice GmbH, ÖBB-Werbung GmbH), and ÖBB-Produktion Gesellschaft mbH (provision of traction services). With European Contract Logistics-Austria GmbH, the storage and contracted logistics division (general cargo transport and food logistics) is presented in this segment.

The accounting policies of segment reporting correspond to the IFRS regulations used in the preparation of the Consolidated Financial Statements. The operating profit is used as a performance measure. Interest income and expenses are allocated.

The accounting principles for inter-segmental transactions with a reporting obligation are standardized and correspond to Note 3.

On July 1, 2014, ÖBB-Infrastruktur AG acquired the operation "Apprenticeship and technical adult education program, including the vocational school" from ÖBB-Business Competence Center GmbH with a contract dated June 23, 2014, the result of which is that ÖBB-Infrastruktur AG now plays the central role in the apprenticeship program. In connection with the acquisition of the operation, 100% of the shares in ÖBB-Stiftungsmanagement GmbH were purchased from ÖBB-Business Competence Center GmbH in a contract dated July 18, 2014. The Company has a low volume of business and was not included in the scope of fully consolidated companies.

2015	Passenger transport in EUR million	Rail Cargo Austria in EUR million	Infrastructure in EUR million	Others in EUR million	Transition in EUR million	Total in EUR million
Total income						
Total income unconsolidated	*2,071.6*	*3,144.1*	*3,283.1*	*1,379.4*		*9,878.2*
thereof revenue	*2,023.5*	*3,013.7*	*2,263.6*	*1,340.2*		*8,641.0*
thereof other income	48.1	130.4	1,019.5	39.2		1,237.2
Elimination of income in the segment	*-33.7*	*-985.0*	*-231.7*	*-39.5*	*-2,242.9*	*-3,532.8*
thereof revenue	*-32.1*	*-955.1*	*-219.6*	*-37.0*	*-2,225.0*	*-3,468.8*
thereof other income	-1.6	-29.9	-12.1	-2.5	-17.9	-64.0
Total segment income	***2,037.9***	***2,159.1***	***3,051.4***	***1,339.9***	***-2,242.9***	***6,345.4***
thereof revenue	*1,991.4*	*2,058.6*	*2,044.0*	*1,303.2*	*-2,225.0*	*5,172.2*
thereof other income	46.5	100.5	1,007.4	36.7	-17.9	1,173.2
Elimination of income between segments	*-38.0*	*-459.2*	*-722.7*	*-1,023.0*	*2,242.9*	*0.0*
thereof revenue	*-27.4*	*-412.0*	*-702.2*	*-1,083.4*	*2,225.0*	*0.0*
thereof other income	-10.6	-47.2	-20.5	60.4	17.9	0.0
Total income from third parties	**1,999.9**	**1,699.9**	**2,328.7**	**316.9**	**0.0**	**6,345.4**
thereof revenue	*1,964.0*	*1,646.6*	*1,341.8*	*219.8*	*0.0*	*5,172.2*
thereof other income	*35.9*	*53.3*	*986.9*	*97.1*	*0.0*	*1,173.2*
Expenses for materials and services received	-1,234.2	-1,505.2	-390.6	-564.9	1,943.4	-1,751.5
Personnel expenses	-376.6	-358.5	-1,036.5	-565.9	0.0	-2,337.5
Depreciation and amortization	-145.1	-55.2	-690.4	-65.9	7.6	-949.0
Other operating expenses	-189.0	-163.6	-319.5	-101.2	322.4	-450.9
Earnings before income and tax (EBIT)	**93.0**	**76.6**	**614.4**	**42.0**	**30.6**	**856.6**
Earnings of investments accounted for using the equity method	10.0	13.0	0.6	0.0	-21.3	2.3
Interest income	10.7	1.4	35.1	22.0	-25.2	44.0
Interest expenses	-45.0	-35.0	-635.6	-28.3	25.0	-718.9
Other financial result	8.6	1.2	-1.7	2.3	-1.6	8.8
Earnings before income taxes (EBT)	**77.3**	**57.2**	**12.8**	**38.0**	**7.5**	**192.8**
Income taxes	-8.7	9.4	-12.0	-6.7	30.8	12.8

Dec 31, 2015	Passenger transport in EUR million	Rail Cargo Austria in EUR million	Infrastructure in EUR million	Others in EUR million	Transition in EUR million	Total in EUR million
Assets	2,640.0	1,773.8	22,100.2	5,484.8	-5,523.5	26,475.3
Investments recorded at equity	323.7	196.6	49.3	0.6	-503.3	66.9
Liabilities						
Liabilities unconsolidated	1,914.6	1,877.4	20,992.9	1,715.2		26,500.1
Elimination of liabilities in the segment	-10.5	-177.6	-98.9	-135.5	-1,524.3	-1,946.8
Liabilities of the segment	**1,904.1**	**1,699.8**	**20,894.0**	**1,579.7**	**-1,524.3**	**24,553.3**
Elimination of liabilities between segments	-154.7	-534.3	-175.0	-660.3	1,524.3	
Liabilities towards third parties	**1,749.4**	**1,165.5**	**20,719.0**	**919.4**	**0.0**	**24,553.3**

2015	Passenger transport in EUR million	Rail Cargo Austria in EUR million	Infrastructure in EUR million	Others in EUR million	Transition in EUR million	Total in EUR million
Other information						
Investment expenses (property, plant and equipment and intangible assets)	96.0	88.7	1,814.3	34.3	-0.9	2,032.4

2014	Passenger transport in EUR million	Rail Cargo Austria in EUR million	Infrastructure in EUR million	Others in EUR million	Transition in EUR million	Total in EUR million
Total income						
Total income unconsolidated	*2,029.9*	*3,127.3*	*3,278.8*	*1,372.0*	*0.0*	*9,808.0*
thereof revenue	*1,974.7*	*3,009.8*	*2,331.8*	*1,338.4*	*0.0*	*8,654.7*
thereof other income	55.2	117.5	947.0	33.6	0.0	1,153.3
Elimination of income in the segment	*-35.8*	*-962.5*	*-164.1*	*-39.7*	*-2,251.0*	*-3,453.1*
thereof revenue	*-34.3*	*-936.8*	*-155.7*	*-36.7*	*-2,219.2*	*-3,382.7*
thereof other income	-1.5	-25.7	-8.4	-3.0	-31.8	-70.4
Total segment income	**1,994.1**	**2,164.8**	**3,114.7**	**1,332.3**	**-2,251.0**	**6,354.9**
thereof revenue	*1,940.4*	*2,073.1*	*2,176.1*	*1,301.7*	*-2,221.2*	*5,270.1*
thereof other income	53.7	91.7	936.6	32.6	-29.8	1,084.8
Elimination of income between segments	*-26.7*	*-411.2*	*-725.8*	*-1,089.4*	*2,253.1*	*0.0*
thereof revenue	*-24.4*	*-411.1*	*-709.7*	*-1,076.0*	*2,221.2*	*0.0*
thereof other income	-2.2	-0.1	-16.1	-13.4	31.8	0.0
Total income from third parties	**1,967.4**	**1,753.6**	**2,388.9**	**244.8**	**0.0**	**6,354.9**
thereof revenue	*1,916.0*	*1,662.0*	*1,466.4*	*225.7*	*0.0*	*5,270.1*
thereof other income	*51.5*	*91.6*	*920.5*	*21.1*	*0.0*	*1,084.8*
Expenses for materials and services received	-1,224.9	-1,457.3	-422.9	-573.2	1,914.2	-1,764.1
Personnel expenses	-377.4	-372.1	-1,074.7	-583.3	0.0	-2,407.5
Depreciation and amortization	-105.6	-57.8	-644.8	-56.7	6.2	-858.7
Other operating expenses	-185.2	-174.0	-337.2	-85.1	321.0	-460.5
Earnings before income and tax (EBIT)	**101.0**	**103.6**	**635.1**	**34.0**	**-9.6**	**864.1**
Earnings of investments accounted for using the equity method	16.1	3.2	0.9	0.0	-19.8	0.4
Interest income	12.4	1.5	36.1	26.1	-29.5	46.6
Interest expenses	-52.1	-42.9	-638.1	-27.9	29.4	-731.6
Other financial result	-1.7	-6.5	2.6	-3.8	1.6	-7.8
Earnings before income taxes (EBT)	**75.7**	**58.9**	**36.6**	**28.4**	**-27.9**	**171.7**
Income taxes	-13.2	-5.3	-5.8	-39.2	58.6	-4.9

Dec 31, 2014	Passenger transport in EUR million	Rail Cargo Austria in EUR million	Infrastructure in EUR million	Others in EUR million	Transition in EUR million	Total in EUR million
Assets	2,777.3	1,862.3	21,341.0	5,656.4	-5,891.2	25,745.8
Investments recorded at equity	310.8	180.9	43.8	0.1	-476.4	59.2
Liabilities						
Liabilities unconsolidated	2,176.1	2,136.6	20,250.8	1,918.5	0.0	26,482.0
Elimination of liabilities in the segment	-53.5	-276.6	-108.3	-136.8	-1,853.0	-2,428.2
Liabilities of the segment	**2,122.6**	**1,860.0**	**20,142.5**	**1,781.7**	**-1,853.0**	**24,053.8**
Elimination of liabilities between segments	-240.2	-519.9	-160.4	-932.5	1,853.0	0.0
Liabilities towards third parties	**1,882.4**	**1,340.1**	**19,982.1**	**849.2**	**0.0**	**24,053.8**

2014	Passenger transport in EUR million	Rail Cargo Austria in EUR million	Infrastructure in EUR million	Others in EUR million	Transition in EUR million	Total in EUR million
Other information						
Investment expenses (property, plant and equipment and intangible assets)	99.7	61.4	1,858.4	46.8	-9.7	2,056.6

Capital expenditures are recognized prior to the deduction of grants, if any.

Services provided between segments are charged at customary rates.

ÖBB-Produktion GmbH was classified as a joint venture in the Passenger Transport and Rail Cargo Austria segments and reported using the equity method of accounting. Otherwise, ÖBB-Produktion GmbH is allocated to the “Other” section.

Information on the geographic markets

The following table shows the Group revenue according to the geographic markets, based on the registered offices of the customers, irrespective of the origin of the products/services:

Total income 2015	Passenger transport in EUR million	Rail Cargo Austria in EUR million	Infrastructure in EUR million	Others/ Transition in EUR million	Total in EUR million
Domestic	1,207.9	1,906.4	1,102.9	1,245.3	5,462.5
Foreign	*170.8*	*1,035.2*	*64.2*	*91.8*	*1,362.0*
thereof Germany	*77.7*	*265.3*	*37.5*	*45.1*	*425.6*
thereof Hungary	*13.8*	*308.8*	*1.6*	*12.0*	*336.2*
thereof Switzerland	*17.4*	*41.3*	*15.0*	*8.9*	*82.6*
other markets	61.9	419.8	10.1	25.8	517.6
Total unconsolidated	**1,378.7**	**2,941.6**	**1,167.1**	**1,337.1**	**6,824.5**
Income from public service orders	644.8	81.9	0.0	0.0	726.7
Government grant pursuant to Article 42 Bundesbahngesetz	0.0	0.0	1,099.5	0.0	1,099.5
less internal turnover	-32.1	-964.9	-222.6	-2,258.9	-3,478.5
Segment turnover	**1,991.4**	**2,058.6**	**2,044.0**	**-921.8**	**5,172.2**
Other operating income incl. other own work capitalized	46.5	100.5	1,007.4	18.8	1,173.2
Total segment income	**2,037.9**	**2,159.1**	**3,051.4**	**-903.0**	**6,345.4**

Total income 2014	Passenger transport in EUR million	Rail Cargo Austria in EUR million	Infrastructure in EUR million	Others/ Transition in EUR million	Total in EUR million
Domestic	1,169.4	1,823.1	1,160.7	1,120.3	5,273.5
Foreign	*169.7*	*1,104.7*	*17.6*	*218.0*	*1,510.0*
thereof Germany	*83.1*	*259.9*	*14.9*	*40.4*	*398.3*
thereof Hungary	*13.3*	*326.2*	*0.0*	*14.4*	*353.9*
thereof Switzerland	*17.6*	*40.6*	*0.0*	*7.1*	*65.3*
other markets	55.7	478.0	2.7	156.1	692.5
Total unconsolidated	**1,339.1**	**2,927.8**	**1,178.3**	**1,338.3**	**6,783.5**
Income from public service orders	635.6	82.0	0.0	0.0	717.6
Government grant pursuant to Article 42 Bundesbahngesetz	0.0	0.0	1,153.5	0.0	1,153.5
less internal turnover	-34.3	-936.7	-155.7	-2,257.8	-3,384.5
Segment turnover	**1,940.4**	**2,073.1**	**2,176.1**	**-919.5**	**5,270.1**
Other operating income incl. other own work capitalized	53.8	91.7	938.6	0.7	1,084.8
Total segment income	**1,994.2**	**2,164.8**	**3,114.7**	**-918.8**	**6,354.9**

Information on segment assets

The following table shows the carrying amounts of the segment assets and the additions to property, plant and equipment and intangible assets, grouped according to the geographic areas in which the assets are located. The segment assets comprise property, plant and equipment and intangible assets.

	Carrying amounts of segment assets		Additions to property, plant and equipment and intangible assets	
	Dec 31, 2015 in EUR million	Dec 31, 2014 in EUR million	Dec 31, 2015 in EUR million	Dec 31, 2014 in EUR million
Segment ÖBB-Personenverkehr				
Domestic	1,835.7	1,910.0	91.8	95.5
Foreign	9.5	9.5	4.2	4.2
thereof Eastern Europe	*9.5*	*9.5*	*4.2*	*4.2*
Total	**1,845.2**	**1,919.5**	**96.0**	**99.7**
Segment Rail Cargo Austria				
Domestic	500.6	487.9	53.9	41.9
Foreign	397.3	388.6	34.8	19.5
thereof Hungary	*358.6*	*352.5*	*26.9*	*16.4*
thereof Italy	*9.8*	*10.4*	*0.3*	*0.3*
thereof Eastern Europe	*10.8*	*12.2*	*0.6*	*0.2*
Rest of Europe	*18.1*	*13.5*	*7.0*	*2.6*
Total	**897.9**	**876.5**	**88.7**	**61.4**
Segment ÖBB-Infrastruktur				
Domestic	20,430.1	19,624.8	1,813.9	1,857.8
Foreign	15.5	15.8	0.4	0.6
Rest of Europe	*15.5*	*15.8*	*0.4*	*0.6*
Total	**20,445.6**	**19,640.6**	**1,814.3**	**1,858.4**
Segment Holding and other companies				
Domestic	949.1	982.9	34.3	46.8
Total	**949.1**	**982.9**	**34.3**	**46.8**
Sub-total segments	**23,997.4**	**23,419.5**	**2,033.3**	**2,066.3**
less consolidation	-96.2	-100.6	-0.9	-9.7
According to Consolidated Financial Statements	**24,041.6**	**23,318.9**	**2,032.4**	**2,056.6**
thereof domestic	*23,619.3*	*22,920.7*	*1,992.9*	*2,032.9*
thereof foreign	*422.3*	*398.2*	*39.5*	*23.7*

34. Notes on the Cash Flow Statement

The Cash Flow Statement shows the change in cash of the ÖBB Group from inflows and outflows of funds in the reporting year. The Cash Flow Statement is divided into cash flows from operating activities, from investment activities and from financing activities. Operating parts of the Cash Flow Statement are presented using the indirect method.

Liquid funds include cash and cash equivalents and current liabilities (recognized in the current liabilities) in the amount of EUR 13.4 million (previous year: EUR 7.6 million). The part of the interest payment that is capitalized under IAS 23 as part of the cost of qualified assets is included in operating cash flow. The federal subsidies totaling EUR 53.6 million received in this connection are also recognized in operating cash flow under changes in liabilities from trade payables and other liabilities and deferrals.

The significant non-cash transactions in the reporting year primarily relate to a purchase price receivable in the amount of EUR 132.5 million and the appreciation of the fixed assets in the amount of EUR 19.0 million in connection with the sale and leaseback transaction by the amount by which the sale price exceeded the carrying amount of the assets. Because this is a finance lease, the amount was recognized assets on one side and, pursuant to IAS 17, in deferred income on the other. Furthermore, a purchase price receivable of EUR 132.5 million from an asset sale in the 2014 financial year was offset by the non-cash acquisition of the related financing. Additional significant non-cash transactions carried out during the reporting year mainly refer to the recognition of assets and liabilities from CBL transactions and reclassifications of real estate recovery projects for which there was a change in use during the financial year to property, plant and equipment.

As regards proceeds and expenditures with respect to the acquisition of consolidated companies, please refer to Note 35 and the figures in brackets there.

35. Investee companies

Information on the 5 subsidiaries, associates, investments and other holdings in the ÖBB Group as of Dec 31, 2014

Changes in the basis of consolidation

The following companies were consolidated in the reporting year for the first time:

– ÖBB-Fernbus GmbH (launched 11/2015)
– Rail Cargo Logistics - Bulgaria EOOD (previous year: V0)
– Rail Cargo Carrier - Germany GmbH (purchase 10/2015)
– Rail Cargo Operator - Austria GmbH (launched 5/2015)

For Rail Cargo Logistics - Goldair SA, accounting was switched to the equity method (previous year: E0).

Other changes to the schedule of investments

Additional acquisitions, start-ups and changes in the type of consolidation are indicated by parenthetical notes in the schedule of investments below.

ÖBB-Personenverkehr Group	Country, registered office and type of consolidation	
Merger into ÖBB-Personenverkehr AG		
100% Rondo Leasing GmbH (June 2015)	A-1100 Vienna	V0

Rail Cargo Austria Group	Country, registered office and type of consolidation		
Sale			
50% Trans Cargo Logistic GmbH (Sale in January 2015)	A-1030 Vienna	E0	1)
100% Trans Cargo Logistic d.o.o. Beograd (Disposal with Trans Cargo Logistic GmbH in January 2015)	SRB-11070 Novi Beograd	0	1)
Dissolution following liquidation			
100% HUNGAROKOMBI KFT (Dissolution June 2015)	HU-1133 Budapest	V0	2)

Abbreviations and footnotes

1) provisional values
2) 2013 values

V0 Affiliated company not fully consolidated due to its insignificance
E0 Investment not recorded using the equity method due to its insignificance
0 Other investee companies

As of the reporting date, ÖBB-Holding AG holds an investment either directly or indirectly through other affiliated companies (without investments in short-term associations):

Parent company	Country, registered office	Type of consolidation
100% Österreichische Bundesbahnen-Holding Aktiengesellschaft	A-1100 Vienna	V

ÖBB-Personenverkehr Group	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-37027 České Budějovice	V	
└► 10% (100%) ÖBB-Fernbus GmbH (Launched November 2015)	A-1100 Vienna	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	
├► 90% (100%) ÖBB-Fernbus GmbH (Launched November 2015)	A-1100 Vienna	V	
├► 50% (100%) ÖBB-Produktion Gesellschaft mbH	A-1100 Vienna	E	*)
├► 49,9% City Air Terminal Betriebsgesellschaft m.b.H.	A-1300 Vienna-Airport	E	
├► 49% (100%) ÖBB-Technische Services-Gesellschaft mbH	A-1110 Vienna	E	*)
├► 100% Technical Services Hungria Járműjavító Kft.	HU-3527 Miskolc	0	*)
├► 51% Technical Services Slovakia, s.r.o.	SK-91701 Trnava	0	*)
└► 51% TS-MÁV Gépészet Services Kft.	HU-1097 Budapest	0	*)
├► 10% RailLink B.V.	NL-1012 AB Amsterdam	0	
├► 10% Railteam B.V.	NL-1012 AB Amsterdam	0	
└► 6,71% (7,38%) Bureau central de clearing s.c.r.l.	B-1060 Brussels	0	

*) These subsidiaries are fully consolidated at the group level.

Rail Cargo Austria Group	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% Express-Interfracht Hellas S.A.	GR-57022 Thessaloniki	V
├► 100% Rail Cargo Logistics - Bulgaria EOOD	BG-1113 Sofia	V (prior year: V0)
├► 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-2344 Maria Enzersdorf	E0
├► 50% ELATEC Metallverwertungs GmbH i.L.	A-1010 Vienna	E0
└► 50% HAELA Abfallverwertung GmbH	A-4470 Enns	E0
├► 100% Rail Cargo Logistics - Germany GmbH	D-60329 Frankfurt am Main	V0
├► 100% Rail Cargo Logistics - Hungaria Kft.	HU-1037 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
└► 50% RAILPORT Sławków Sp.z o.o. i.L.	PL-02-796 Warszawa	E0
├► 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
├► 50% INTEREUROPA-FLG, d.o.o.	SLO-1001 Ljubljana	E
└► 49% Rail Cargo Logistics - Goldair SA	GR-19300 Athen/Aspropyrgos	E (prior year: E0)

Rail Cargo Austria Group continued	Country, registered office	Type of consolidation	
├► 100% Rail Cargo Carrier Kft.	HU-1133 Budapest	V	
├► 100% Rail Cargo Carrier d.o.o.	SLO-1000 Ljubljana	V0	
├► 100% RAIL CARGO CARRIER - Bulgaria EOOD	BG-1000 Sofia	V0	
├► 100% Rail Cargo Carrier - Croatia d.o.o.	HR-10000 Zagreb	V0	
├► 100% Rail Cargo Carrier - Czech Republic s.r.o.	CZ 130 00 Praha 3	V0	
├► 100% Rail Cargo Carrier - Germany GmbH (Acquired October 2015; until October 15, 2015: EBM Cargo GmbH)	D-50667 Cologne	V	
├► 100% Rail Cargo Carrier - Italy s.r.l.	I-15067 Novi Ligure	V	
├► 100% RAIL CARGO CARRIER - ROMANIA SRL.	RO-75100 Otopeni	V	
├► 100% Rail Cargo Carrier - Slovakia s.r.o.	SK-82109 Bratislava	V0	
├► 100% Rail Cargo Operator - ČSKD s.r.o.	CZ-13000 Praha 3	V	
├► 100% Rail Cargo Operator - Austria GmbH (Launched May 2015)	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	V0	
├► 100% Rail Cargo Terminal - Praha s.r.o	CZ-13000 Praha 3	V	
└► 100% Rail Cargo Terminal - BILK	HU-1239 Budapest	V	
├► 100% (PY: 53,8%) LOGISZTÁR Kft.	HU-2364 Osca	V0	
├► 45% Kelenföld Konténer Depo Kft.	HU-1239 Budapest	E0	
└► 33,33% boxXagency Kft.	HU-1239 Budapest	E0	
└► 33,07% Terminal Brno, a.s.	CZ-61900 Brno	E0	
└► 29,39% (PY: 33,33%) RAILPORT ARAD SRL (Group internal acquisition by Rail Cargo Carrier Kft. in December 2015)	RO-315200 Arad	E	
└► 25,1% ADRIA KOMBI d.o.o., Ljubljana (Group internal acquisition by Rail Cargo Austria AG in March 2015)	SLO-1000 Ljubljana	E	
├► 100% Rail Cargo Wagon-Austria GmbH	A-1100 Vienna	V	
├► 99,99% Rail Cargo Hungaria Zrt.	HU-1133 Budapest	V	
├► 32% EAST Rail srl. i.L.	I-34132 Trieste	E0	
├► 30% Agrochimtranspack Kft.	HU-1117 Budapest	E0	
├► 6,67% HUNGRAIL Magyar Vasúti Fuvarozói Egyesülés i.L.	HU-1138 Budapest	0	
└► 0,67% (7,38%) 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-61200 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 Jamujavito Kft.	HU-3527 Miskolc	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	E	*)
├► 37,08% ICA Romania s.r.l. i.L.	RO-020572 Bucaresti	E0	
├► 18,4% (PY:16%) Xrail S.A.	B-1000 Brussels	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	

*) This subsidiary is fully consolidated at the group level.

Consolidated Financial Statements

ÖBB-Infrastruktur Group	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% Hans Hechenbichler Erdölprodukte Gesellschaft m.b.H. i.L.	A-1020 Vienna	V0
├► 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-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% Businesscenter Linz Entwicklungs- und Verwertungs GmbH & Co KG	A-1020 Vienna	V0
├► 100% Elisabethstraße 7 Projektentwicklung GmbH & Co KG	A-1020 Vienna	V
├► 100% Elisabethstraße 9 Projektentwicklung GmbH & Co KG	A-1020 Vienna	V
├► 100% Europaplatz 1 Projektentwicklung GmbH & Co KG	A-1020 Vienna	V0
├► 100% Gauermanngasse 2-4 Projektentwicklung GmbH & Co KG	A-1020 Vienna	V
├► 100% Mariannengasse 16-20 Projektentwicklung GmbH & Co KG	A-1020 Vienna	V0
├► 100% Modul Office Hauptbahnhof Graz GmbH & Co KG	A-1020 Vienna	V0
└► 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% (PY: 100%) 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% (PY: 30%) Weichenwerk Wörth GmbH	A-3151 St. Georgen am Steinfeld	E
├► 28,54% (PY: 25%) Breitspur Planungsgesellschaft mbH	A-1010 Vienna	E0
├► 8% HIT Rail B.V.	NL-3500 HA Utrecht	0
├► silent partnership „Am Hafen“ Garagenerrichtungs- und Betriebs GmbH & Co KG	A-6900 Bregenz	0
└► partnership Tiefgarage Stuben Gesellschaft m.b.H. & Co. KG	A-6762 Stuben/Arlberg	0

Others	Country, registered office	Type of consolidation
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% European Contract Logistics - Austria GmbH	A-1120 Vienna	V
├▶ 100% European Contract Logistics - Czech Republic s.r.o.	CZ-50002 Hradec Králové	V
├▶ 100% European Contract Logistics (podjetje za spedicijo, prevoznistvo in trgovino) d.o.o.	SLO-2000 Maribor	V0
├▶ 100% European Contract Logistics - Slovakia s.r.o.	SK-83104 Bratislava	V0
├▶ 95% European Contract Logistics - Serbia d.o.o.	SRB-11070 Novi Beograd	V0
└▶ 45% logMASter Kft.	HU-1139 Budapest	E
26% Verkehrsauskunft Österreich VAO GmbH (Launched November 2015)	A-1150 Vienna	E0
24,9% iMobility GmbH (Launched Juli 2015)	A-1040 Vienna	E0
2% EUROFIMA Europäische Gesellschaft für die Finanzierung von Eisenbahnmaterial AG	CH-4001 Basel	0

Shares in % in parentheses show the recognized investment held by multiple companies within the entire ÖBB Group. If the figure is preceded by "PY" it refers to the previous year.

Abbreviations

V	Affiliated, fully consolidated company
V0	Affiliated company not fully consolidated due to its insignificance
E	Investment reported using the equity method (associated company)
E0	Investment not recorded using the equity method due to its insignificance
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 Austria Group	Dec 31, 2015	Dec 31, 2014	2015	2014	
AUL Abfallumladelogistik Austria GmbH	447	455	-7	12	2)
ELATEC Metallverwertungs GmbH i.L.	i.L.	i.L.	i.L.	i.L.	
HAELA Abfallverwertung GmbH	493	424	69	34	
Rail Cargo Logistics - Germany GmbH	-1,351	-643	-708	-656	
RAILPORT Sławków Sp.z o.o. i.L.	n/a	73	n/a	-56	
Rail Cargo Carrier d.o.o.	562	30	32	0	1)
RAIL CARGO CARRIER - Bulgaria EOOD	92	-8	3	45	1)
Rail Cargo Carrier - Croatia d.o.o.	223	13	10	21	
Rail Cargo Carrier - Czech Republic s.r.o.	415	8	6	1	
Rail Cargo Carrier - Slovakia s.r.o.	168	-244	11	-79	
Rail Cargo Operator-Port/Rail Services GmbH	60	54	6	58	
LOGISZTÁR Kft.	872	1,916	-55	-78	
Kelenföld Konténer Depo Kft.	1,388	1,380	155	354	
boxXagency Kft.	104	20	86	101	1)
Terminal Brno, a.s.	2,530	2,448	17	30	
ICA Romania s.r.l. i.L.	i.L.	i.L.	i.L.	i.L.	
EAST Rail srl. i.L.	i.L.	i.L.	i.L.	i.L.	
Agrochimtranspack Kft.	530	640	-116	-104	3)

ÖBB-Infrastruktur Group	Shareholders' equity in kEUR Dec 31, 2015	Shareholders' equity in kEUR Dec 31, 2014	Profit or loss in kEUR 2015	Profit or loss in kEUR 2014
Austrian Rail Construction & Consulting GmbH	138	141	-2	0
Austrian Rail Construction & Consulting GmbH & Co KG	207	208	-3	-2
Hans Hechenbichler Erdölprodukte Gesellschaft m.b.H. i.L.	423	430	-7	-5
Netz- und Streckenentwicklung GmbH	421	394	28	15
Businesscenter Linz Entwicklungs- und Verwertungs GmbH & Co KG	-2	-1	-1	-1
Europaplatz 1 Projektentwicklung GmbH & Co KG	-2	-1	-1	-1
Mariannengasse 16-20 Projektentwicklung GmbH & Co KG	12,656	12,787	-131	-176
Modul Office Hauptbahnhof Graz GmbH & Co KG	-2	-1	-1	-1
ÖBB-Stiftungs Management Gesellschaft mbH	70	70	0	0
Breitspur Planungsgesellschaft mbH	5,402	1,918	-1,016	-262

Others	Shareholders' equity in kEUR Dec 31, 2015	Shareholders' equity in kEUR Dec 31, 2014	Profit or loss in kEUR 2015	Profit or loss in kEUR 2014
European Contract Logistics (podjetje za spedicijo, prevoznistvo in trgovino) d.o.o.	-127	-258	130	29
European Contract Logistics - Slovakia s.r.o.	133	133	34	34
European Contract Logistics - Serbia d.o.o.	180	160	20	26
Verkehrsauskunft Österreich VAO GmbH	942	New 2015	-162	New 2015
iMobility GmbH	388	New 2015	-247	New 2015

Information on the business purpose of the sub-groups is included in the segment reporting.

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

i.L. in Liquidation
1) provisional values 2015
2) values as of September 30
3) 2015 values as of September 30

36. Events after the reporting date

On April 4, 2016, the members of the Board of Management of ÖBB-Holding AG released the audited Consolidated Financial Statements as of Dec 31, 2015 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.

ÖBB-Infrastruktur sub-group

On March 15, 2016, a CBL transaction was prematurely terminated in its entirety. The CBL transaction legally relates to ÖBB-Infrastruktur AG in its external relation. In the internal relationship, this transaction was recharged to Group companies ÖBB-Personenverkehr AG, ÖBB-Produktion GmbH and Rail Cargo Austria AG as sub-lessees.

As of January 1, 2016, the opening for the traction power market is in effect in conjunction with a separation of power and grid. In view of this market opening, ÖBB-Infrastruktur AG now faces changed conditions. This can give rise to competitive disadvantages for ÖBB-Infrastruktur AG if any additional costs due to this purchasing strategy compared to short-term procurement cannot be offset through grid fees. Provisions have been formed for expected additional costs.

Rail Cargo Austria sub-group

The Rail Cargo Group is expanding its activities in Germany and in March 2016, subject to the approvals of the competition authorities, it acquired the German rail freight company PCT Private Car Train GmbH, which belonged to the Germany-based ARS Altmann Group up to that point. The company was founded in 2002 and has been headquartered in Wolnzach, Bavaria. It generates annual revenue of EUR 25.5 million (financial year 2014) and has approximately 30 employees. Its services range from national long-distance transport to last-mile service and in-plant shunting services. This acquisition increases our market presence in Germany and ensures that the ÖBB will be able to transport goods from Germany to Hungary with its own trains in the future.

ÖBB-Personenverkehr sub-group

In November 2015, ÖBB-Fernbus GmbH was founded so that ÖBB will be in a position, as the leading Austrian provider of mobility services, to help structure the long-distance bus market in and around Austria. The extensive preparations for the start of passenger services in July 2016 are steadily being implemented.

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.

37. Executive bodies of the parent company of the ÖBB Group

In the financial year 2015 (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

Mag. Christian Kern	Chairman of the Board of Management
Mag. Josef Halbmayr MBA	

Members of the Supervisory Board

Mag. Brigitte Ederer		Chairwoman
KR Mag. Dr. Ludwig Scharinger	until June 29, 2015	First Vice Chair (until June 29, 2015)
Dr. Kurt Weinberger	from June 29, 2015	First Vice Chair (from July 1, 2015)
DI Herbert Kasser		Second Vice Chair
Roman Hebenstreit *		Third Vice Chair
Dr. Gertrude Tumpel-Gugerell		
Dr. Leopold Specht		
KR Kurt Eder	until June 29, 2015	
Lic.rer.pol. Paul Blumenthal		
Herbert Willerth	from June 29, 2015	
Günter Blumthaler *		
Mag. Andreas Martinsich *		
Gottfried Winkler *		

* Employee representative

A report on compensation paid during the reporting period is presented in Note 32 (“Related party transactions”).

Vienna, April 5, 2016

The Board of Management

Mag. Christian Kern Mag. Josef Halbmayr MBA

Auditor's Report*

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Österreichische Bundesbahnen-Holding Aktiengesellschaft Wien for the fiscal year from January 1, 2015 to December 31, 2015. These consolidated financial statements comprise the consolidated balance sheet as of December 31, 2015, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the fiscal year ended December 31, 2015, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements and for the Accounting System

The Company's management is responsible for the group accounting system and for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, and in accordance with relevant Austrian laws. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility and Description of Type and Scope of the Statutory Audit

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing, as well as in accordance with International Standards on Auditing (ISAs) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as of December 31, 2015 and of its financial performance and its cash flows for the fiscal year from January 1, 2015 to December 31, 2015 in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and applicable Austrian laws.

Comments on the Management Report for the Group

Pursuant to statutory provisions, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the management report for the Group is consistent with the consolidated financial statements.

In our opinion, the management report for the Group is consistent with the consolidated financial statements.

Vienna, April 5th, 2016

BDO Austria GmbH

Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Mag. Christoph Achzet	Mag. Peter Bartos
Wirtschaftsprüfer	Wirtschaftsprüfer

*) Disclosure, publication and duplication of the consolidated financial statements together with the auditor's report according to Section 281 (2) UGB in a form not in accordance with statutory requirements and differing from the version audited by us is not permitted. Reference to our audit may not be made without prior written permission from us.

GLOSSARY OF TERMS

AVB	General Terms and Conditions of Employment with Österreichische Bundesbahnen
BMF	Federal Ministry of Finance
BMVIT	Federal Ministry for Transport, Innovation and Technology
Capital employed	= fixed assets + working capital assets + working capital liabilities
CBL	Cross-border leasing
CEF	Connecting Europe Facility
COSO	Committee of Sponsoring Organizations of the Treadway Commission
CSR	Corporate social responsibility
Tenured employment	Tenured employees are ÖBB employees who are subject to the General Terms and Conditions of Employment with Österreichische Bundesbahnen (AVB), joined the company prior to January 1, 1995, and cannot be dismissed, pursuant to the provisions of the AVB.
EBIT	Earnings before interest and taxes. EBIT is equivalent to the operating income (excluding earnings of investments accounted for using the equity method) reported in the consolidated income statement.
EBITDA	= EBIT + depreciation and amortization
EBIT margin	= EBIT / total income
EBT	Earnings before taxes
ECL	European Contract Logistics
Equity ratio	= equity / total capital
Return on equity	= EBT / equity
EMTN	Euro Medium Term Note
ETCS	European Train Control System
RO	Railway operator
ECB	European Central Bank
R&D	Research and development
Free cash flow	= Cash flow from operating activities + Cash flow from investing activities
FTE	Full-time equivalent
TGTkm	Total gross tonne-kilometers (= cargo weight + weight of the train x kilometers traveled)
Return on total assets	= EBIT / total capital
GWh	Gigawatt hour
GWL	Public services

IASB	International Accounting Standards Board
IFAC	International Federation of Accounts
IFRS/IAS	International Financial Reporting Standards
IFRIC	International Financial Reporting Interpretations Committee
ICS	Internal control system
Interoperability	Suitability of the trans-European railway system for secure and uninterrupted railway operations
ISA	International Standards on Auditing
Modal split	Splitting transport among the various providers/means of transport
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 kilometers (= passengers transported x kilometers traveled)
RCC	Rail Cargo Carrier
RCG	Rail Cargo Group
RCO	Rail Cargo Operator
ROCE	= EBIT / capital employed
PP&E-to-net-worth ratio	= equity / property, plant and equipment
PP&E-to-net-worth ratio II	= (equity + non-current borrowings) / property, plant and equipment
PP&E ratio	= property, plant and equipment / total assets
SCHIG	Railway infrastructure service company (Schieneninfrastruktur-Dienstleistungsgesellschaft m.b.H.)
SIC	Standard Interpretation Committee
SLF	Free travel for students and apprentices
TEN-T	Trans-European Transport Network
TKM	Tonne-kilometers (= tonnes transported x kilometers traveled)
Traction	Propulsion of trains
TS	ÖBB-Technische Services GmbH
WIFO	Austrian Institute of Economic Research
Working capital	= inventories (excl. real estate recovery projects and prepayments on orders) + trade receivables – trade payables

PERSPECTIVES, RATINGS, AWARDS

2015 was also a year full of recognition for ÖBB. Foremost among these was undoubtedly the Austrian State Prize for Public Relations, which was awarded for the opening of Vienna Central Station. What made this honor so special is that the overall prize was accompanied by two individual category awards that recognized ÖBB's "error culture" and ideas workshop. ÖBB also attracted a significant amount of public attention with its Green Points Initiative, which was recognized with both the Digital Communication Award 2015 and the eAward. We would also like to mention that ÖBB's Annual Report 2014 took second place in the prestigious Trend Austrian Annual Reporting Award. These honors were just the beginning. The table below provides more detail.

AWARDS 2015

1st – 3rd place and special awards

PR Report Award 2015	1st place in the Corporate Social Responsibility category: Infra campaign entitled "Stay on the safe side"
2015 Working Environment of the Year, Austrian FM Awards	2nd place: Corporate headquarters
Austrian State Mobility Prize	State Prize: ways4me – submitted by FH Johanneum; Special Prize: Apprentice refugee project
Austrian Export Award 2015	3rd place, Transport + Traffic category: Rail Cargo
EPCON Award 2015	3rd place: Photovoltaic system in Wilfleinsdorf
VCÖ Mobility Prize	1st place, Research Projects category: SynArea
Digital Communication Award 2015	1st place, CSR Communication category: Green Points
Austrian Event Award	3rd place: Opening of Vienna Central Station
UITP World Congress in Milan	Prize awarded: smile – submitted by Wr. Stadtwerke
Communication Excellence Award 2015	Special prize: Opening of Vienna Central Station
Austrian Supply Excellence & Industry 4.0 Award	1st place: Group purchasing's eProcurement initiatives PROVIA and PROCAT
Trend Austrian Annual Reporting Award 2015	2nd place: Unlisted Companies
Austrian State PR Prize	Winner in 2 categories + State PR Prize: Error culture/ideas workshop; opening of Vienna Central Station
eAward	Green Points

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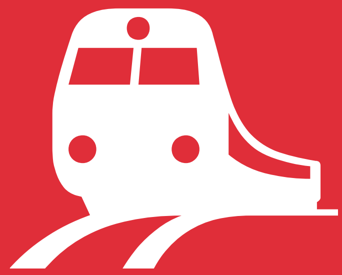
The statements on pages 8–44, 52, 98 and the rear cover were taken from interviews with employees and passengers on ÖBB trains in March 2016. Their consent was obtained prior to publication. Excerpts are also available in video format at konzern.oebb.at/gb2015.



238.0 mil.
RAIL PASSENGERS

111.1 mil.
NET TONNES TRANSPORTED

220.9 mil.
BUS PASSENGERS

oebb.at

“Green railways are not a marketing gimmick. Anyone can figure that out.”

JOSEF GRABENWEGER