Bringing Austria together.

ANNUAL REPORT 2017
ÖBB-INFRASTRUKTUR AG

Contents

Consolidated Management Report

A. Group Structure and Investments

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

ÖBB-Infrastruktur AG operates an integrated management system that supports the improvement of corporate quality, especially in the area of structure. "Structure" means all tasks, competencies, responsibilities, processes and regulations within the company with regard to all aspects of content. ÖBB-Infrastruktur AG and its major subsidiaries are certified according to the relevant international standards:

	ISO 9001: 2015	*ISO 14001: 2015*	*OHSAS 18001: 2007*	*SMS in accordance with EisbG Section 39*	SCC
ÖBB-Infrastruktur AG	X	X	X	X	
ÖBB-Immobilienmanagement Gesellschaft mbH	X	X	X		
	(9001:2008)	(14001:2004)			
Rail Equipment GmbH & Co KG	X	X	X		
Mungos Sicher & Sauber GmbH & Co KG	X	X			X

The integrated management system follows the generally accepted management cycle Plan-Do-Check-Act. The Board of Management of ÖBB-Infrastruktur AG is informed of the measures, goals and effectiveness of the integrated management system as part of an annual management evaluation.

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

Investments

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

	as of Dec 31, 2017	as of Dec 31, 2016
Investments >50%	24	24
Investments 20-50%	3	3
thereof abroad	*1*	*1*
Investments <20%	4	3
thereof abroad	*2*	*1*
Total	**31**	**30**
thereof abroad	*3*	*2*

The ÖBB-Infrastruktur Group

The ÖBB-Infrastruktur Group, with a total of 18,172 employees, operates 1,070 stations and stops in Austria, as well as the rail infrastructure used by ÖBB-Personenverkehr AG, Rail Cargo Austria AG, two other companies belonging to the ÖBB Group and other railway operators (RO) not belonging to the ÖBB Group.

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

ÖBB-Immobilienmanagement Gesellschaft mbH offers modern real estate services, both within the Group and externally. ÖBB owns around 25,700 buildings, making it one of Austria’s largest property owners. ÖBB-Immobilienmanagement Gesellschaft mbH – a wholly-owned subsidiary of ÖBB-Infrastruktur AG – provides integrated real estate services, primarily within ÖBB Group. Its responsibilities include the sale and utilization of real estate, project development, implementation of the railway station offensive, property management, facility management, space management and contract processing for film productions and events at railway stations. 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 1,100 stations and stops. The services portfolio comprises both commercial and technical facility management and facilities responsibility for virtually every building owned by ÖBB Group, including train stations. Its responsibilities also include the preparation of quality standards and testing systems relevant to building construction. Across Austria, a team of 780 employees ensures professional and efficient management of the extensive services portfolio. The ÖBB-Infrastruktur sub-group was able to contribute EUR 78.3 million (prior year: approx. EUR 77.5 million) to profits (revenues less carrying values and provisions) in financial year 2017 from the sale of properties.

Mungos Sicher & Sauber GmbH & Co KG cleans the railway stations, and provides special cleaning services, such as graffiti removal, as well as security and other services. On January 1, 2017, Mungos took over the role as general service provider for operational security services in the ÖBB Group. This means that all security services are being provided by Mungos itself or contracted out by Mungos. The main advantages to this are the establishment of uniform quality standards at Austria's railway stations and the use of the synergies with existing infrastructures.

The procurement and Group-wide rental and utilization of specialty rail vehicles and equipment and road vehicles, their purchasing, financing, servicing, and maintenance are the responsibility of Rail Equipment GmbH & Co KG.

Güterterminal Werndorf Projekt GmbH was established under a private partnership model to create the Werndorf freight terminal and was acquired by the ÖBB-Infrastruktur Group in 2012.

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

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

In order to meet the expectations and increases in rail freight transport in the future and with a view to clearing the inner-city areas of the Vienna Northwest rail freight station, ÖBB-Güterzentrum Wien Süd Betriebsgesellschaft m.b.H. and ÖBB-Güterzentrum Wien Süd Betriebsgesellschaft m.b.H. & Co KG were founded in June and December 2016, respectively, as wholly-owned subsidiaries of ÖBB-Infrastruktur AG. ÖBB-Güterzentrum Wien Süd Betriebsgesellschaft m.b.H. acts as general partner of ÖBB-Güterzentrum Wien Süd Betriebsgesellschaft m.b.H. & Co KG. Since January 1, 2017, the company has been operating the freight center in Vienna South. In addition to traditional transshipment services in combined transport, logistics services such as the loading and unloading of containers with goods, which are also brought to Vienna South by rail, are also offered. A long-term cooperation agreement has been concluded with the world's second-largest shipping company, Mediterranean Shipping Company (MSC). MSC uses the new location in Vienna South as a central base for the supply of empty containers in Central Europe.

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

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

Other major subsidiaries of the ÖBB-Infrastruktur Group are ÖBB-Realitätenbeteiligungs GmbH & Co KG, Elisabethstraße 7 Projektentwicklung GmbH & CO KG, Elisabethstraße 9 Projektentwicklung GmbH & Co KG, Gauermanngasse 2–4 Projektentwicklung GmbH & Co KG, Operngasse 16 Projektentwicklung GmbH & Co KG, Mariannengasse 16–20 Projektentwicklung GmbH & Co KG and Rail Equipment GmbH.

ÖBB-Infrastruktur AG not only provides the Austrian rail infrastructure, but also employs a total of 18,172 people. ÖBB-Infrastruktur AG cooperates with partners in the following areas:
- Construction
- Transport
- Technical equipment
- Information technology and telecommunications
- Facility management
- Office supplies
- Disposal etc.

Branch offices

The ÖBB-Infrastruktur Group has no plants or branches.

B. General Conditions and Market Environment

B.1. General economic conditions

Global economic development

2017 brought a return to more solid growth rates both worldwide and in Europe. China's exports grew by 8.5%[1]. This contributed to the favorable development of world trade and container handling, including at European ports as well.

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

Key figures and forecasts for global economic performance		2016	2017	2018
Gross domestic product, real	Eurozone	1.8	2.4	2.2
	USA	1.5	2.3	2.7
	China	6.7	6.8	6.6
	World trade*	3.2	3.7	3.9
Global trade (goods and services), real		2.5	4.7	4.6
Crude oil price (USD)		-15.7	23.1	11.7
Commodity price (USD)		-1.6	6.5	-0.5

Source: IMF, World Economic Outlook – Update 1/208

In 2017, the economic upturn could be seen in all major economic regions of the world, giving cause for optimism for the development of the global economy in 2018. However, serious risks remain. Despite less financial and currency turbulence, many national budgets remain heavily indebted and international trade remains extremely unbalanced, particularly with respect to China. The expansionary monetary policies of some central banks have increased the risk of speculative bubbles in real estate and securities and, finally, political signals from the US could point to a return of protectionism, with serious consequences for the strongly export-oriented European economy.

Several regional developments could influence the performance of the global economy in 2018. For example, there is uncertainty about what effect the new targets set by China, a key driver of the world economy, will have, and risky developments in Iran and on the Arabian Peninsula could destabilize the region, which supplies 30 percent of the world's oil demand. The lifting of sanctions against Iran has raised hopes of growing trade relations with this potentially strong partner, particularly in Europe. However, resistance from the US, which could become even stronger in 2018, has resulted in business taking off only hesitantly.

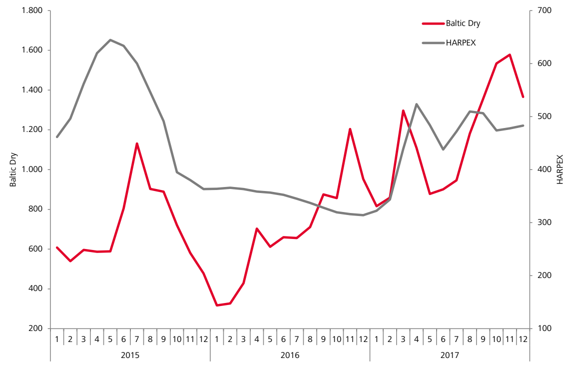
The global economic development of the coming years will also depend on whether the central banks manage to exit the extremely low interest rate phase as smoothly as possible. The US Federal Reserve raised the key interest rate three times in the course of 2017 and is expected to continue on this course. The European Central Bank could also use the economic upturn to raise interest rates.

The prices for some raw materials, especially copper and iron ore, had already bottomed out at the end of 2016. While prices rose sharply in 2017, stagnation is forecast for 2018. In the case of crude oil, forecasts are made more difficult by the fact that turbulence in the oil-rich Gulf region and exchange rate fluctuations of the US dollar against other important currencies are causing uncertainty.

[1] Trading Economics

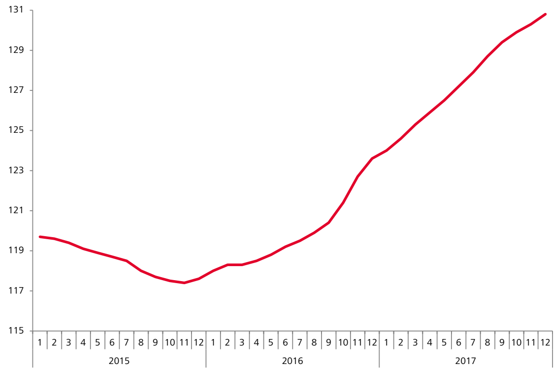
Development of global shipping indices (index points)

Price indices for raw materials (Baltic Dry) and container transports (HARPEX) (index points)



Source: Baltic Exchange, Harper Petersen & Co

RWI/ISL container handling index



Source: RWI and ISL

The current economic upswing in 2017 is also reflected in deep-sea shipping: The growth in container handling seen in 2016 continued in 2017. Deep-sea shipping is thus recovering from the economic crisis. The crisis was caused by major overcapacities, which were exacerbated by weakening world trade. Between 2014 and 2016, transport prices plummeted and brought shipping companies into severe financial straits. In 2017, freight rates rose for both raw materials (see the Baltic Dry Index) and finished goods and containers (see HARPEX). In 2017, the growth of large shipping companies and the decline in market share of small shipping companies continued – fueled by numerous (announced) mergers.

European economic development

With real GDP growth of 2.4% in the euro area in 2017, the European economy recorded its strongest growth in ten years.[2] Against the backdrop of favorable financing conditions, easing uncertainty and a marked improvement in the business climate, capital expenditure also picked up in 2017. Stable GDP growth of 2.2% is also forecast for 2018. The economic recovery in Europe should therefore continue overall.

However, there were still significant economic disparities between Member States in 2017. Even during the upturn, long-standing characteristics, such as lower growth in the southern countries and stronger growth in the new (eastern) EU countries, have been maintained. Despite a downward trend, unemployment remains high in many countries. The outcome of the Brexit negotiations, a rise in long-term interest rates and a stronger appreciation of the euro are some of the risks to further economic development within the EU.

[2] IMF, World Economic Outlook – Update 1/2018

Economic development in 2017 for the ÖBB markets (GDP changes compared to the previous year in real %)

Austrian economic development

In Austria, GDP is expected to grow by a solid 3.0% in 2018 compared to the prior year.[3] The positive economic development can be attributed to increased domestic demand since 2016 and accelerated world trade growth in 2017.

The increase in private consumer spending is one reason for the positive development of domestic demand. Private consumer spending grew moderately by 0.5% in 2015 and significantly by 1.5% in the following years 2016 and 2017. Real gross capital investment increased, rising by 3.7% in 2016 and 5.3% in 2017. This trend will continue, with growth of 3.3% forecast for 2018. The development of export orders remained moderate until 2016. The positive developments in private consumer spending and gross capital investment, coupled with weak export performance, lead us to expect an increase in domestic demand and thus in GDP.

In 2017, foreign trade contributed additionally to economic growth in Austria. While domestic demand in particular generated growth in 2016, rising export performance has been the second growth driver of GDP since 2017. Real exports of goods grew by 5.8% in 2017 and growth of 5.5% is forecast to remain almost unchanged in 2018 – so exports will grow more strongly than imports in both years.

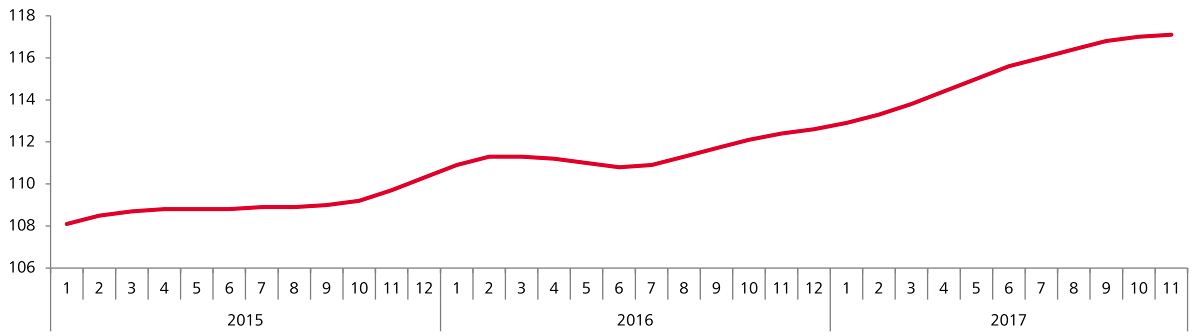
Key data and forecasts for the economic situation in Austria

Parameters	Unit	2016	2017	2018
Gross domestic product, real	Change in %	1.5	3.0	3.0
thereof manufacture of goods		1.3	6.4	6.8
Goods exports		1.3	5.8	5.5
Goods imports		3.2	5.2	4.5
Gross capital investment, real		3.7	5.3	3.3
Private consumer spending, real		1.5	1.5	1.7
Inflation rate		0.9	2.1	2.0
Maastricht deficit	in % of GDP	-1.6	-0.6	-0.4
Unemployment rate	in % of the labor force	6.0	5.6	5.4

Source: WIFO, forecast 2017 to 2019

[3] WIFO, forecast 2017 to 2019

Development of industrial production in Austria



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

It can be assumed that the good economic situation will also have a positive impact on the rail transport market. In the medium-term planning, volume increases are expected, which will sustainably increase the company's earning power. In order to strengthen this trend, the product range will be further optimized and, in particular, access to the rail system will be simplified.

Capital markets and national budget

The interest rate level of government bonds is crucial for the borrowing terms and conditions for ÖBB-Infrastruktur AG. In the future, the ÖBB-Infrastruktur AG will receive financing mainly in the form of loans from the Republic of Austria. The issue yields on government bonds remained low in 2017. They were 0.4% for 10-year maturities. A 43-year bond was placed with a yield of 0.88%. The average current yield of Austrian government bonds rose slightly to 0.2% in 2017 compared to 2016. A further slight increase is expected for 2018.

The interest rate level of government bonds depends on the creditworthiness of the country. Austria has had the second-best rating from each of the three major rating agencies – Fitch, Moody's and Standard & Poor's – since June 2016. The outlook of all three rating agencies is stable.

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

4th railway package – technical pillar

In order to transpose the EU directives "Interoperability" and "Safety" into the national legislation of the member states by June 2019, intensive work is being carried out at European level on the implementation or transposition of legislation. The Single Safety Certificate implementation act contains provisions for the re-submission or renewal of railway operator safety certificates, which will in the future be awarded by the European Union Railway Agency throughout Europe. From mid-2019, the agency will also be responsible for European vehicle registration and, in rail traffic, for ERTMS (European Railway Traffic Management System) approval. In the future, all applications must be submitted via the "One-Stop-Shop" IT tool. Processing deadlines are planned in order to speed up approval processes. The agency will thus act as a European authority to increase efficiency and interoperability and remove national market barriers. The ÖBB Group is preparing intensively for the new framework conditions from 2019 through ongoing monitoring and cooperation in the preparatory working groups.

European Accessibility Act – Barrier-free Directive

This new EU-wide directive aims to improve accessibility in order to facilitate the autonomy and mobility of people who need barrier-free access due to disability, health impairment, or age. In the rail sector, the TSI-PRM (Technical Specification for Interoperability – Accessibility for People with Disabilities and People with Reduced Mobility) has served as a harmonized set of rules for accessibility since 2008. In order to ensure the stability of rail infrastructure and vehicles, compatibility between the requirements of the TSI-PRM and those of the new European Accessibility Act is essential. While the European Parliament has already adopted its position at first reading, the Council is waiting for a decision. A settlement is expected during the Austrian Council Presidency (2nd HY 2018).

Train noise

Railway noise is considered the "environmental Achilles heel of railways in Europe". In addition to the national regulations on rail transport noise, in 2002, the EC Environmental Noise Directive (2002/49/EC) established EU-wide uniform regulations for the collection and presentation of noise immissions using so-called noise indices. For the railway sector, the EU-wide Technical Specification for Interoperability (TSI) for the "Rolling stock – noise" sub-system (last amended by Regulation (EU) No. 1304/2014) with noise level limits for stationary noise, start-up noise, pass-by noise and interior noise in the driver's cab has applied to (newly registered) rail-bound vehicles since 2006. As part of a revision of the TSI Noise, the EU Commission is also aiming to apply the limits to existing freight cars and ancillary vehicles from 2022.

Mobility Package

The European Commission's Mobility Package, presented on May 31, 2017, proposes a restructuring of the competitive, social and environmental regulatory framework for road freight transport in the EU Member States. Various legal instruments aim to improve road safety, promote fairer toll collection, combat air pollution, traffic congestion and illegal employment, create socially acceptable conditions for workers and reduce administrative burdens for businesses. The package of measures could therefore make a decisive contribution to the harmonization of intra-European intermodal competition. The challenge will be to reconcile the principles of freedom of competition, establishment and services in the domestic market with social and environmental interests. ÖBB is following the law-making process closely at national and European level in order to assert its interests. At present, it is not possible to predict when the package will be finalized and adopted.

The package comprises a total of eight legislative acts (including Eurovignette, uniform electronic toll system, social provisions for drivers, delegated legal act on multimodal traffic data, etc.). For ÖBB, the most decisive aspect of this package is the Eurovignette directive on infrastructure costs. These will be voted on in committee on May 24. The first reading in the EU Parliament is currently scheduled for June 12, 2018.

Presidency of the Austrian Council

ÖBB is preparing intensively for the upcoming EU Council Presidency in the second half of 2018. A major focus is the topic of decarbonization and climate protection. The aim is to promote basic conditions that lead to a gradual shift of transport to the rails in order to achieve the climate protection targets.

B.3. Market environment

In October 2016, the ÖBB Council of Ministers adopted a master plan for the years 2017 to 2022. The ÖBB infrastructure master plan for the years 2017 to 2022 includes capital expenditure of EUR 15.2 billion. One focus is on the expansion of the southern route. In June 2017, the Administrative Court rejected an appeal against the construction of the Semmering base tunnel. This should be the final hurdle for the completion of the tunnel scheduled for 2026. The tunnel would complete the new southern route. This reduces the time needed to travel from Vienna to Klagenfurt by 1:20 to 2:40. As a flat railway, the new southern route will mainly facilitate freight transport. This applies both to the development of industrial sites along the route and to transit transport. At the intersection of western and southern routes, the Vienna-South freight transport center went into operation in 2017. The expansion of the Pottendorf line has been underway since 2016 as an efficient link between this center and the south. It is scheduled for completion in 2023. Wolfurt is already a very busy terminal location. The freight terminal there will be adapted to the requirements of growing demand by mid-2018.

Four sections of the Brenner base tunnel were already under construction in 2017. Construction and financing of the world's longest tunnel are considered secured on both sides of the Brenner border. However, the inflow routes are particularly worrying in Germany. According to the German Transport Minister in spring 2017, an extension of the line in the German Inn valley can be expected "only in about 20 years".[4]

Koper (Slovenia) is Austria's closest seaport. There have long been plans to add a second track from Koper to the hinterland. In fall 2017, a successful referendum gave the project new impetus, fueling hopes that work could start soon.

[4] Die Presse March 7, 2017

In line with the guiding strategy anchored in law, the further expansion of railway infrastructure must make it possible to produce an integrated consistent interval timetable for passenger rail transport. This consistent interval timetable has been gradually implemented since the timetable change in 2015/16. Vienna's new Central Station has been the national and international transport hub of the eastern region since 2016. All of Austria's main cities and the Vienna airport are directly connected to the Vienna Central Station. In addition, there are direct express trains to seven European capitals during the day (Prague, Warsaw, Bratislava, Belgrade, Budapest, Zagreb and Ljubljana). Four other capitals can be reached directly by night trains (Rome, Minsk, Bucharest and Kiev).

In the energy sector, the focus continues to be on reinvestment in ÖBB's own power plants. The share of ÖBB's electricity consumption accounted for by its own production is to be increased by expanding and optimizing these power plants. In the next few years, the generation of traction power from hydropower is to be supplemented by wind and solar energy. In late 2016, ÖBB received the Innovation Prize of the International Union of Railways (UIC) for the world's first photovoltaic system for 16.7 Hz traction power.

C. Economic report and outlook

C.1. Revenues

Overview	2017	2016	Change	Change in %
Mil. train-kilometers	148.7	146.1	2.6	2%
Total gross tonnage-kilometers in million	77,085.4	75,586.1	1,499.3	2%
Self-generated traction power from ÖBB power plants in GWh	611	664	-53	-8%
Traction power from overhead contact line in GWh	1,831	1,792	39	2%
Floor space incl. exterior spaces rented out in thousands m²	2,685	2,698	-13	0%
Revenue in million EUR	2,101.4	2,107.8	-6.4	0%
Total revenue in million EUR	3,201.6	3,154.8	46.8	1%
Total revenue per employee in thousand EUR	178	176	2	1%

Performance indicators

The development of train-kilometers (Tkm) is an important indicator for assessing the operational performance of the ÖBB-Infrastruktur Group. Year on year, volume increased by 148.7 million tkm to a total of 148.7 million tkm (prior year: 146.1 million tkm).

Development of train-kilometers by type of traffic in million	2017	2016	Change	Change in %
Passenger transport	100.5	98.3	2.2	2%
thereof ÖBB Group	*95.3*	*93.3*	*2.0*	*2%*
Goods transport	40.7	40.5	0.2	0%
thereof ÖBB Group	*31.4*	*31.7*	*-0.3*	*-1%*
Service trains and light engines	7.5	7.3	0.2	3%
thereof ÖBB Group	*5.9*	*6.1*	*-0.2*	*-3%*
Total	**148.7**	**146.1**	**2.6**	**2%**
thereof ÖBB Group	***132.6***	***131.1***	***1.5***	***1%***

The development of total gross ton-kilometers (TGTkm) is another indicator used to assess business performance. While in the 2016 financial year external railway operators accounted for 12.9 billion TGTkm or 17% of the total, in 2017, they accounted for 13.9 billion TGTkm, which corresponds to 18% of the total.

Development of gross tonnage-kilometers by type of traffic in million	2017	2016	Change	Change in %
Passenger transport	29,720.8	29,524.4	196.4	1%
thereof ÖBB Group	*28,052.4*	*27,964.8*	*87.6*	*0%*
Goods transport	46,224.8	44,934.0	1,290.8	3%
thereof ÖBB Group	*34,237.7*	*33,768.2*	*469.5*	*1%*
Service trains and light engines	1,139.8	1,127.7	12.1	1%
thereof ÖBB Group	*919.9*	*963.7*	*-43.8*	*-5%*
Total	**77,085.4**	**75,586.1**	**1,499.3**	**2%**
thereof ÖBB Group	***63,210.0***	***62,696.7***	***513.3***	***1%***

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

Development of the electricity sector:

Traction power in GWh	2017	2016	Change	Change in %
Self-generated traction power from ÖBB power plants	611	664	-53	-8%
Traction power from overhead contact line	1,831	1,792	39	2%

Development of the rentable areas:

Floor space incl. rentable exterior spaces in thousands m²	2017	2016	Change	Change in %
Usage by external parties (outside the Group)	663	681	-18	-3%
Usage by ÖBB Group companies other than ÖBB-Infrastruktur AG	317	324	-7	-2%
Usage by ÖBB-Infrastruktur AG	558	565	-7	-1%
Vacant and public space	1,128	1,109	19	2%
Floor space	**2,666**	**2,679**	**-13**	**0%**
Exterior spaces rented out	19	19	0	0%
Total portfolio	**2,685**	**2,698**	**-13**	**0%**

As in the prior 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 Group itself or consists of public and vacant spaces.

Revenue

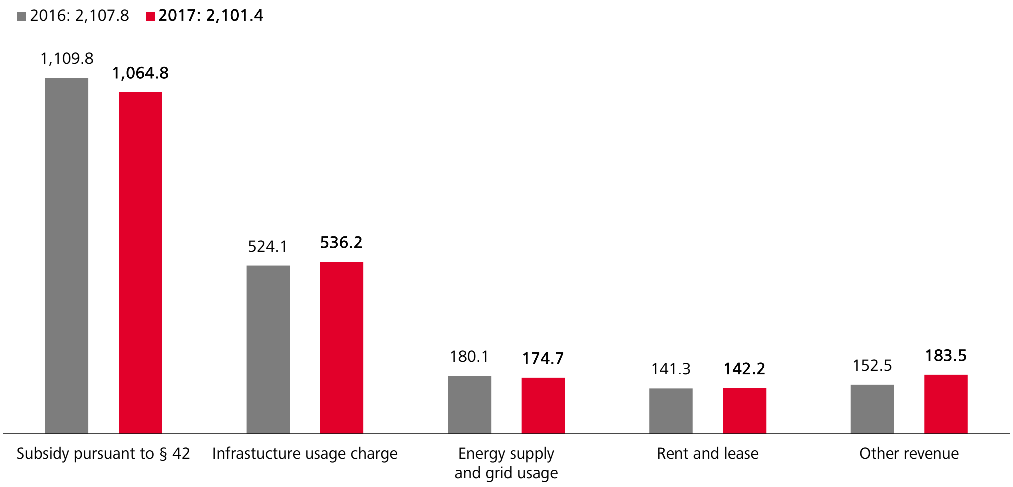
Revenue ÖBB-Infrastruktur Group in million EUR	2017	2016	Change	Change in %
Total group revenue	2,366.4	2,357.3	9.1	0%
less intra-group revenue	-265.0	-249.5	-15.5	6%
Revenue	**2,101.4**	**2,107.8**	**-6.4**	**0%**
Other income (consolidated)	1,100.2	1,047.0	53.2	5%
Total income	**3,201.6**	**3,154.8**	**46.8**	**1%**
thereof with other entities of the ÖBB Group	*732.9*	*719.8*	*13.1*	*2%*

As mentioned above, consolidated sales reached EUR 2,101.4 million (prior year: around EUR 2,107.8 million), of which EUR 732.4 million (prior year: EUR 719.7 million) are attributable to companies of other sub-groups of the ÖBB Group.

With an average number of employees of 17,975 (prior year: 17,963 employees), the revenue per employee is unchanged to 2016 at EUR 117.

Revenue is mainly generated in Austria. Revenue in the amount of EUR 60.8 million (prior year: EUR 53.7 million) was generated with customers abroad. This revenue mainly relates to the supply of energy and the infrastructure usage charge.

Develpment of the group revenue in million EUR



C.2. Result of operations

Overview	2017	2016	Change	Change in %
EBIT[5] in million EUR	595.6	626.6	-31.0	-5%
EBIT margin[6] in %	18.6%	19.9%	-1.3%	-7%
EBITDA[7] in million EUR	1,347.2	1,352.4	-5.2	0%
EBT in million EUR	47.1	49.6	-2.5	-5%
Return on equity[8] in %	3.5%	3.9%	-0.4%	-10%
Return on assets[9] in %	2.6%	2.8%	-0.2%	-7%

Structure of the Income Statement

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

Structure of the Income Statement in million EUR	2017	in % of total income	2016	in % of total income	Change	Change in %
Revenue	2,101.4	66%	2,107.8	67%	-6.4	0%
Other own work capitalized	293.6	9%	300.3	10%	-6.7	-2%
Other operating income and increase/ decrease of inventories	806.6	25%	746.7	24%	59.9	8%
Total income	**3,201.6**	**100%**	**3,154.8**	**100%**	**46.8**	**1%**
thereof from other Group entities	***732.9***	***23%***	***719.8***	***23%***	***13.1***	***2%***
Cost of materials	76.9	2%	80.2	3%	-3.3	-4%
Purchased services	334.8	10%	298.5	9%	36.3	12%
Personnel expenses	1,126.3	35%	1,110.9	35%	15.4	1%
Depreciation and amortization	751.6	23%	725.7	23%	25.9	4%
Other operating expenses	316.4	10%	312.9	10%	3.5	1%
Total expenses	**2,606.0**	**81%**	**2,528.2**	**80%**	**77.8**	**3%**
thereof from other Group entities	***210.1***	***7%***	***198.1***	***6%***	***12.0***	***6%***
EBIT	**595.6**	**19%**	**626.6**	**20%**	**-31.0**	**-5%**
Financial result	-548.5	-17%	-577.0	-18%	28.5	5%
thereof from other Group entities	*-1.4*	*0%*	*7.5*	*0%*	*-8.9*	*0%*
EBT	**47.1**	**1%**	**49.6**	**2%**	**-2.5**	**-5%**

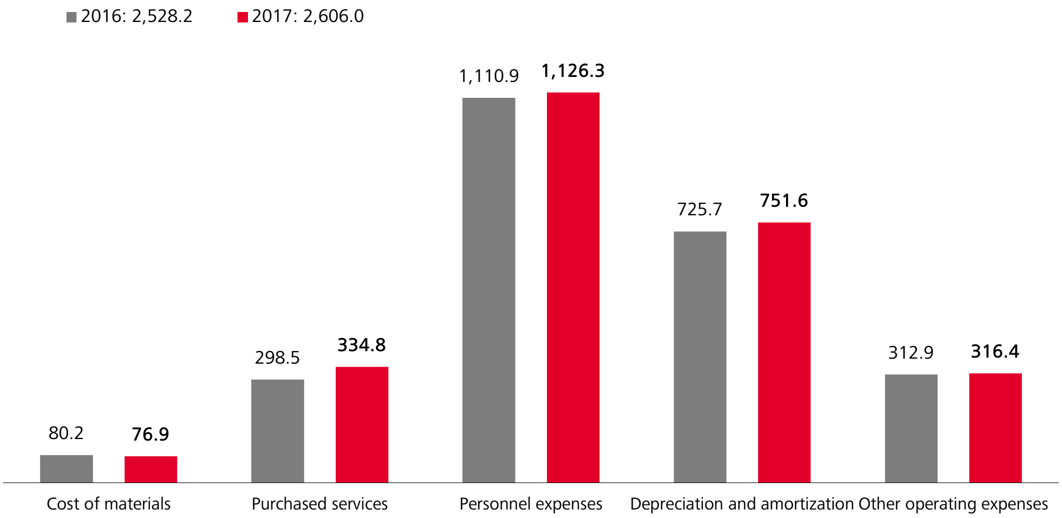
[5] EBIT corresponds to earnings (not including earnings of investments accounted for using the equity method) on the Consolidated Income Statement.
[6] EBIT margin: EBIT/total income
[7] EBITDA: EBIT + depreciation and amortization
[8] Return on equity: EBT/shareholders' equity
[9] Return on total assets: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

In 2017, total income of the ÖBB-Infrastruktur Group amounted to EUR 3,201.6 million (prior year: EUR 3,154.8 million), with an average of 17,975 employees (prior year: 17,963 employees) resulting in an amount per employee of kEUR 178 (prior year: kEUR 176).

The change in total income is mainly due to an increase in the utilization fee for infrastructure due to higher transport volumes in the financial year. Furthermore, higher proceeds from real estate development projects were achieved in the financial year.

Total expenses in the ÖBB-Infrastruktur Group were EUR 2,606.0 million (prior year: EUR 2,528.2 million) and relate to the following types of expenses:

Development of operating expenses in million EUR



The change in total expenses is primarily due to an increase in expenses for purchased services as well as higher personnel expenses and increased depreciation and amortization. The increase in depreciation and amortization is primarily due to the investment activity in infrastructure and the resulting commissioning.

The average personnel expense per employee of the ÖBB-Infrastruktur Group amounted to kEUR 63 (prior year: kEUR 62). This equates to a payroll ratio[10] of 43% (prior year: 44%).

As in the prior year, the material intensity[11] amounted to 3%. The average cost of materials and purchased services per employee amounted to kEUR 23 (prior year: kEUR 21).

The ÖBB-Infrastruktur Group generated a negative financial result in the reporting year of EUR 548.5 million (prior year: EUR 577.0 million).

EBT decreased to EUR 47.1 million (prior year: EUR 49.6 million).

[10] Payroll ratio: Personnel expenses / total expenses
[11] Material intensity: Cost of materials / total expenses

C.3. Net assets and financial position

Overview	Dec 31, 2017	Dec 31, 2016	Change	Change in %
Total assets in mil. EUR	23,155.0	22,654.3	500.7	2%
PP&E-to-total-assets ratio in %	93%	92%	1%	1%
PP&E-to-net-worth ratio in %	6%	6%	0%	0%
PP&E-to-net-worth ratio II in %	99%	94%	5%	5%
Equity ratio in %	6%	6%	0%	0%

Structure of the Statement of Financial Position

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

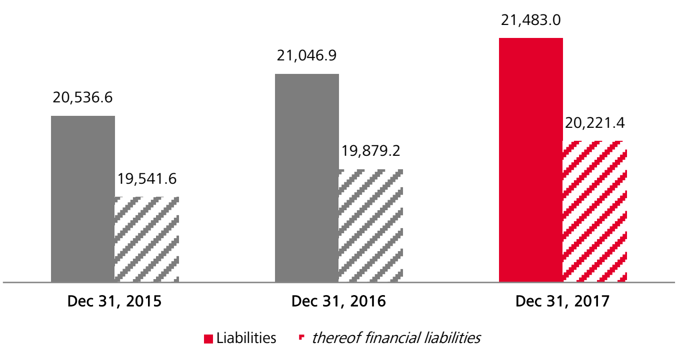
Structure of the Consolidated Statement of Financial Position in million EUR	Dec 31, 2015	Dec 31, 2016	Structure 2016	Dec 31, 2017	Structure 2017	Change from 2016 to 2017
Non-current assets	21,376.0	21,850.2	96%	22,665.9	98%	815.7
Current assets	724.2	804.1	4%	489.1	2%	-315.0
Total assets	**22,100.2**	**22,654.3**	**100%**	**23,155.0**	**100%**	**500.7**
Shareholder's equity	1,206.2	1,268.6	6%	1,337.8	6%	69.2
Non-current liabilities	18,137.3	18,226.6	80%	20,067.6	87%	1,841.0
Current liabilities	2,756.7	3,159.1	14%	1,749.6	7%	-1,409.5

Total assets of the ÖBB-Infrastruktur sub-group rose to EUR 23,155.0 million in the reporting year (prior year: EUR 22,654.3 million). The increase in non-current assets is mainly due to investments in property, plant and equipment. More information on capital expenditure in the financial year is provided in Chapter C.4. Capital expenditure and financing measures. The decrease in current assets is mainly due to a decline in other financial assets and cash and cash equivalents. The increase in non-current borrowings and the decrease in current borrowings is mainly due to the change in financial liabilities and the decision made by the Company in the financial year to obtain long-term financing through loans from the Republic of Austria. Information on the conditions of the financial liabilities is provided in Note 25 in the Notes to the Consolidated Financial Statements.

The PP&E ratio[12] increased to 93% (prior year: 92%). As of the reporting date, the PP&E-to-net-worth ratio[13] was unchanged year on year, at 6%. The PP&E-to-net-worth ratio II[14], which includes non-current borrowings, was 99% (prior year: 94%). The increase in equity, to EUR 1,337.8 million (prior year: EUR 1,268.6 million), produced an equity ratio[15] of 6%, unchanged from the prior year.

Trade receivables fell from EUR 141.6 million to EUR 140.0 million. Working capital[16] totaled EUR -309.4 million (prior year: EUR -429.9 million).

Liabilities in million EUR



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

Overall, the liabilities of the ÖBB-Infrastruktur Group increased in the reporting period by 2% to EUR 21,483.0 million (prior year: EUR 21,046.9 million).

Information on significant provisions is provided in Note 26.2 in the Notes to the Consolidated Financial Statements.

Notes to the Consolidated Statement of Cash Flow

In the financial year, free cash flow[17] decreased to EUR -681.7 million (prior year: EUR -638.0 million). The improvement in cash flow from operating activities is mainly due to an increase in working capital as well as lower interest payments and higher interest income received.

Abstract from the Group Cash Flow Statement in million EUR	Dec 31, 2017	Dec 31, 2016	Change
Cashflow from operating activity	922.5	849.6	72.9
Cashflow from investing activity	-1,604.2	-1,487.6	-116.6
Free cash flow	-681.7	-638.0	-43.7
Cash flow from financing activity	481.6	533.5	-51.9
Cash-effective change of funds	-200.1	-104.5	-95.6

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

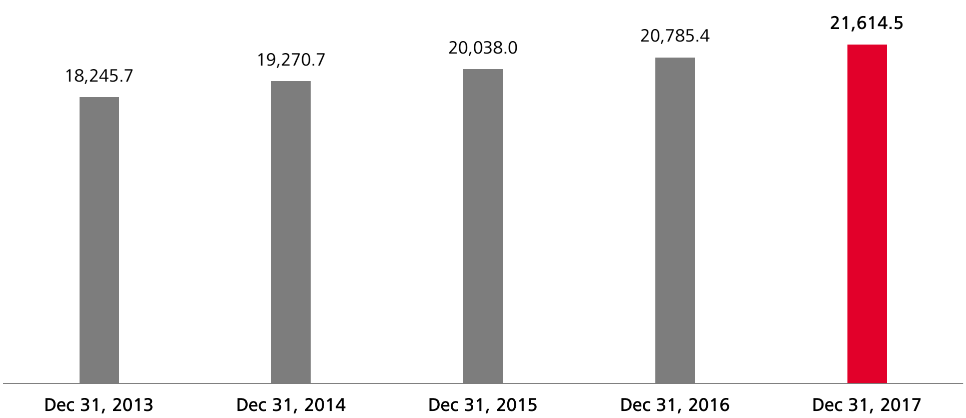
C.4. Capital expenditure and financing measures

Overview	2017	2016	Change	Change in %
Capital expenditure in million EUR	1,808.1	1,859.8	-51.7	-3%
Capital expenditure ratio of total income in %	54%	52%	2%	4%
Capital expenditure ratio of carrying amounts in %	8%	8%	0%	1%

In total, the ÖBB-Infrastruktur sub-group invested EUR 1,808.1 million in the reporting year (prior year: EUR 1,859.8 million), equivalent to a capital expenditure ratio of 54% (prior year: 52%) of total income[18] and, as in the prior year, 8% of the carrying amount[19] as of January 1. The calculation is made based on gross investment prior to the deduction of investment grants.

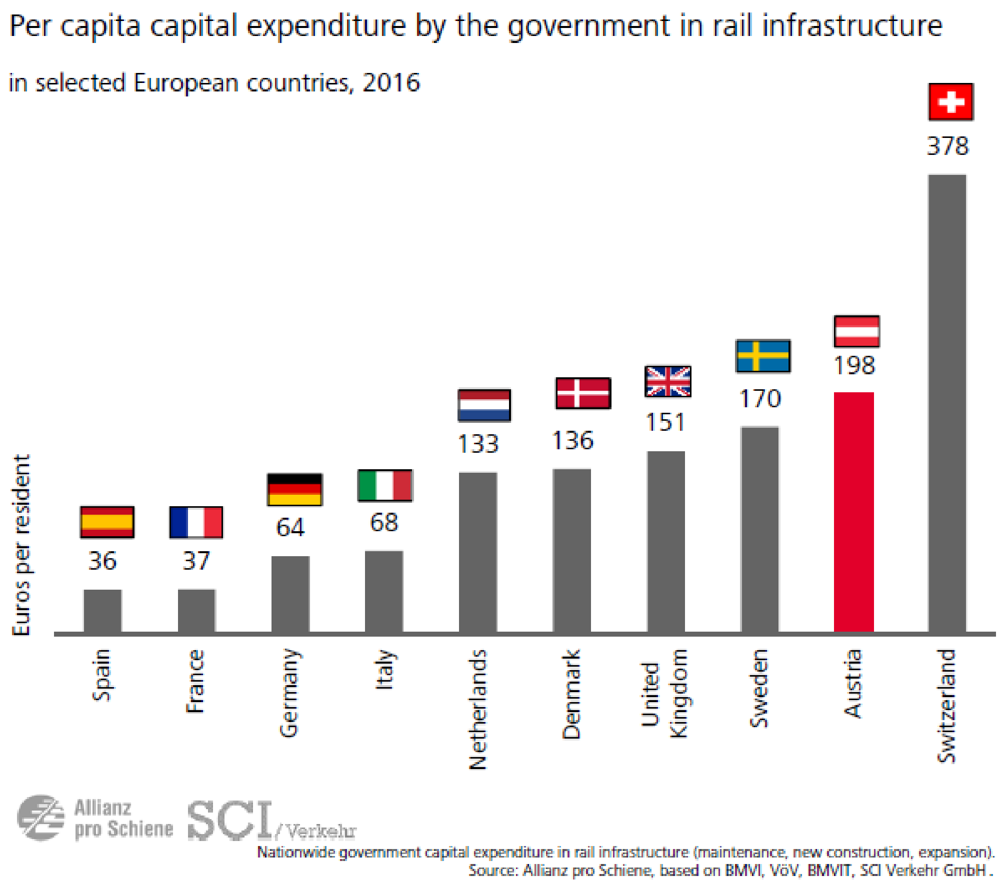
Until 2015, ÖBB-Infrastruktur AG financed itself via its own bond issues on the capital market. According to Eurostat criteria, ÖBB-Infrastruktur AG is classified as a state sector. Against the background of the Republic of Austria's more favorable interest conditions on the capital market, the decision on long-term financing via loans from the Republic of Austria is being made by the Austrian Federal Financing Agency (OeBFA) in coordination with the BMVIT. Further information can be found in Note 25 to the consolidated financial statements.

Development of property, plant and equipment in million EUR



[17] Free cash flow: Cash flow from operating activities + cash flow from investing activities
[18] Capital expenditure ratio: Capital expenditure ratio: investment in property, plant and equipment / total income
[19] Capital expenditure ratio: Capital expenditure ratio: investment in property, plant and equipment / carrying amount of PP&E as of January 1.

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



Areas of investment focus in 2017

Capital expenditures by ÖBB-Infrastruktur AG focused on the following investments in 2017:
- Development of the Southern line
- Four-track extension of the western line
- 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-and-ride facilities
- Large-scale capital expenditure, such as new tracks and switches

During the reporting period, work was carried out on the following projects, among others: the St. Pölten – Loosdorf gap closure (freight train bypass – GZU) (Lower Austria), the Linz Central Station (Upper Austria), the extension of the St. Margrethen – Lauterach (Voralberg) line, the Wolfurt freight center (Vorarlberg), the selective two-track extension Vienna – Bratislava (Vienna/Lower Austria), the extension of the Pottendorf line (Lower Austria), the Semmering Base Tunnel (Lower Austria/Styria), the Koralm railway sections Wettmannstätten – St. Andrä with Koralm tunnel (Styria/Carinthia), St. Andrä – Aich (Carinthia), Aich-Mittlern (Carinthia), Mittlern-Althofen/Drau (Carinthia), making the Lavanttal railway (Carinthia) more attractive as well as the Brenner base tunnel (Tyrol/Italy). The station offensive was also pushed ahead – among others the stations and stops Liezen (Styria), Bad Vigaun (Salzburg), Schärding (Upper Austria), Velden am Wörthersee (Carinthia), Ledenitzen (Carinthia), Spillern (Lower Austria), Gmünd (Lower Austria), Laa an der Thaya (Lower Austria), Sarasdorf (Lower Austria) and Wilfleinsdorf (Lower Austria) were completed. Furthermore, the planning projects for the four-track extension of the western line between Linz – Wels (Upper Austria) and Salzburg – Köstendorf (Salzburg), for the extension of the northern railway (Vienna/Lower Austria), for the connection Schaftenau –Radfeld hub (Brenner northern approach) (Tyrol), for the modernization of the connecting railway between Vienna-Hütteldorf and Vienna-Meidling (Vienna) as well as for the extension of the Mattigtal railway, incl. the conversion of Neumarkt/Köstendorf railway station into a transport hub (Salzburg/Upper Austria), and the Obervellach II power plant (Carinthia). In the first quarter of 2017, the groundbreaking ceremony for the reconstruction of the Tulln (Lower Austria) and Seefeld (Tyrol) railway stations and the start of construction of the central workshop at Vienna Hebbelplatz took place. In the middle of the year, construction began on the Reichraming (Upper Austria), Neuhofen a. d. Krems (Upper Austria), Thaur (Tyrol), Rohr Bad Hall (Upper Austria), Kefermarkt (Upper Austria) and Kematen a. d. Krems (Upper Austria) stations and stops as well as on the Wels (Upper Austria) parking deck and parts of the Wolfurt (Vorarlberg) terminal.

Studies show that various secondary effects of capital expenditure in the construction and operating phases lead to enormous added value. One invested euro results in 2 euros of value added to the Austrian economy. In the construction phase, a capital expenditure of one billion generates around 17,000 jobs, and the improved accessibility secures and creates thousands more jobs.

Milestones on Major Projects

120 km of the 130 km Koralm railway between Graz and Klagenfurt have already been completed or are under construction. This represents 90% of the total project. The heart of this project is the approximately 33-km long, twin-tube Koralm tunnel, where tunnel boring machines have been in operation from the Styrian side since 2013 and have each drilled more than 21 km into the mountain. On the Carinthian side, the last tunnel boring machine started operation in October 2015. The breakthrough connecting the two ends of the Koralm Tunnel is planned for 2018. In February 2017, the main work began on making the Lavanttal railway more attractive as an important access route for the future Koralm railway. With the start of construction work between Aich and Mittlern in April 2017, all Carinthian sections of the Koralm railway are now under construction. In September 2017, construction work began on the buildings of the new station in Western Styria. At the same time, the last tunnel of the St. Kanzian tunnel chain was undertaken – the Untersammelsdorf tunnel. In addition, there were numerous tunnel breakthroughs in 2017: Miners celebrated the breakthrough in the Lind tunnel in February 2017, in the Stein Tunnel in July 2017, in the Srejach tunnel (St. Kanzian tunnel chain) in September 2017, and in the Langer Berg tunnel (Granitz Valley tunnel chain) in December 2017.

Construction of the Semmering base tunnel is also progressing: With the official start of work on the third and last construction section (Grautschenhof) in June 2017, all three tunnel sections of the approximately 27-km long railway tunnel are under construction. In the middle section of the Fröschnitzgraben tunnel, a large cavern – later to become an emergency stop – was built, from which point the two tunneling machines will start work in the direction of Gloggnitz from spring 2018; in the direction of Mürzzuschlag, work is carried out using the traditional excavator-blasting method. From the Lower Austrian side – in the Gloggnitz tunnel section – miners have already worked their way 2,300 meters into the mountain. This section includes the 1000-meter long access tunnel in Göstritz, which was completed in 2017. At the third tunnel section Grautschenhof in Styria the 100-meter deep access shafts have been completed. Once completed, the Semmering base tunnel will allow passengers to travel between Vienna and Graz in 30 minutes less time and greatly facilitate freight transport on the route.

2017 was marked by intensive construction activity on the Brenner base tunnel. Construction of the exploratory tunnel began ten years ago and the construction phase is to be completed in ten years' time. One third, almost 80 km, of the entire 230 km tunnel system has been excavated. The interior work was completed in Erkundungslos Padastertal + Wolf 2. An ÖBB-owned siding at the Wolf construction site has been available for the next construction section Pfons-Brenner since August 2017. Parallel to the existing Innsbruck bypass tunnel, a breakthrough was made for the rescue tunnel and a connecting tunnel between the Brenner base tunnel and the Innsbruck bypass was cut through at the end of July. Excavation of the Innsbruck emergency stop is well advanced. The Innsbruck Central Station project area is being implemented by ÖBB-Infrastruktur AG on behalf of the Galleria di Base del Brennero - Brenner Base Tunnel BBT SE. In commissioning the Pfons-Brenner construction section, the Federal Administrative Court agreed with the assessment made by the BBT SE. This means that the 966 million euro project has now been legally awarded. In Italian territory, the construction sections "Eisackunterquerung" and Mauls 2-3 are active. The extremely complex and extensive work will last until the end of 2023.

The two-track expansion of the Pottendorf line is progressing according to plan. A continuous two-track connection between Vienna-Meidling and Wiener Neustadt will be established by 2023. A second track will be added to the existing track on the line between the Vienna city limits and Münchendorf; a new station will be built in the Ebreichsdorf section. The measures are divided into two stages. In the Hennersdorf – Münchendorf section, all official permits have been obtained and the main work in this area has been underway since 2016. Important milestones were achieved during a two-month closure of the railway line in summer 2017 with rail replacement traffic. In September 2017, the first new platform in an elevated position was put into operation at the Hennersdorf station. Several railway crossings along the line were left open and replaced by overpasses or underpasses. In Achau, the Mödlingbach bridge was extended by another bridge-supporting structure. Work on the new railway underpass for the B11 and the passenger tunnel for the new Achau station is also well advanced. As part of the work on the two-track expansion of the Pottendorf line, a new crossing of the Aspang railway in the Achau area was also constructed. It now runs over a new dam and a newly built railway bridge. In Münchendorf, where the new station is also already in partial operation, access is available through the new passenger tunnel.

By 2019, the Hennersdorf, Achau and Münchendorf stations will have an attractive, inviting appearance and barrier-free facilities. The two-track extension of the Pottendorf line in the Ebreichsdorf section will be carried out by a new two-track line between the districts of Ebreichsdorf and Unterwaltersdorf with a new railway station and a spacious park & ride facility. A legally binding EIA certificate of approval has been issued for this section; the construction permit procedure under railway law will be carried out in 2018. The main construction measures in this area are planned from 2020 until 2023; the existing line is to be dismantled in 2024. In the Vienna area, the currently single-track section between Meidling station and the Altmannsdorf junction is to be expanded to two tracks by 2023. Planning work on this project will start in spring 2018.

Work on the extension of the Vienna – Bratislava line was intensified in 2017, which will shorten the journey time between the two capitals by up to 25 minutes from 2023. The project includes the two-track expansion and electrification of the existing ÖBB route from the Stadlau railway station to the national border near Marchegg. In order to increase capacity and offer better connections for passengers, expansion on the route in the Vienna section (around 5.4 km) began in October 2016; regular train service is being maintained during this project. During the reporting period, the existing track between Auparkweg and Hausfeldstraße was removed and replaced by a temporary solution. The Vienna-Hirschstetten stop was also relocated and replaced by a temporary solution. The transfer to the temporary track and its commissioning, including the temporary railway crossing Contiweg, took place in May 2017. At the same time, the railway crossing at Hirschstettner Straße was closed without replacement. In addition, earthworks began for the new track and work around the two new underpasses Contiweg and Hirschstettner Straße. After commissioning of the two underpasses (mid-2018), the railway crossing previously used for crossing the railway will be closed. From 2018, the Lower Austrian section (around 32 km) will be selectively expanded to two tracks and electrified. If capacity is required, a two-track expansion of the entire section is possible. Expansion is also planned on the Slovakian side.

In 2017 the line extension from Salzburg Central Station to Freilassing was completed. The cross-border route network between Salzburg and Bavaria was expanded in four sections. The three-track expansion of the three Austrian sections reaching to Saalach was completed by ÖBB-Infrastruktur AG in 2013. Now the three-track expansion of the fourth section "Saalachbrücke" has been finalized; Deutsche Bahn (DB) was in charge of this project. The extension of the line Salzburg Central Station – Freilassing serves to increase the capacity of the S-Bahn system in the Salzburg area and to make rail transport more attractive for commuters and students by building new stops.

The absolute highlight was the commissioning of the St. Pölten-Loosdorf gap closure at the beginning of December 2017. With the commissioning of this section of line, the four-track expansion between Vienna and Linz-Kleinmünchen has been completed. This also creates the conditions in the St. Pölten area for a better passenger transport service, a shift of freight traffic from road to rail; it also eases pressure in the city center from freight transit transport on the western route. Almost 25 km of new tracks, 23 bridges and three railway tunnels: This is the new route between St. Pölten and Loosdorf.

Bundled implementation of reinvestment projects in conjunction with route closures

In order to minimize the disruption to railway traffic management, ÖBB-Infrastruktur AG bundled the implementation of numerous reinvestment projects during route closures in 2017.

As in the prior year, the comprehensive "servicing" of the Semmering existing route between Wiener Neustadt and Mürzzuschlag took place from August to October 2017. The work included the renewal of around 10 km of track and numerous switches, maintenance work on backrests, tunnels and viaducts, the renovation of the Kartnerkogel viaduct, the renewal of the overhead line systems at Semmering station, platform adaptations at the Klamm-Schottwien and Breitenstein stations and the renovation of the railway crossing in Breitenstein. This required, among other things, rail replacement transports on the southern section from Wiener Neustadt to Mürzzuschlag, as all work was bundled in one closure and carried out as compactly as possible. The service work on the Semmering mountain route will continue in 2018.

Between April and August 2017, ÖBB-Infrastruktur AG also carried out extensive maintenance work on the Feldkirch – Buchs railway line. Among other things, tracks, ballast bed, subsoil and drainage systems were renewed and renovation work was carried out on several bridges. This required the closure of railway crossings along the 19 km long railway line that connects Austria, Liechtenstein and Switzerland. From the end of May to the beginning of July 2017, extensive rail replacement services were set up for passengers.

Between April and September 2017, ÖBB-Infrastruktur AG also implemented an extensive construction program on the Summerauer railway, which included the renewal of bridges and railway tracks, the closure of railway crossings and the reconstruction of the Kefermarkt station. These construction measures also required road closures and made the use of rail replacement transports necessary.

The western route was also closed between October and November 2017 due to maintenance work in Lower Austria. Important maintenance work was carried out between St. Peter-Seitenstetten and St. Valentin. The most extensive work took place in St. Valentin, where the tracks and track substructure were renewed. In addition, several switches were replaced and brought up to the latest standards.

These measures help ÖBB ensure that passengers reach their destinations safely and on time.

Migration of further sections into the five operating centers

The control areas of the five operational management centers were again significantly expanded in 2017. For example, among other things, the Bischofshofen, Mitterberghütten and Pöham operational stations were integrated into BFZ-Salzburg, the Linzerhaus, Losenstein, Reichraming Spital am Pyhrn and Ardning stations were integrated into BFZ Linz, the Prinzersdorf, Loosdorf, Eichberg, Moosbierbaum-Heiligeneich, Herzogenburg City, Korneuburg, Stockerau and Statzendorf stations were integrated into BFZ-Vienna, the Knittelfeld, Spielberg, Zeltweg, Unzmarkt and Frohnleiten stations were integrated into BFZ-Villach and the Sulz-Röthis and Rankweil operational management centers were integrated into BFZ-Innsbruck. This means that 47% of ÖBB-Infrastruktur AG's main network is already managed by the five operational management centers.

The BFZ disruption concept laid the basis for managing operations in the usual quality as quickly as possible in the event of a fault or incident and for minimizing disruptions to national and international train transport. The implementation of the geo-redundancy of the BFZ systems and BFZ buildings enables activities at the operational fallback level to be significantly reduced in accordance with the fault and operational disruption concept. Restrictions on infrastructure are avoided.

ETCS – European Train Control System

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

The implementation of the ETCS migration plan ensures interoperability on the basis of European specifications and ensures that the legal requirements are met both technically and in terms of time.

Presentation of the entire master plan and other investment projects

Project		Capital expenditure 2017 in million EUR	Projected or effected completion
Modification and new construction of stations	Station Bad Vigaun	4.9	2017
	Station Gänserndorf	1.0	2018
	Hall station in Tyrol; Thaur logistics zone	3.5	2017
	Station Ledenitzen West	1.8	2017
	Station Liezen	1.0	2017
	Station Langenwang	2.7	2018
	Station Losenstein	1.2	2018
	Station Moosbierbaum-Heiligeneich	6.7	2017
	Station Rekawinkel	2.8	2018
	Station Scheifling	3.0	2017
	Station Seefeld in Tyrol	9.5	2018
	Station St. Georgen am Steinfelde	0.9	2018
	Station Tallesbrunn	0.6	2017
	Station Tulln	13.0	2019
	Station Velden am Wörthersee	5.9	2017
	Station Weikendorf-Dörfles	1.0	2017
	Station Wien Hetzendorf	3.2	2018
Parking garages	P&R Krems a.d.Donau; Parking garage 1 covered	3.4	2017
	Wels central railway station; Construction of parking garage	1.6	2018
Greater Vienna	Freight center Vienna South [1]	10.2	2016/2019
	Expansion of the Marchegger branch	27.2	2022
	Vienna-Meidling, branch Altmannsdorf; two-track expansion	0.1	2023
	Vienna Hütteldorf – Vienna Meidling; connecting railway	1.4	2025
Western line	St. Pölten; new freight train bypass	23.5	2017
	Ybbs a. d. Donau – Amstetten; four-track expansion (gap closure) [2]	9.0	2015/2017
	Linz-Kleinmünchen (a) – Linz Central Station; four-track expansion	16.1	2017/2030
	Linz – Wels; four-track expansion	18.1	2026
	Salzburg Central Station – Freilassing; three-track expansion (expansion of local transport) [3]	2.0	2013/2017
Southern line	Vienna Blumental – Wampersdorf; Two-track expansion of the Pottendorfer line	57.9	2023
	Gloggnitz – Mürzzuschlag; new line (Semmering base tunnel)	204.9	2026
	Bruck a. d. Mur - Graz; station conversion	28.2	2026
	Graz - Klagenfurt; Koralm railway	335.6	2025
Pyhrn-Schober route	Wels – Passau; expansion of existing line [4]	5.7	2020/2022
	Linz – Selzthal; selective two-track expansion and station conversions	2.9	2023
	Linz Central Station – Summerau; beautification	3.0	2022
Brenner route	Brenner Base Tunnel	115.3	2027
Arlberg route	Bregenz – Bludenz; expansion of local transport (Rhine valley concept)	3.0	2023
	St. Margrethen – Lauterach; development for local transport and beautification	16.4	2020
	Wolfurt; terminal, expansion	14.9	2018
Programs	Noise protection	9.1	
	Park & ride	16.6	
	Safety and operation management systems	83.8	
	Measures for customer satisfaction	13.8	
Reinvestments in the railway network		540.3	
Others (incl. intangible assets)		181.4	
Total master plan and other investment projects		1,808.1	

[1] Commissioning of the new siding is expected to take place in March 2019
[2] Completion of Amstetten station 2017
[3] Salzburg Freilassing: Complete commissioning section to national border: 2013
Complete commissioning incl. German section (DB-measures): 2017
[4] Completion of Schärding station 2017

C.5. Strategy of the ÖBB Infrastructure Group

General conditions and challenges

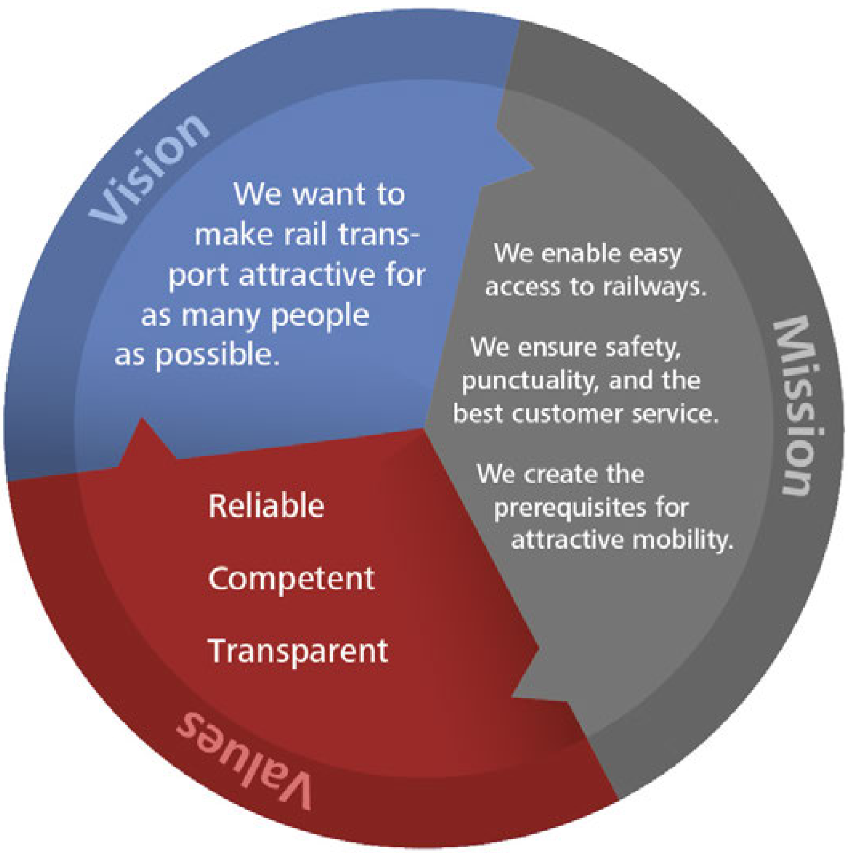
In 2017, ÖBB celebrated 180 years of the railway and 110 years of Postbus in Austria. The ÖBB-Infrastruktur AG has changed again and again and moved steadily forward since it was founded. The mission of ÖBB-Infrastruktur AG is to make the Austrian rail infrastructure available to all railway operators on a non-discriminatory basis. The tasks of ÖBB-Infrastruktur AG include the planning, construction and operation of ÖBB-Infrastruktur AG as well as the provision of services in the railway sector. Customers have always played a central role in this. The expansion of integrated mobility, capital expenditure, WiFi and mobile phone networks, as well as the ongoing further development of the stations are just a few examples of ÖBB's innovative strength and customer orientation. Many generations of committed employees have shaped the company and made an important contribution to the modernizing strength that the company has always exhibited. A main focus again this year was on the further education and advancement of our employees. "Youth is our future!" In 2017, capital expenditures were made in the expansion of apprentice workshops, apprentice hostels and educational institutions, among other things.

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

Progressive market liberalization, driven in particular by European directives related to railway packages, is leading to steadily growing competition in passenger and freight transport. Through targeted capital expenditures, the ÖBB-Infrastruktur Group creates the conditions for attractive mobility, enables easy access to the railway and ensures safety, punctuality and the best customer service.

The Group also faces further challenges within the company: Generational change and new forms of cooperation, continuous optimization of the cost structure, process optimization with regard to increasing the speed with which the company reacts to market changes and further promotion of innovation and digitalization as a catalyst for achieving strategic goals.

Strategy and strategy implementation – key initiatives in the Group



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

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

In addition, the specifications and content from the 2025+ target network and the network development plan (NDP) are specified in stages, prioritized and derived for the different routes in the route development plan (RDP). By focusing on strategic goals and measures, the RDP specifies the requirements for the further development of the routes. It thus shows the way to achieving and implementing the 2025+ target network and is an important instrument for operationalization.

Strategic Initiatives

- We are pushing ahead with customer-oriented infrastructure development, including the revision of the target network.
- We develop services for passenger stations and terminals/logistics hubs to increase customer numbers and customer satisfaction and to strengthen the competitive position of rail transport.
- We guarantee our basic services of punctuality and safety.
- We continue to ensure high cost and time stability in construction projects.
- We will become a top employer with a focus on generational management, increasing the proportion of women and professional training and further education in the railway sector.
- We generate long-term returns for our company through a real estate portfolio.
- We position ourselves as a sustainable company by increasing the share of the company's own production of traction power from renewable energy and comprehensive measures to reduce noise.
- We are pushing ahead transparent processes and the digitalization and automation of rail operations.

Infrastructure – Capital expenditure in expansion and safety

Infrastructure expansion

ÖBB invests around EUR 2.5 billion annually in the modernization of its networks and thus makes a significant contribution to the domestic economy.

According to the 2017 to 2022 master plan, around EUR 15.2 billion will be invested by 2022 – a large part of this in the reinvestment in or expansion of railway stations, park & ride facilities or terminals and in major line expansions to further modernize rail transport.

Hard work continues to be put into the implementation of major projects such as the expansion of the southern route (including the Koralm railway and the Semmering base tunnel) and the Brenner base tunnel, which are the focus of transport policy objectives, in order to create a highly attractive rail system for generations with the 2025+ target network.

Park & ride expansion

The strategic objective is the demand-oriented construction/commissioning of more than 2,000 car parking spaces and at least 1,200 covered bicycle parking spaces per year. The main focus for the construction of new park & ride facilities (car parking spaces) at railway stations is on major metropolitan areas (e.g., within a radius of 30 km from capital cities). There are no plans to build park & ride facilities directly in the capitals. Park & ride facilities should be located to ensure that motorized individual transport is addressed in a structured way near the "source" (switch to public transport).

Well-being at the train station – safety and service

Safety is a fundamental prerequisite for ensuring that customers feel comfortable in railway stations. For this reason, 150 additional employees have been employed to ensure safety; they are also available as contact persons. Significant investments have also been made in the expansion of video surveillance in order to further improve customers' sense of safety at the station.

Further measures such as improvements in lighting, color scheme, brightness and visibility of paths are gradually being implemented in 175 stations. Following the expansion of the S-bahn in the metropolitan areas in recent years, the main S-Bahn line from Vienna-Meidling to Floridsdorf and the S-Bahn line Handelskai to Hütteldorf in Vienna were provided with new color-coded routes in a successful cooperation with the Wiener Linien (Vienna Public Transport) last summer to ensure better orientation for customers in the Vienna network.

The mein.BAHNhof program bundles all initiatives relating to the station and promotes further innovations for customers – including digital access to the railway.

ÖBB as an employer – Fit for the future

Around 9,300 employees will retire by 2030. The ÖBB-Infrastruktur is thus increasing its attractiveness in the "fight for good minds" on the labor market.

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

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

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

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

New personnel strategy

Due to the impending generational change, about one third of the employees will leave the ÖBB Group by 2022. During the same period, 10,000 new colleagues will join the company. For ÖBB this is a great challenge – and an equally great opportunity. The new personnel strategy gives the company the tools it needs to seize this opportunity. As an important component of the corporate strategy, it is part of a coherent strategic concept for a strong and modern company. Connected with and motivated by the common vision "We move people with passion", this will make a contribution to the positive development of the company. Four priorities have been defined: "Attractive employer", "Talent management", "Culture" and "Organizational development".

Change of perspective

The "Change of perspective" project was launched in April 2017. Every manager takes on the role of an employee in his or her own area of responsibility or in a partner area on one day per year.

In a process-related and cross-company view, the goals of the change of perspective are:
- To bring managers closer to customers, giving them a better understanding of customer needs and allowing them to find better solutions
- To improve cooperation within ÖBB and thus strengthen our team
- To promote understanding of the challenges and needs of ÖBB coworkers by accompanying them in their tasks
- To express appreciation and respect for the daily achievements of ÖBB coworkers
- To receive suggestions from ÖBB coworkers on how to improve business or processes
- To listen to ÖBB coworkers and absorb the valuable knowledge they impart

Key functions

Employees, such as dispatchers or shunters, were called upon to apply as the face of advertising for the new employee campaign. In this initiative, employees from key positions were taken from behind the curtain and presented – with the aim of making these professions even more widely known and inspiring potential new employees.

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

Construction of hydropower plants Tauernmoos/Obervellach II

ÖBB already covers 92% of its traction power requirements from renewable energy. ÖBB's ten hydropower plants are the backbone of renewable energy generation and together generate almost one third of total traction power requirements. With the planned new construction of the pumped storage power plant Tauernmoos (Salzburg) and the power plant Obervellach II (Carinthia), ÖBB-Infrastruktur will continue to focus on the environmentally sustainable production of traction power.

Innovation – new ideas to drive success

Innovation as an important lever for achieving strategic objectives

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

Understanding innovation as a network

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

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

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

Open innovation

ÖBB pursues innovation in many ways, including many projects and services resulting from employee initiatives, research and development, the ideas workshop and ongoing strategic initiatives. Particularly noteworthy is the "Open Innovation" program, which offers the Group's innovation drivers a broad range of services to support customer-centric innovation. In addition to suitable premises such as the Service Design and Open Innovation Lab, this includes a wide range of methods and competent staff to facilitate innovations. The "Open Innovation" principle involves opening the innovation process to ideas and suggestions from external stakeholders. The involvement of customers, employees and suppliers produces ideas that can be developed into marketable products. In order to make the exchange with external providers of ideas as simple and interactive as possible, the Open Innovation Platform was launched in 2016, and it now has over 2,500 registered users. In 2017, the platform was fundamentally revised and will be available to users in 2018 with new functions.

In order to promote the innovative strength of ÖBB employees in the best possible way and thus move the Group forward, the Ideas Workshop is open to all employees to contribute their suggestions for improvements. In 2017, 778 ideas were submitted, 17.1% of which were implemented.

The principle of "rapid prototyping" is applied when innovation initiatives are implemented: Prototypes are quickly developed from ideas, which are immediately tested in the market by customers and further developed on the basis of feedback. This repetitive process allows ideas to be efficiently and quickly transformed into relevant products, services and processes. This method makes it possible to understand customer needs in a short time and to tailor the products to them.

In 2016/2017, four so-called challenges – specific problems – were addressed to the ÖBB community via the Open Innovation Platform: The four challenges dealt with the topics of "Finding a seat", "Well-being at the train station", "Digitalization in rail freight transport" and "Traveling with luggage". Numerous prototypes and innovative solutions for customers have been developed and are currently being put into practice as quickly as possible. In addition, customer needs are continuously assessed in tests and workshops and the findings are quickly implemented by the departments.

Top Strategic Initiatives

Numerous initiatives were successfully completed in the 2017 financial year:

The top initiative "Safety at the station" aims to increase customer satisfaction by increasing the feeling of safety. Improvements in lighting and structural measures as well as more emergency call and video facilities and more staff at the station were implemented through 2017 and will continue to be pursued in the coming years as part of the INFRA safety program.

ÖBB's development into a total mobility service provider by operating the last mile simplifies access to the rail system, enables the development of new customer groups and an increase in passenger numbers and thus contributes to increasing competitiveness. ÖBB-Infrastruktur AG's new car sharing offering provides passengers mobility services from a single source through a sensible combination of train and car.

The provision of the highest possible availability of facilities and the reduction of facilities-related faults and minutes of delay will be achieved by optimizing fault management for infrastructure facilities. Even after completion of the top initiative, key measures are: ongoing further development of the interdisciplinary fault management process for rapid restoration of infrastructure facilities, optimization of fault prevention and rectification, ongoing further development in the analysis and monitoring of fault drivers, optimization of existing technologies and working methods as well as the development and use of new ones.

The "train protection systems" strategy has created the highest safety standards for passengers. The standardization of systems contributes significantly to making transit corridors more attractive through interoperable equipment. The uniform safety standards on all routes are also the basis for uniform vehicle equipment and thus also a cost stabilizer for the ROs.

C.6. Other important events and outlook

Outlook for the ÖBB Group

Deepening and further development of the Group strategy – We want to move into a successful future!

The assessment of the situation shows clearly: The ÖBB-Infrastruktur AG is on the right track, but there is still a lot to be done in some areas! The goals of the ÖBB Group strategy have been wisely and correctly set. Growth is the key. However, the changed market environment in freight and passenger transport calls for further development and adaptation of the path to achieving these goals.

The demands of our customers are increasing, and competition is becoming increasingly intense. New technologies enable new business models, but at the same time increase competitive pressure. In addition, thousands of employees will retire in the next few years and new colleagues will join the company. This generational change will alter the team and it is important to inspire the new generation for ÖBB.

New challenges require a high degree of flexibility and the courage to change

The future challenges in the areas of customers, society, markets, competitors and the state are diverse and are developing rapidly. Shifts in customer and industry segments, changes in consumer behavior, the emergence of integrated mobility, changes due to unknown technologies of the future and the development of smart cities are only the beginning. Similarly, the requirements in the areas of climate protection and sustainability are (rightly) increasing. The forthcoming generational change in the ÖBB and the greater importance of diversity management require new standards and instruments for employees. Furthermore, the productivity pressure of increasing competition in freight transport and liberalization in passenger transport as well as the requirements in the area of safety and security will continue to increase in the future.

ÖBB must master the challenges in order to maintain its unique selling proposition in what has become a highly competitive market. The question is not whether we change, but how we change. To this end, internal processes must first be subjected to constant critical scrutiny and regulations, rules and structures must be screened and checked for meaningfulness. In doing so, the effects on the Group as a whole should be kept in mind in every decision. Customers rightly don't care about internal structures. ÖBB is viewed as one company; our actions must take this into account. Old habits must be questioned and development opportunities must be placed in the foreground. Customers must know that they can continue to rely on ÖBB in the future.

Challenges

ÖBB has set itself ambitious goals for all challenges and has already taken a step in the right direction:

Increasing customer needs

Customers and companies are placing ever increasing demands on mobility services and logistics solutions. They constantly evaluate the offerings on the market. Consistency and reliability at all points of contact with customers is of particular importance.

Demographic change and changing employee needs

Over 10,000 employees will leave ÖBB in the coming years – passing on knowledge to new employees is of great importance in this context. In addition, younger generations are placing new demands on their jobs. New technologies, increasing customer requirements and the competitive situation require new competencies and job profiles in the company.

Increasing competitive and efficiency pressure

Profitability is the basis for a sustainable increase in quality for customers and employee satisfaction. The profitable use of resources creates sustainable added value for customers, employees and owners.

High demands on operational excellence

In terms of customer orientation and quality leadership, safety, punctuality, reliability and productivity must be further optimized.

Climate protection, resource efficiency and social responsibility

Rail and bus, as sustainable and climate-friendly means of transport, will make a significant contribution to achieving climate targets. At the same time, ÖBB is taking measures to optimally cope with the consequences of climate change. In addition to the efficient use of resources (energy, space, etc.) and the reduction of emissions (noise, pollutants, etc.), ÖBB assumes its responsibility towards people, the environment and society (securing jobs, economic growth, regional value creation, etc.).

Innovation and digitalization

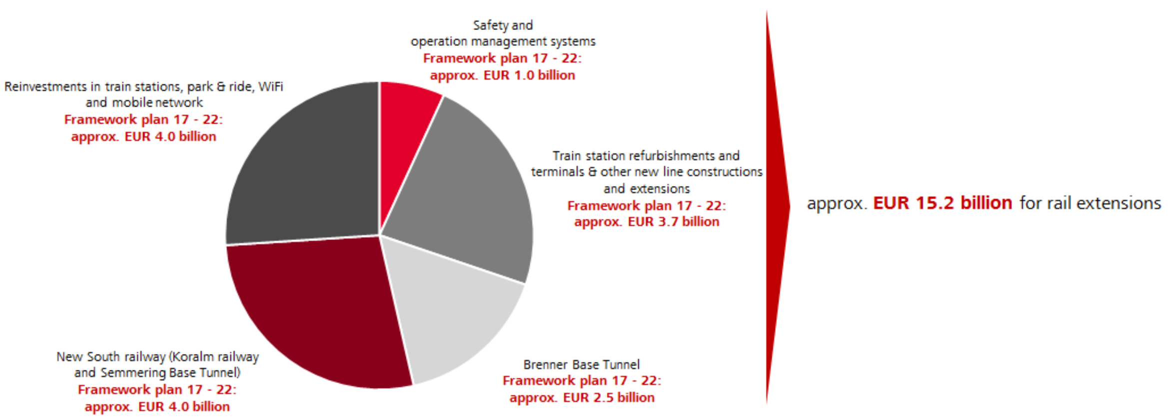
Innovation and digitalization are key catalysts for achieving strategic goals. Only the successful implementation of customer and market-relevant ideas secures and improves the company's market position.

Outlook for the ÖBB-Infrastruktur Group

Master plan 2017 to 2022

With the approval of the framework plan, in 2016 the Austrian government laid the foundation for the continuation of the intensive expansion of the rail infrastructure. EUR 2.5 billion is invested annually in the construction and expansion of rail infrastructure. This continuation of the infrastructure offensive is also making it possible to implement a consistent interval timetable as an essential convenience for customers and to expand freight transport capacities.

Framework plan capital expenditure by categories 2017-2022 in EUR billions



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

ÖBB, the Austrian Federal Ministry of Transport, Innovation and Technology (BMVIT) and all Austrian mobile communications companies began to significantly improve mobile network coverage along Austria's most important railway lines in 2016. ÖBB-Infrastruktur AG takes over the construction of the infrastructural measures along the lines, the mobile phone companies equip them with transmission technology and take over the integration into their existing networks.

The expansion of network coverage along the high-speed rail lines in the greater Vienna area and on the Vienna – Salzburg line was completed at the end of 2017. In a second stage, the southern line, the S-Bahn lines in Styria, Carinthia, Tyrol and Vorarlberg will be equipped with improved mobile phone coverage. The measures are currently being planned in detail and some are already under construction. Overall completion is expected in the course of 2019.

The capital expenditure costs of ÖBB-Infrastruktur AG amount to EUR 65.5 million.

By the end of 2018, 75 stations are to be equipped with WiFi, with user numbers more than doubling within a year and almost 21 million clients connected to the public WiFi over a 12-month observation period.

Development of the Southern line

The extension of the north-south axis, which runs from Vienna via Styria and Carinthia to Italy and from Vienna via the northern railway to the Czech Republic, will create a fast and efficient railway line that will serve to secure Austria as a business location. It combines the economic areas in the north of the EU with those in the south. 3.5 million people live in the catchment area of the southern route. They want to be mobile and enjoy products from around the world. This project means more than a quarter of a century of work and commitment – for 170 km of new and 200 km of modernized railway line. The two central Austrian projects of this Baltic-Adriatic corridor are the Koralm railway from Graz to Klagenfurt and the Semmering base tunnel.

The expansion of the 130 km long Koralm railway will continue at a rapid pace in 2018. If the signals are set to green, it will be possible to travel from one national capital to the other in only 45 minutes by train instead of the previous 2-hour bus journey. With the commissioning of the Semmering base tunnel at the end of 2026, the journey between Klagenfurt and Vienna will take only 2:40, a reduction of 1:20. The regional lines of the Koralm railway are expected to be available as early as 2022. In Carinthia, passengers will then benefit from an attractive connection between Klagenfurt and Wolfsberg (S3) and in Styria from the extension to the future express train station in Western Styria (S6). This will make the railway more than competitive with travel by car. The Koralm railway project involves the construction of the world's sixth-longest railway tunnel (the Koralm tunnel is approx. 33 km) and more than 100 bridges, as well as the modernization or construction of 23 stations and stops. The construction of the Koralm railway makes ÖBB-Infrastruktur AG the largest investor in the federal provinces of Styria and Carinthia and creates sustainable jobs and location quality.

The ceremonial start of the construction of the Semmering Base Tunnel took place in 2012. After completion of the preparatory work, the actual tunnel construction work started in spring 2015. Meanwhile, work is going on at four construction sites simultaneously – Gloggnitz, Göstritz, Fröschnitzgraben and Grautschenhof. In spring 2018, two tunneling machines will be installed over the 400-meter deep shafts in the construction section Fröschnitzgraben and work in the direction of Gloggnitz will begin from the cavern already constructed. Work will start on the Mürzzuschlag portal area in 2019. 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 see a time savings of 30 minutes between Vienna and Graz. The historical 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).

Another important element of the southern route is the intermodal freight center in the south of Vienna, which was opened by ÖBB-Infrastruktur AG 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, ÖBB-Infrastruktur AG is investing in strengthening freight transport and shifting from road to rail.

The southern route also includes the extension of the northern railway line, the modernization of the Vienna – Bratislava line, the new Vienna Central Station, the Pottendorf line, which is being upgraded to a high-performance line, eight modernized stations on the route from Bruck to Graz and the redesigned Graz Central Station.

Results guidance

The budget and medium-term planning from 2018 to 2023 is based on the Group's strategic objectives. ÖBB Group's activities over the next six years will be aligned to extending its portfolio of products and services and focusing on customer benefits and economically sustainable growth.

D. Research and Development

With the top research initiative Rail Tec 4.0, ÖBB-Infrastruktur AG set itself the goal in 2017 of developing an RTI (Research Technology and Innovation) roadmap that bundles and strategically aligns the high-tech research topics of ÖBB-Infrastruktur AG, structures them with a multi-year perspective and provides a planning basis for future RTI projects. The focus is on the digitalized railway system, Operations 4.0, Maintenance 4.0, Dependable & Secure Systems, Data Management & Analytics and Smart Services. Initiatives underway in the environment, such as the Open Rail Lab, are integrated in order to avoid silo solutions.

Within ÖBB-Infrastruktur AG, the Life-Cycle-Management and Innovations unit of the Route Management and Facilities Development division, which is responsible for R&D throughout ÖBB-Infrastruktur AG, is responsible for this. In coordination with all sub-areas of ÖBB-Infrastruktur AG, explicit content was developed in several workshops with internal users from all areas and based on substantial reflection with external experts and scientists.

The resulting research topics described below are, in detail: Sensors specifically for the railway system for recording measurement variables that record the behavior of infrastructure systems or persons in general and customers in particular in specific situations or over defined periods of time; algorithms for data analysis, pattern recognition and prediction of behavioral patterns and status changes; intelligent systems for decision support as a basis for future asset management across all trades; data architectures and data management; robotics systems and 3D printing. This ensures that technologies for automated management, customer information systems and smart interfaces are linked.

Also in 2017, many ÖBB projects were supported by national and European funding programs. For example, ÖBB-Infrastruktur AG is involved in the Shift2Rail Joint Undertaking. The objective is to increase the competitiveness of railways in Europe. At the national level, the company works closely with the Federal Ministry of Transport, Innovation and Technology (BMVIT) and the Austrian Research Promotion Agency (FFG).

As of December 31, 2017, 88 R&D projects were in progress in ÖBB-Infrastruktur AG. The current project portfolio amounts to EUR 25 million (covering all current projects and their respective terms up to and including 2020 without deduction of subsidies).

Examples of ongoing projects

Project "Discharge Prediction Stubachtal Power Plant Group"

The aim of this project is to hydrologically model the catchment area of the ÖBB power plant group Stubachtal. For this purpose, externally available weather grid forecast data as well as internally available measured values from ÖBB's own weather stations and flow measuring stations are included. This is intended to enable a requirement-defined exact inflow forecast for reservoirs and the associated water catchment area. With the aid of this forecast model, ÖBB-Infrastruktur AG expects an optimization of reservoir management with regard to both energy management issues and safety-relevant issues such as flood management.

The challenge here is the small size of the catchment area under consideration. This is where research was able to take its first successful steps.

Efficient track infrastructure - Environment // Design // Operation

Project "Low-Power-Nodes (Loponode) Prototype Development Proof of Concept Sil4"

The aim of the project is the development of an industrial prototype of an SIL-4 certifiable and manufacturer-independent platform for the transmission of operationally relevant information by radio, the development of the necessary framework conditions for the use of existing cabling and/or its supplement or possible abandonment as well as the development of the necessary software to ensure that future technological developments are open.

The expectations are future cost savings in the construction of railway crossings and, consequently, in ongoing maintenance and repair costs compared to a conventional cable solution, as well as a fundamentally increased flexibility in installation, operation and maintenance.

Successful prototype tests of this type of wireless radio transmission at SiL4 level have now been carried out under laboratory conditions using low-power nodes, i.e., dormant radio nodes that require little energy.

Project "Green Concrete - Energy- and Resource-Optimized Green Concrete"

The aim of the project is to reduce the primary energy requirements in the production of the building material concrete, thus making a significant contribution to climate protection and sustainable development. Tests were successfully carried out in the production of a concrete formula that guarantees equivalence to conventional concrete with technical properties that significantly reduce primary energy requirements and Global Warming Potential (GWP). By using selected additives, eco- and microfiller as well as suitable additives, the GWP can be reduced by up to 30% and the primary energy requirement by up to 20%.

"Bridge Dynamics" research program

In a large-scale research program, ÖBB-Infrastruktur AG is investigating the dynamic behavior of railway bridges that are crossed at speeds of more than 160 km/h. The challenge in this program is to work through the currently still very large gap between modeling and reality in a targeted manner while meeting a wide variety of requirements. Within this program, ÖBB-Infrastruktur AG is dealing with, for example, models and parameters of ballasted track behavior as the basis of bridge dynamics, with the response behavior of bridges which show expected crack patterns as planned and also using forecasts for the diagnosis of existing bridges using multi-body systems via simulations.

An implementation milestone was achieved in this area with the aim of transferring railway bridges, which are classified as critical based on conventional evidence, to the non-critical area using new methods, thus keeping them in operation.

Project "Concrete Moisture Model for Tunnel Linings in Austria"

The aim of this project is to ensure that concretes in the low temperature range up to 450°C largely show no chipping even without the addition of polypropylene fibers. Within the scope of this research project, concrete compositions are to be investigated based on previous findings for fire events in the high-temperature range, which should ensure sufficient fire resistance in the low-temperature range up to about 450°C without the usual addition of polypropylene fibers. Test series with small and large fire tests are used to demonstrate the general influencing factors of the concrete composition on the chipping behavior under the influence of temperature.

This successfully demonstrated that tunnel liner concrete does not show any significant structural damage in the event of fire and that expensive additional measures are therefore no longer necessary for ongoing new construction projects. The findings are incorporated into the corresponding planning principles of FB tunnel construction.

"Noise & Vibrations" research project

The aim of the research project, which is part of an R&D focus on noise and vibrations, is to determine the rate of noise emissions from rolling stock and to acquire basic knowledge for potential noise-based infrastructure usage fees.

The research project focuses on the following areas:

- Localization of noise problem areas in freight car vehicle categories (sample freight train with defined parameters such as loading, vehicle condition)
- Metrological verification of existing noise reduction measures on the vehicle side (cross-anchor pivot mounting)
- Measurement of input parameters of freight cars for EU-Cnossos (noise assessment to be prepared every 5 years)
- Development and testing of a measuring system broken down into track and vehicle components
- Use of the sample freight train to calibrate the Argos measuring station Nenzing

To this end, a car noise monitoring station and an acoustic camera for the analysis of rail traffic induced noise emissions of single cars equipped with RFID (radio frequency identification or identification using electromagnetic waves) was installed.

E. Group Relationships

Parent company ÖBB-Holding AG

The parent company ÖBB-Holding AG is a joint-stock corporation under Austrian law. The company was founded and established on the basis of Article 2 of the Bundesbahnstrukturgesetz [Federal Railways Structure Act] of 2003. ÖBB-Holding AG provides various services such as marketing and treasury services for ÖBB-Infrastruktur AG and other Group companies. These are allocated to the Group companies by means of group allocation or activity allocation. In the financial year 2017, the ÖBB-Infrastruktur Group was invoiced EUR 17.7 million (prior year: EUR 15.9 million) as group allocation.

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

ÖBB-Personenverkehr AG

The main task of ÖBB-Personenverkehr AG is the transport of persons, including the provision of public services as well as the production and operation of all the facilities necessary to do this with the exception of the railway infrastructure and the provision of all related business or businesses resulting therefrom, in particular the management of passenger transport on the basis of tariffs and timetables. In the financial year 2017, the ÖBB-Infrastruktur Group generated total income of EUR 330.1 million (prior year: EUR 318.6 million) with ÖBB-Personenverkehr AG. EUR 15.8 million (prior year: EUR 12.7 million) was charged to the ÖBB-Infrastruktur Group.

Rail Cargo Austria AG

The main task of Rail Cargo Austria AG is the transport of freight, including the provision of public services as well as the production and operation of all the facilities necessary to do this with the exception of the railway infrastructure and the provision of all related business or businesses resulting therefrom, in particular the management of freight transport. In the financial year 2017, ÖBB-Infrastruktur Group generated total income of EUR 171.6 million (prior year: EUR 167.9 million) with Rail Cargo Austria AG, while Rail Cargo Austria AG charged to ÖBB-Infrastruktur Group EUR 1.0 million (prior year: EUR 0.8 million). Purchased services in the amount of EUR 0.1 million (prior year: EUR 0.3 million) were capitalized.

ÖBB-Produktion Gesellschaft mbH

ÖBB-Produktion Gesellschaft mbH ("ÖBB-Produktion GmbH") is the joint subsidiary of ÖBB-Personenverkehr AG and Rail Cargo Austria AG. The main task of the company is the provision of traction services and other services for other railway operators. In the financial year 2017, ÖBB-Infrastruktur Group generated total income of EUR 160.7 million (prior year: EUR 160.0 million) with ÖBB-Produktion GmbH. EUR 14.4 million (prior year: EUR 13.0 million) was charged to ÖBB-Infrastruktur Group. Purchased services in the amount of EUR 0.2 million (prior year: EUR 0.3 million) were capitalized.

ÖBB-Technische Services-Gesellschaft mbH

ÖBB-Technische Services-Gesellschaft mbH ("ÖBB-Technische Services-GmbH") is the joint subsidiary of ÖBB-Personenverkehr AG and Rail Cargo Austria AG. The main task of the company is the provision of services in connection with rail-bound vehicles. In the financial year 2017, ÖBB-Infrastruktur Group generated total income of EUR 22.7 million (prior year: EUR 22.3 million) with ÖBB-Technische Services-GmbH. EUR 29.3 million (prior year: EUR 26.2 million) was charged to ÖBB-Infrastruktur Group. Purchased services in the amount of EUR 14.3 million (prior year: EUR 9.3 million) were capitalized.

ÖBB-Business Competence Center GmbH

As an intra-Group services company, ÖBB-Business Competence Center GmbH mainly provides standardized administrative services. In the financial year 2017, ÖBB-Infrastruktur Group generated total income of EUR 20.3 million (prior year: EUR 20.0 million) with ÖBB-Business Competence Center GmbH. EUR 82.1 million (prior year: EUR 78.7 million) was charged to the ÖBB-Infrastruktur Group for internal services. Purchased services in the amount of EUR 1.2 million (prior year: EUR 1.4 million) were capitalized.

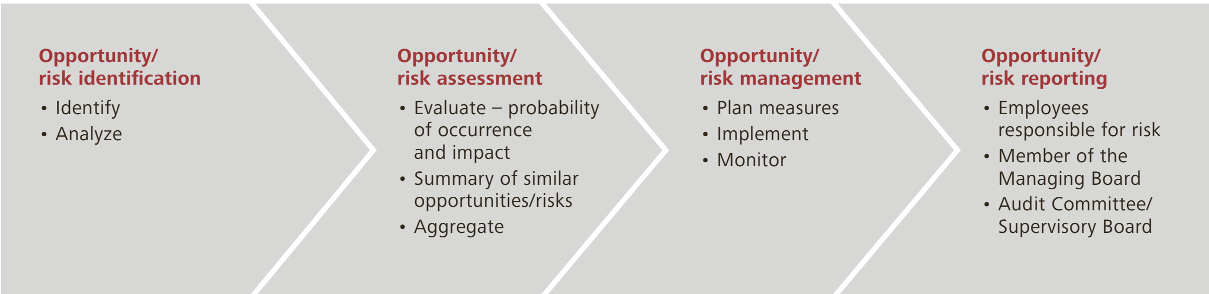
F. Opportunity and risk report

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

The binding Group directive as well as the Group-wide binding Opportunity and risk management handbook define rules, margins and minimum requirements for risk management for all business units. The first objective of the risk policy is unrestricted safeguarding of business operations. According to this, risks may only be taken if they are calculable and associated with an increase in income and in the company value.

Opportunity and risk management process



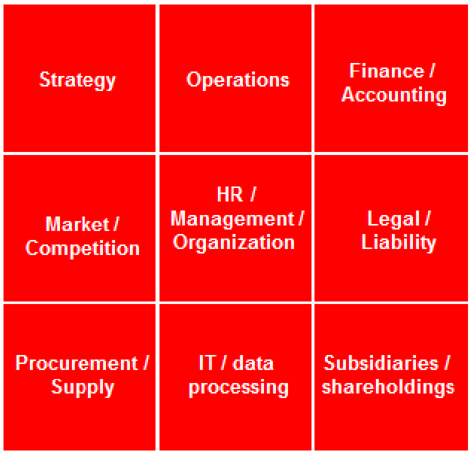
This process is supported by risk management software. Following an assessment and consolidation of the individual opportunities and risks in the corporate opportunity and risk platform, a report to the Board of Management of ÖBB-Infrastruktur AG is prepared which describes the major risks and respective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

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

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

Risk areas and material risks of the ÖBB-Infrastruktur sub-group

The areas of opportunity and risk applicable since the introduction of a Group-wide opportunity and risk management system were not changed in the reporting period. They serve to record and process all relevant opportunities and risks in a structured and uniform manner:



For the year 2017, the most important opportunities and risks, none of which pose a danger to the portfolio, are allocated to the opportunity and risk fields as follows:

Strategy

The fact that environmental developments are becoming increasingly dynamic is reflected within the ÖBB-Infrastruktur sub-group to the extent that all political, legal, socio-cultural, ecological, economic and technological changes that could affect the achievement of the strategic goals of the company are regularly identified by the managers of all divisions in a structured process. After thorough analysis and prioritization, appropriate measures are defined. Regular controls of the strategic measures are carried out in order to reduce the risk of not achieving strategic objectives.

Operating business

Risks arising from force majeure and natural hazards are countered by established systems and programs: For example, a natural hazard management system has been implemented (including weather information system, flood information system, natural hazard map). Failure risks in the area of all telecommunications services and essential data network services for railway operations are addressed with preventive risk-reduction measures such as emergency plans, creating redundancies, or the relocation of the system premises. Despite the generally extremely high reliability of the operating centers, partial or total failures resulting from terrorism, sabotage or natural events such as fire cannot be excluded entirely. Therefore, an integrated approach to key elements such as failure signal boxes, remote control areas, operating center cells and customer information systems is part of our management strategy.

Finance/accounting

This risk area includes interest rate risk, counterparty credit risk, valuation risk and the risk of price changes. Details and measures on risk reduction are treated in the section "Risks related to financial instruments".

Sales/distribution

Risks exist primarily as a result of 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 or recruiting and knowledge transfer, 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.

Changes in legislation and regulations – at both the national and international levels – can lead to increased system costs in the rail sector (e.g., through new technical or organizational requirements). Accordingly, the development of different business units is carefully reviewed for possible effects in order to react at an early stage. For example, ÖBB aims to phase out the use of glyphosate for vegetation control before the end of the EU deadline of five years. The successful settlement negotiations significantly reduced the risks associated with various competition and regulatory proceedings in which new entrants to the market tried by legal means to combat past price increases and components for infrastructure usage charges and to demonstrate a lack of transparency and infringing pricing in the billing of traction power.

Purchasing/procurement

Fluctuations in prices for various raw materials constitute the largest risk in the infrastructure area, particularly with respect to steel. In the rail and switch points areas and in other areas of construction, price trends and raw materials indices are very carefully analyzed and the results are incorporated into the rolling plans and in the purchase negotiations. There are no in-depth analyses along the supply chain on environmental, social and human rights aspects that go beyond the Austrian Federal Procurement Act. To date, there has been no reason or necessity for this. Life-cycle costing considerations are included in the purchasing decision.

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. In addition to technical safeguards, the Group Chief Information Security Officer works together with the contact persons in the sub-groups and companies to create organizational measures for uniform Group-wide control and monitoring (security governance) of information security. Security governance ensures that damages resulting from, for example, malicious software or identified risks are mitigated by the regular review of the measures implemented.

Subsidiaries/investments

The proceeds from utilization and the exact timing of realization in the real estate area depend on the respective market developments. Risk management acts early on in structuring the negotiations and through targeted portfolio management.

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 the ÖBB-Infrastruktur AG (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 Notes to the Consolidated Financial Statements.

Derivative financial instruments

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

The majority of the derivatives used (around 87% of the nominal value) are non-structured standard hedging transactions (plain vanilla interest rate swaps; in the previous year there was also a cross currency interest rate swap which expired in February 2016). One structured derivative accounts for only a small portion, namely 13% of the nominal volume. This structured derivative has a total nominal volume of EUR 20.0 million with a term through 2022.

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

Derivative financial instruments 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 Euro.

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 equal volumes and maturity.

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 counterparty credit-risk management system that are individually assigned 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 cost at the end of the term. Cross-border lease management handles the administration, execution, risk management, and economic termination of existing cross-border leases. It aims, specifically, to monitor all the rights and obligations arising from the transactions, to ensure execution in accordance with the agreements, to avoid risks, and to ensure the profitability of the entire portfolio.

In recent years, the Group has managed to significantly reduce the original volume of existing cross-border leases without losing the deferred tax benefit that was generated at the time of the initial transaction. In 2016, two transactions were prematurely terminated while maintaining the net present value advantage; two further transactions ended in 2017 when the call option was exercised. ÖBB's strategy remains to actively manage the existing risk of the transactions, and this will not change in the future. For more information on cross-border leases see Consolidated Financial Statements Note 30.3.

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). For the ICS, the minimum standard to be implemented by the sub-groups has been formulated.

As part of the continuous improvement process, the project "Development of the internal control system in the ÖBB Group" was started in 2016 and completed in 2017. Among other things, the maturity of the ICS compared to well-known benchmark companies in Austria was evaluated. A significant finding of the maturity assessment of the individual components of the Group was the need to increase uniformity for further Group requirements in the future. In the second half of 2017, a large part of the identified further development measures had already been implemented. The realization of all identified development steps is planned for 2018.

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. The development project described above results in specific guidelines, such as using available process maps to connect business processes directly with defined ICS key categories and, within these categories, with the relevant ICS key risks.

Risk assessment and control activities

Key risks are identified and captured at regular intervals, based on the process documentation. Suitable monitoring activities are determined in order to reduce the risk to an appropriate level. Regular self-assessment with rotating areas of key focus and documented results makes sure the monitoring procedures are effective.

Here, too, reference should be made to the approach established as part of the development project, where a set of generic key risks has been formulated for the identified ICS key categories, which must be addressed directly and bindingly by all Group companies through adequate controls.

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.

G. Non-financial Statement

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

The railway is part of the solution

The mobility market is undergoing a rapid transformation process. The main drivers of this process are digitalization, the constantly increasing demand for transport in both passenger and freight transport and the major challenges posed to the transport sector by the energy revolution and climate protection.

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

Environmental protection is in our genes

The Austrian railways save three million tons of CO_2 per year. Is that a lot? Absolutely. It corresponds to the amount produced by approximately 410,000 Austrians directly and indirectly each year. In other words, the inhabitants of the provincial capitals of Linz, Salzburg and St. Pölten. This makes ÖBB Austria's largest climate protection company.

Around 92% of the electricity we need for our operation comes from renewable energies – including from our ten hydropower plants and the world's first railway solar power plant. Those who travel by rail or transport goods by rail are actively engaged in climate protection. Those who travel by car fuel climate change by producing 13 times more greenhouse gas emissions than train passengers, and an aircraft emits 28 times more greenhouse gases per passenger. Every ton of goods transported by road produces 13 times more CO_2 than a ton of goods shipped by rail. Support for the environment and environmental protection are in our genes.

Road travel causes 13 billion euros in damages – every year

The protection of our natural resources does not end with climate and clean air. Modern metropolitan regions place high demands on transport and mobility concepts. The use of limited space for individual means of transport, traffic jams, traffic noise, accidents, air pollution – all of this causes enormous economic damage. In Austria, these costs amount to a total of around 13 billion euros – every year. If we faced the truth about the costs of road transport, these costs would be charged to those who caused them.

Roads also require more and more space, especially in Austria: Since 1990, the area sealed for roads has grown by 32% to almost 2,000 km^2 – an increase equal to the size of the federal province of Vienna. A total of 20 hectares are built on every day in Austria – equivalent to 30 soccer fields. The advantage of the railway can be seen here, too, as it uses much less land than roads – rail requires only one-sixth to one-third of the area compared to road for the same transport capacity. But it goes beyond that: we are also creating new habitats for flora and fauna through the accompanying railway areas, but also many hundreds of hectares of ecological compensation areas that have been created as part of railway expansion projects.

In order to meet the requirements of our customers and society in the future, we are taking further steps towards an efficient, non-discriminatory and environmentally friendly railway infrastructure with the "Target Network 2025+" expansion strategy. This strategy calls for more trains, more passengers, more freight and better regular services on the railway, with its unbeatable sustainability. Our leading role in sustainable mobility has also been confirmed by an external, independent body. We received the top ranking in a sustainability rating of 44 transport infrastructure companies worldwide by the rating agency oekom research AG.

The railway of tomorrow

The tasks of ÖBB-Infrastruktur AG include the planning, construction and operation of ÖBB infrastructure facilities as well as the provision of professional railway-specific services. We serve as the central point of contact for all matters relating to railway infrastructure. In doing so, we rely on state-of-the-art technology: The continuous development and introduction of new services and technologies are key to our success. ÖBB-Infrastruktur AG is working with partners and the European Commission to design the railways of tomorrow. ÖBB-Infrastruktur AG is currently working on 88 research projects with a project volume of EUR 25 million.

Important investments for Austria and Europe

ÖBB-Infrastruktur AG has recently invested around EUR 2.5 billion annually in the expansion and renewal of the railway infrastructure in accordance with the master plans adopted by parliament and government. This money is very well invested because, in addition to the increase in capacity, it will have a major economic impact and secure thousands of jobs in Austria – including at suppliers, trade and service providers. Last but not least, the major projects of ÖBB-Infrastruktur AG have internationally recognized cost stability and on-time completion rates. That all these capital expenditures are also worthwhile for customers is demonstrated by the fact that the Austrians are the most dedicated rail passengers in the EU, traveling an average of more than 1,400 km per capita each year.

We can therefore be proud that the railway in Austria is able to position itself as part of the solution to the numerous complex ecological, social and economic challenges. Traveling by train is safe and comfortable, preserves our livelihoods and strengthens the domestic economy. With the entry into force of the Sustainability and Diversity Improvement Act, the ÖBB sub-group, ÖBB-Infrastruktur AG, is one of the approximately 120 companies in Austria that are required to prepare a non-financial statement. That means: There are detailed reports on the main aspects of environmental, social and employee issues, respect for human rights and the fight against corruption and bribery in connection with business activities.

We are creating the conditions for sustainable mobility and it is therefore with more than a little pride that, for the first time, we are now including the non-financial statement in the management report.

G.2. General

Legal framework

In accordance with Federal Act BGBl. I No. 20/2017 – NaDiVeG – a "non-financial statement" (NFI statement) based on the Sustainability and Diversity Improvement Act is being added to the management report of ÖBB-Infrastruktur AG for the first time in this management report. The information and data for the current management report have been provided as far as possible for the years 2016 and 2017. The non-financial statement is issued annually.

The NFI statement was compiled taking into account: BGBl. I No. 20/2017 – NaDiVeG – in addition to notes, EC communication – guidelines on non-financial reporting (draft), German Accounting Amendment No. 8 (draft), OEBB_Infra_GB2016_screen, EMAS III VO_deutsch, GRI linking document G4 and nfi-reporting and the GRI standards. The statement was prepared in accordance with the GRI standards (Global Reporting Initiative) and the CORE option. The statement covers ÖBB-Infrastruktur AG and its major subsidiaries.

Structure of the decision-making bodies

In the 2017 financial year, the Board of Management of ÖBB-Infrastruktur AG consisted of three persons who must exercise the diligence of a prudent and conscientious manager. Each member of the Board of Management independently manages a Board of Management department and is also obliged to inform others about significant events in his or her area of responsibility. The business distribution of cooperation, information and reporting duties of the Board of Management and a list of measures requiring the approval of the Supervisory Board are regulated in the Rules of Procedure for the Board of Management.

The Supervisory Board is responsible for monitoring the management of the company and determining the allocation of business. In the 2017 financial year, the Supervisory Board consisted of nine members, six shareholder representatives and three employee representatives. Supervisory Board activities are governed primarily by the Aktiengesetz [Stock Corporation Act], the Articles of Association, the Rules of Procedure of the Supervisory Board, and the Federal Government's Public Governance Code. The following committees were established in the Supervisory Board of ÖBB-Infrastruktur AG at the time the report was being prepared: Audit Committee, Infrastructure Investment Committee, Nominating-Personnel Committee. The task of the committees is to prepare negotiations and resolutions, and to monitor the implementation of resolutions for the Supervisory Board.

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

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

Materiality analysis

In accordance with the requirements of the GRI, a materiality analysis was also used to determine the contents of the NFI statement, which was carried out by ÖBB-Holding in 2015 with the participation of internal and external stakeholders for the entire Group and published in the 2015 ÖBB Sustainability Report:

Respect for human rights and the fight against corruption and bribery were also taken into account as additional key issues.

IMPORTANT FOR STAKEHOLDER AND ÖBB. Identify and prioritize the most important topics

Representatives of the workforce and the works council were consulted as key stakeholder groups for internal consideration and representatives of private and business customers, the public, the media, owners, investors, suppliers, politicians, interest groups and technical experts were consulted for external consideration.

Non-financial key indicators

Overview of non-financial key indicators for 2017	2017	2016	Unit
General			
Railway line (operating length)	4,962	4,826	Kilometers
Train stations (railway stations)	1,070	1,069	Number
Train kilometers traveled annually	149 mil.	146 mil.	Kilometers
Transport volume	77.1 billion	75.6 billion	Gross ton-kilometers/year
Punctuality (overall)[1]	95.9	95.5	Percent
Customer satisfaction	85	78	Points
Brand equity	Publ. July 2018	Fifth place	Austrian top brands
Credibility	-	73	Percent
Corporate rating (Oekom Research AG)	-	First place	Prime status
Environment			
Application of spray agents (reduction by approx. 50% from 2014 to 2017)	4.7	-	Tons
Traction power for renewable energies	*	92	Percent
Total energy use	397.6	366.2	Gigawatt hours
Total emissions (energy requirements incl. fleet)	70,168.1	68,753.8	in tons of CO_2
External car sharing locations	15	13	Number
Total area of ÖBB-Infrastruktur AG	192.7	194.0	Square kilometers
Trees in the tree register	11,555	11,463	Number
Waste from construction projects, dumped	*	8,855,151	Tons
Non-hazardous waste, disposed of	*	3,409,350	Tons
Hazardous waste, disposed of	*	25,137	Tons
Social and employee issues			
Employee survey	-	68	Index points out of 100
Active employees and apprentices	18,172	18,048	Persons
Tenured employees	10,925	11,304	Persons
Apprentices	1,521	1,491	Persons
Average age in Austria (excl. apprentices)	46.4	46.3	Years
Percentage of women (incl. apprentices)	7.9	7.5	Percent
Composition of the workforce	not asked	not asked	Countries
People with disabilities	2.7	2.6	Percent
Accessibility			
Train stations that are modern and accessible	220	200	Number
Research			
Research and development projects (as of December 31, 2017) in process	88	-	Projects
Safety			
Passenger transport			84 times safer than the roads[2]
Transport of dangerous goods			42 times safer than the roads[3]

Information on the non-financial key figures can be found in the following text passages
* This data had not yet been evaluated at the time of reporting.
[1] The threshold for punctuality is 5 minutes for passenger transport and 15 minutes for freight transport.
[2] calculated over the average of the years 2005 to 2015, source: Allianz pro Schiene (Pro-Rail Alliance)
[3] calculated over the average of the years 2004 to 2013, source: Allianz pro Schiene (Pro-Rail Alliance)

Corporate rating

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

oekom research AG is one of the world's leading rating agencies in the area of corporate responsibility and ESG rating (environment, social, governance).

It is therefore a specialist in the independent analysis and evaluation of environmental and social performance of companies that raise money from the capital market to finance projects.

In the last independent assessment carried out by the leading international rating agency, which was published in 2014, ÖBB-Infrastruktur AG was ranked first. A total of 44 transport infrastructure companies from Europe, the USA, Brazil, Asia and Australia were subjected to a rigorous review. Only five of them achieved prime status, and ÖBB-Infrastruktur AG was the winner for the second time (the first time was in 2012).

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

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

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

G.3. Environment

General

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

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

Environmental guidelines, environmental assessment, environmental program

Environmental guidelines, environmental assessment, environmental program and the objectives and measures are the starting point for a large number of initiatives and projects aimed at turning the railway infrastructure into a green infrastructure. Five key projects currently focus on the topics of "saving energy", "sustainable procurement", "herbicide reduction in keeping the tracks free of vegetation", "noise reduction" and "database-supported environmental data management". No results were available at the time the report was prepared.

Chemical vegetation control

ÖBB-Infrastruktur AG must keep the railway tracks as free of vegetation as possible due to legal railway obligations for safe railway operation. To do this, a modern spraying train is used on the ÖBB rail network, which enables targeted control of track vegetation with herbicides by means of optical green detection. Through constant optimization measures in recent years, the use of the spray agent has been significantly reduced – from 9.5 t (2014) to 4.7 t (2017). In December 2017, the EU Commission extended the option to use glyphosate for five years. ÖBB's corporate objective is to achieve the phase-out well before this deadline. In order to achieve this goal, ÖBB-Infrastruktur AG is also involved in several research projects aimed at further optimization or the discovery of chemical-free methods. Of course, ÖBB-Infrastruktur AG is also in international exchange with other railway operators on this issue in order to find solutions to this problem, which is the same for the entire sector and which continues to make the railway the most environmentally friendly means of mass transport.

Climate change

Climate change is one of the greatest challenges of our times. By shifting transport to rail, ÖBB makes a significant contribution to Austria's climate protection, reducing CO_2 output by more than 3 million tons per year. This corresponds to about 3% of Austria's total emissions, but the potential of the shift to rail is still far from exhausted. The main obstacles to exploiting this potential lie in the transport policy conditions and distortions of competition resulting from a lack of cost transparency and a lack of implementation of the polluter-pays principle. The use of climate-friendly hydropower makes an important contribution to ÖBB's positive CO_2 footprint. ÖBB already covers 92% of the traction power it requires from hydropower – almost one-third of which is derived from its own power plants. With a continuous reduction of the specific CO_2 emissions of 147,677 tons of CO_2 since 2006, in 2015, ÖBB reduced its emissions by about 30% versus 2006. ÖBB also wants to expand the environmental advantage of rail in the future. The target through 2020 is to increase the share of renewable energy by optimizing the hydropower plants and further expanding wind energy and photovoltaics.

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

A KLIWA follow-up project is planned for 2018. The climate change risk can be classified as a "physical risk", as the measures were and are also taken due to changes in the climate.

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

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

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

Another possible risk is buckling of tracks, which could increase in the future due to the increase in the number of hot days and rising maximum daily temperatures.

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

Individual measures are described below:

Infra:wetter

Description

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

Since an increase in extreme weather events such as extreme temperature peaks in winter and summer as well as the short-term occurrence of alternating weather conditions, especially during heavy rain and storms, are observed, the following further development measures are planned for infra:wetter:

- Development of a mobile version of infra:wetter
- Predictions for snow drifts and possible wind breakage in trees
- Introduction of thresholds for heat warnings in the summer months
- Adjustment of the current thresholds for the different warnings based on analyses and evaluations

Methodology

The weather data is processed by a private weather service and made available on ÖBB's own infra:wetter platform. All authorized persons have access to current meteorological information at any time. In addition to individual weather station data, radar data can also be queried and displayed.

A separate procedure instruction regulates the sending of current weather warnings by text message and e-mail.

Time period

ongoing

Natural hazard map

Description

The natural hazard map shows the potential hazard areas from natural hazards such as avalanches, rockfall and torrent events, which are standardized and objectively collected nationwide, along the ÖBB route network.

This strategic overview serves as a basis for taking preventive risk-reducing measures, which may be technical or organizational. The five levels of categorization make needs-based prioritization possible. In combination with the infra:wetter warnings, specific local short-term operational decisions can be made for the implementation of measures.

The natural hazard map is therefore also an important knowledge base with regard to climatic changes in order to maintain the high safety standard with regard to protection against natural hazards.

Methodology

For stretches for which a general exposure to natural hazard processes exists, the catchment areas of the various processes as well as existing protective barriers are collected and documented using standardized assessment sheets. Since 2012, the field surveys have been preceded by numerical semi-quantitative impact calculations. For this purpose, a morphometric analysis is carried out on the basis of high-resolution topographic data as part of "preprocessing" in order to obtain the characteristics of the hazard catchment areas with regard to forms of displacement, transport and deposit. These have the advantage that run-out lengths of avalanches of different sizes, movements of earth and run-out lengths of debris flows can be simulated and mapped for different events and rockfall scenarios. In the on-site survey to assess the relevant process areas, the results of the numerical pre-analysis are checked and any additional findings regarding the assessment of the process activity are made. For this purpose, both the relevant process separation areas and the forms of transport and storage are assessed on site.

Together with the exposure of the construction phase to the natural hazard process, an information category is defined for each potentially hazardous area. With regard to torrent processes, the shape and size of the rail passages are also recorded, as these decide whether events can be safely diverted or carried out.

The results are coordinated with managers in the regions and displayed visually in ÖBB's WebGIS.

Time period

By December 31, 2019, the complete survey of the potentially hazardous areas on the most sensitive sections of the route for the rockfall, torrent and avalanche processes is to be completed. Ongoing updates will then follow.

Flood warning map

Description

In terms of operational safety and route availability, the flood warning maps are intended to show those sections of the route where there is a potential risk of flooding.

A technical concept of measures (feasibility study) has been defined for the specific sections of the route concerned, which can serve as a basis for medium- and long-term planning projects.

Especially in short-term weather scenarios, the flood warning maps serve as essential support for both active and passive prevention measures. This makes it easier to plan, argue and implement these measures.

They are also used in the negotiation of contributions to flood protection projects by third parties.

Methodology

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

Time period

April 1, 2013 – December 31, 2018

Energy efficiency

The rail sector is an energy-intensive sector. This makes the issue of energy efficiency of central importance for the ÖBB Group for both environmental and economic reasons. For example, energy efficiency plays an important role in the procurement of new rolling stock. In addition, ÖBB makes continuous improvements to existing trains, ensuring that they also run with greater energy efficiency. In the future, improvements in the area of buildings and facilities will be another important lever for improving energy efficiency. The positive results are reflected in the reduction of energy costs and protection of the environment through reduced emissions. ÖBB is thus making an important contribution to Austria's climate protection goals and to securing our environment.

On November 30, 2015, the first energy audit for the ÖBB Group as a whole was completed, with the next energy audit scheduled for 2019.

Energy efficiency measures in 2017 at ÖBB-Infrastruktur AG:
- Platform lighting – installation of LEDs
- Switch heating control – intelligent control to reduce operating times
- Substations – installation of heating controls to reduce heating requirements
- Thermal building renovation (Immo)
- Optimization of the use of frequency converters
- Use of a conveyor belt instead of truck transport for excavated material (Semmering base tunnel)

With the energy saving measures in the ÖBB Group, ÖBB is pursuing the goal of saving 7.5% of total energy consumption (base year 2014) by 2020.

Energy consumption*	2017	2016	Change	Change in %
Traction power in GWh	42.6	30.9	11.7	38%
Three-phase current in GWh	239.6	206.9	32.7	16%
Natural gas in GWh	83.7	93.7	-10.0	-11%
District heating in GWh	31.7	34.7	-3.0	-9%
Renewable energy share of traction power in %	**	92		
Renewable energy share of three-phase current in %	**	79		
Power from unknown sources in %	**	0		

The considerable leaps in the consumption values of the individual years result primarily from different weather patterns and different facility uses (e.g., commissioning of large-scale facilities such as Vienna's Central Station).

*The figures for energy consumption include the entire TK ÖBB-Infrastruktur AG, including its subsidiaries.

**This data had not yet been evaluated at the time of reporting.

Fleet management

The ÖBB-Infrastruktur sub-group had a fleet of 3,310 vehicles as of December 31, 2017. The efficient use of resources is ensured by bundling the fleet management agendas in the subsidiary Rail Equipment GmbH. In recent years, for example, CO_2 emissions have been continuously reduced by taking ecological quality criteria into consideration in procurement and by continuously renewing the vehicle fleet. At present, only 12 vehicles with Euro 4 engines, 1,303 with Euro 5 engines and 1,968 vehicles with Euro 6 engines and 27 electric vehicles are still in operation. As a result of these measures, CO_2 emissions were reduced by 561 tons between 2014 and 2017.

Eco driving

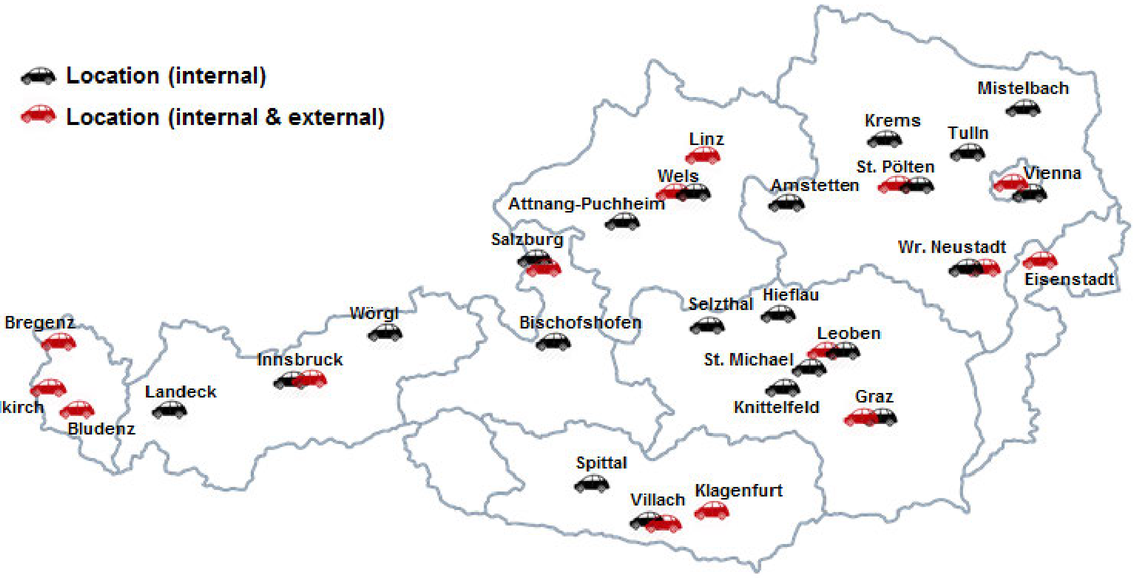
Through targeted training programs, including the "Eco-driving" project, 300 employees were trained in fuel-saving driving behavior in 2017 in order to reduce fuel consumption. Based on the positive results of this project, the initiative will be continued for the next several years. These measures support the decline in fuel consumption in recent years.

Car sharing

The aim of the "CarPool" project is to optimize the capacity utilization of company cars by means of an internal car sharing program within the Group. Following the Austria-wide roll-out of the pool locations, around 500 vehicles are now available to employees at over 60 stations for business trips.

A total of 200 vehicles were saved by using the vehicles across the Group.

From the timetable change in 2017, the pool vehicles will also be available to rail customers as part of the "External Car Sharing" strategic initiative. 150 vehicles are available at 15 locations for general use. The objective is to simplify access to the rail system, increase customer satisfaction and increase intermodal competitiveness.



Electric vehicles

22 electric vehicles were purchased in the 2017 financial year. In order to achieve a further reduction in CO_2 emissions, there are plans to increase the electric vehicle fleet to up to 100 vehicles in the medium term.

Specific CO_2 emissions for ÖBB-Infrastruktur incl. vehicle fleet	Unit	2017	2016	Change	Change in %
Traction power	Tons of CO_2 eq	3,077.1	2,233.5	843.6	38%
Three-phase current	Tons of CO_2 eq	27,145.5	23,444.3	3,701.2	16%
Natural gas	Tons of CO_2 eq	20,223.7	22,648.1	-2,424.4	-11%
District heating	Tons of CO_2 eq	6,058.5	6,633.9	-575.4	-9%
Fuel consumption	Liters	5,155,986.0	5,205,295.0	-49,309.0	-1%
Fleet CO_2 emissions	Tons of CO_2	13,663.3	13,794.0	-130.7	-1%
Total emissions (energy requirements incl. vehicle fleet fuel)	Tons of CO_2	70,168.1	68,753.8	1,414.3	2%
Total number of vehicles	Number	3,310	3,349	-39	-1%
Number of rail-bound vehicles	Number	2,690	2,760	-70	-3%
Number of 3.5 ton trucks	Number	149	150	-1	-1%
Number of trucks less than 5 tons	Number	18	18	0	0%
Number of trucks more than 5 tons	Number	26	26	0	0%
Number of multi-lane e-vehicles	Number	27	10	17	>100%
Number of vehicles with Euro 4 emissions class	Number	12	28	-16	-57%
Number of vehicles with Euro 5 emissions class	Number	1,303	1,438	-135	-9%
Number of vehicles with Euro 6 emissions class	Number	1,968	1,883	85	5%

Greenhouse gas balance ("GHG balance") of ÖBB-Infrastruktur AG; calculated by UBA (= Environment Agency Austria) according to the current Austrian emission factors (as of October 2017).

The variance of CO_2 emissions between years results in part from the fluctuating amounts required mentioned above and in part from the primary energy mix for three-phase current, which varies from year to year.

Protection of areas and species

ÖBB also assumes responsibility for nature and the environment through various species protection projects such as nesting aids for swallows and the construction of bridges for animals as well as the implementation of various compensatory measures (renaturation) in the form of nature and flood protection or tree and shrub planting, far beyond the legal obligations.

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

The operating length of the route network amounted to 4,862 km in 2017 (prior year: 4,826 km), the land area was 192.7 km² (prior year 194.0 km²).

Area of ÖBB-Infrastruktur AG* in km²	2017	2016
Total area	192.7	194.0
Managed net building floor space of all buildings (incl. railway stations)	8.4	8.5
Net floor space of buildings (excluding railway stations)	2.7	2.7
Other open spaces (gardens, meadows, embankments, etc.)	**	8.4
P&R facilities	1.2	1.2

* Areas under administration of ÖBB-Immobilien GmbH

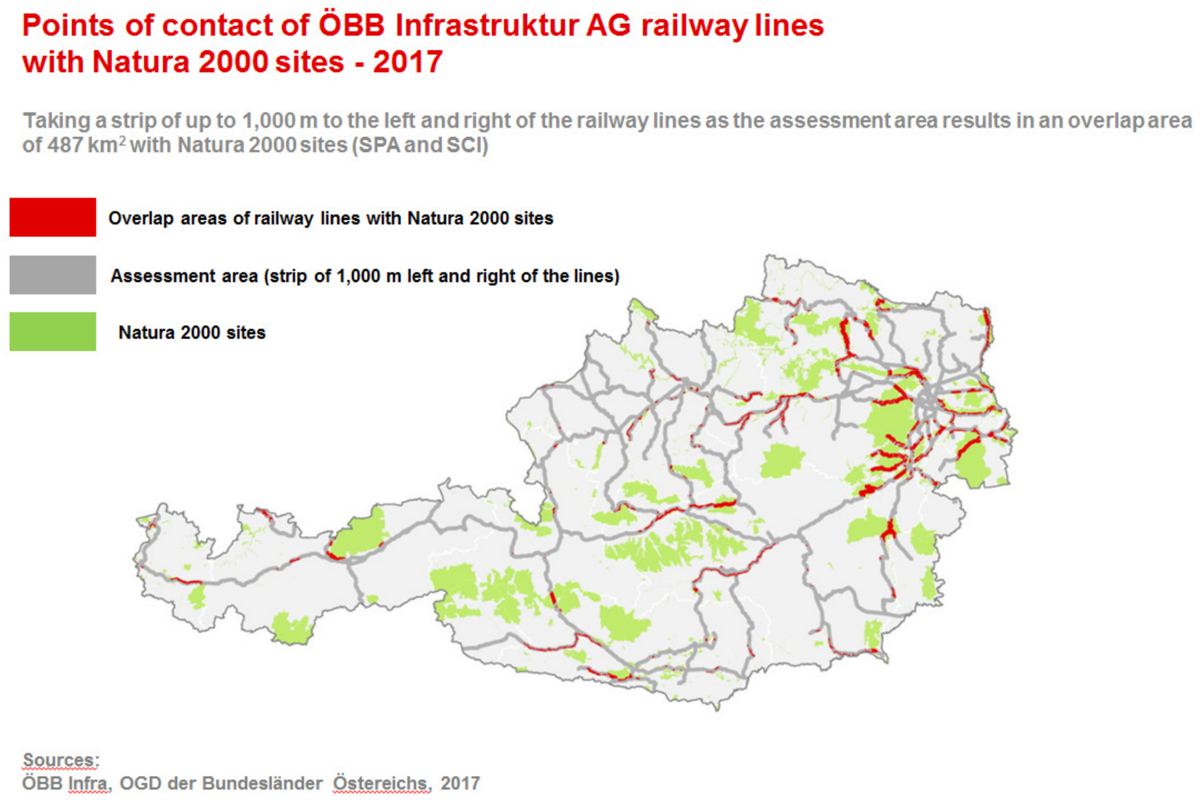
** This data had not yet been evaluated at the time of reporting.

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

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

In 2017, 11,555 trees and 199 different tree species were recorded in the tree register of ÖBB-Infrastruktur AG (2016: 11,463 trees, ~ 200 tree species and varieties). The three most common tree species on publicly accessible railway ground in 2016 and 2017 were Norway maple, birch and horse chestnut, each with about 1,000 specimens.

In recent years hundreds of hectares of ecologically valuable compensation areas have been created in the vicinity of large new construction and expansion projects (a quantitative recording and location of these areas in the Geographical Information System of ÖBB-Infrastruktur AG is planned). However, the railway access areas on the existing network are also valuable retreats for animal and plant species in the increasingly intensively used and built-up landscape. The railway areas along our routes provide a network of landscapes and migration opportunities for migrating animal species. Crossing aids enable animal species with extensive habitat requirements to cross the railway tracks without risk. In addition, a research project was started to test wildlife warning devices for use on railway tracks in order to largely avoid wildlife collisions at critical points in the future. In agreement with the bird protection organization Bird Life Austria, plastic protective caps are fitted on the mast tops to protect large birds from electric shocks.



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

Water consumption

The water consumption of ÖBB-Infrastruktur AG amounted to 1.8 million m³ (1,843,840 m³) in 2017 and 2.0 million m³ (2,038,749 m³) in 2016. Most of the water (drinking and industrial water) comes from the municipal supply; in addition, there are 137 springs that are located on railway land and are used on the basis of existing water rights from the past. ÖBB-Infrastruktur AG does not operate any water treatment plants for municipal waste water, but discharges them into the central, public sewage system.

Wastewater that occurs in the form of rainwater from railway facilities such as tracks, P & R facilities and tunnels is not discharged directly into bodies of water (streams, rivers, groundwater, etc.), but is always subjected to treatment using humus filters, sedimentation and infiltration basins. Water from faults (e.g. in tunnels) is collected and treated separately. The discharges are always equipped with sliders, which can be closed immediately in the event of a fault. This prevents the discharge of contaminated water into the receiving water.

All these measures combined prevent significant contamination of bodies of water by waste water (precipitation water) from railway operations. Water discharges into bodies of water are only carried out in keeping with the requirements of the Water Act in accordance with the corresponding permits under water law.

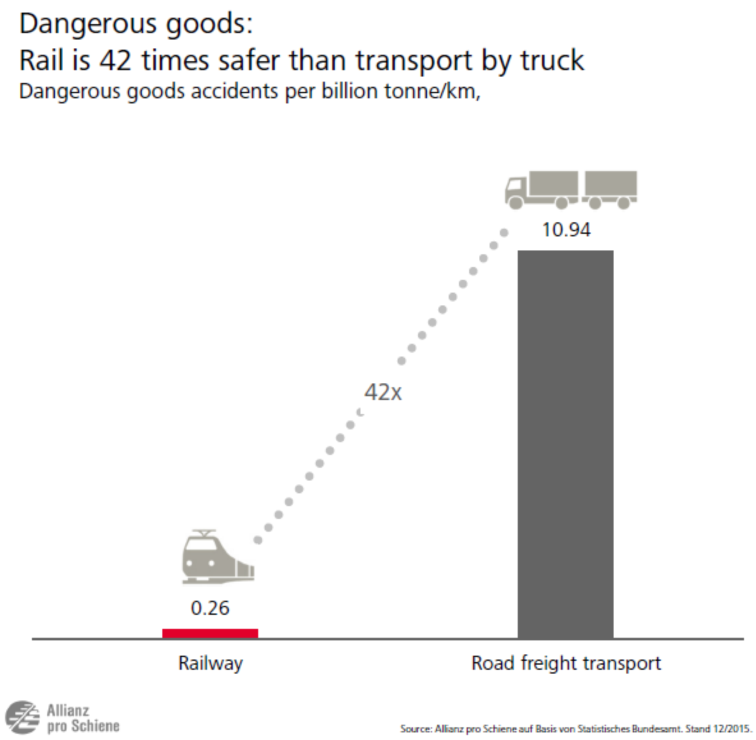
Noise

One undesirable negative effect of railway operations is the noise. In accordance with its high environmental standards, ÖBB makes great efforts to reduce rail noise both at the source and on the tracks. The use of sound barriers and soundproof windows further expands stationary noise protection. In addition, various measures for noise remediation and noise prevention are being tested and implemented. These include the purchase of new silent freight cars and upgrading of existing freight cars. At ÖBB, 37% of the freight cars are already equipped with "quiet" brake blocks and thus noise-remediated.

Beginning with the 2018 network timetable, ÖBB-Infrastruktur AG will grant a discount on the infrastructure charge ("noise bonus") for the freight transport services of railway operators (ROs) for its rail network if they use quiet freight cars. The noise bonus is a noise-dependent infrastructure charge component pursuant to Article 4 of the Implementing Regulation (EU) 2015/429 and is intended to provide an incentive for retrofitting freight cars with low-noise braking technologies (e.g. composite brake blocks).

Dangerous goods

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



According to RID (Regulation concerning the International Carriage of Dangerous Goods by Rail), 2017 Edition, there are reporting guidelines for accidents and incidents involving hazardous goods during carriage or loading. The quantity thresholds vary depending on the danger posed by the substances. Such reports must be submitted to the BMVIT in the event of injury to persons, damage to property or the environment or the closure of a main transport route.

No such notification was required in accordance with RID/ADR 1.8.5 (European Agreement concerning the International Carriage of Dangerous Goods by Road) in 2016 and so far in 2017.

Waste management

ÖBB-Infrastruktur AG also sets standards in the area of waste management. Due to the high level of construction activity, construction waste accounts for the highest proportion of total waste.

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

Modern fractionation and treatment technology makes it possible to convert a large proportion of construction site waste into secondary raw materials, some of which are used again at the same location. A special track-bound, mechanical cleaning technology (REI), for example, makes it possible to re-install most of the old ballast in the track immediately after processing. In 2016, 86,350 m of track were cleaned with REI and approx. 130,000 tons of cleaned ballast material were reused.

ÖBB-Infrastruktur AG waste table

Type of waste in tons	2017	2016	Note
Waste from construction projects, reinstallation	*	869,798	Sleepers, rails, switches, building materials, etc.
Waste from construction projects, recycling	*	258,335	Sleepers, rails, switches, building materials, etc.
Waste from construction projects, landfilling	*	8,855,151	Excavated soil and tunnel rock
Non-hazardous waste, disposed of	*	3,409,350	
Hazardous waste, disposed of	*	25,137	

* This data had not yet been evaluated at the time of reporting.

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

Stakeholder management

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

Customer groups of ÖBB-Infrastruktur AG

The customer groups of ÖBB-Infrastruktur AG are an essential part of the stakeholders:
- Market/contract customers of ÖBB-Infrastruktur AG (B2B)
- Customers, i.e. users of services of ÖBB-Infrastruktur AG (B2C)
- Contractors (incl. transport policy)
- Other interested parties (e.g. neighbors)

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

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

Due to the complexity and ongoing cooperation, separate customer satisfaction surveys are not carried out for the customer groups "Contractors (incl. transport policy)" and "Other interested parties".

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

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

Enquiries and complaints received by ÖBB-Infrastruktur AG via letter, e-mail (infra.kundenservice@oebb.at) or contact form (https://infrastruktur.oebb.at/de/kontakt/kontaktformular) in the "Market Management and Communication" division are processed centrally and forwarded to the departments. If other subgroups of the ÖBB Group are affected, these inquiries and complaints are forwarded to them.

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

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

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

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

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

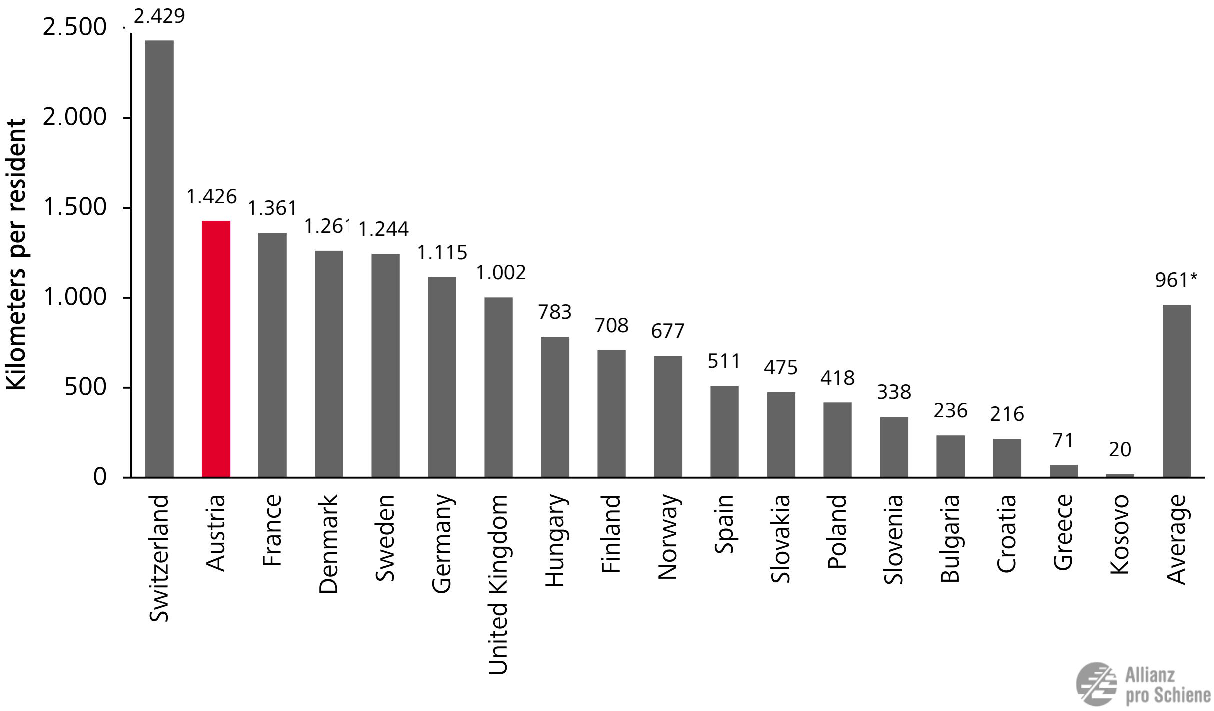
In addition, special attention is paid each year around ILCAD (International Level Crossing Awareness Day) to the topic of "Raising awareness of the correct behavior at railway crossings". Together with partners such as the BMVIT, the Kuratorium für Verkehrssicherheit and the ÖAMTC, the possible dangers of going over railway crossings are made clear. The Chamber of Commerce, Driving Schools division, is also an important cooperation partner, because the driving school teachers are important multipliers for the topic of "Safety at railway crossings".

ÖBB-Infrastruktur AG is currently a member of more than 60 national and international organizations and institutions in the areas of transport, energy, technology, environment, standards, etc. These include the International Union of Railways (UIC), the Austrian Association for Transport and Infrastructure (GSV), the Austrian Energy Agency (AEA) and many more.

Last but not least, the 2016 credibility ranking by the SORA Institute shows that ÖBB is regarded as a credible company by 73% of its stakeholders.

According to a survey by the European Brand Institute, the brand value of the ÖBB brand as an integrative indicator of economic success has developed positively throughout the past few years and, with a brand value of around 1.89 billion euros, ranks fifth among Austria's top brands in 2017. Austrians are already among the most dedicated rail passengers.

Average kilometers travelled by train
per resident 2014



Source: Allianz pro Schiene based on IIndependent Regulators' Group - Rail: Fourth Annual Market Monitoring Report. *Average of all countries covered by the market report.

Personnel

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

Number of employees (headcount)	Dec 31, 2017	Dec 31, 2016	Change Reporting date	in %	Average 2017	2016
Employees	3,703	3,457	246	7%	3,559	3,348
Workers	2,023	1,796	227	13%	1,940	1,803
Tenured employees	10,925	11,304	-379	-3%	11,116	11,503
Total (excl. apprentices)	**16,651**	**16,557**	**94**	**1%**	**16,615**	**16,654**
Apprentices	1,521	1,491	30	2%	1,360	1,309
Total (incl. apprentices)	**18,172**	**18,048**	**124**	**1%**	**17,975**	**17,963**

Number of employees (FTE)	Dec 31, 2017	Dec 31, 2016	Change Reporting date	in %	Average 2017	2016
Employees	3,619.7	3,390.0	229.7	7%	3,483.8	3,281.3
Workers	2,019.7	1,791.3	228.4	13%	1,935.8	1,799.0
Tenured employees	10,753.1	11,184.6	-431.5	-4%	10,964.4	11,398.0
Total (excl. apprentices)	**16,392.5**	**16,365.9**	**26.6**	**0%**	**16,384.0**	**16,478.3**
Apprentices	1,521.0	1,491.0	30.0	2%	1,360.0	1,308.6
Total (incl. apprentices)	**17,913.5**	**17,856.9**	**56.6**	**0%**	**17,744.0**	**17,786.9**

Tenured employees are ÖBB employees who are subject to the General Terms and Conditions of Employment with Austrian Federal Railways (AVB), joined the company prior to January 1, 1995, and cannot be dismissed, pursuant to the provisions of the AVB.

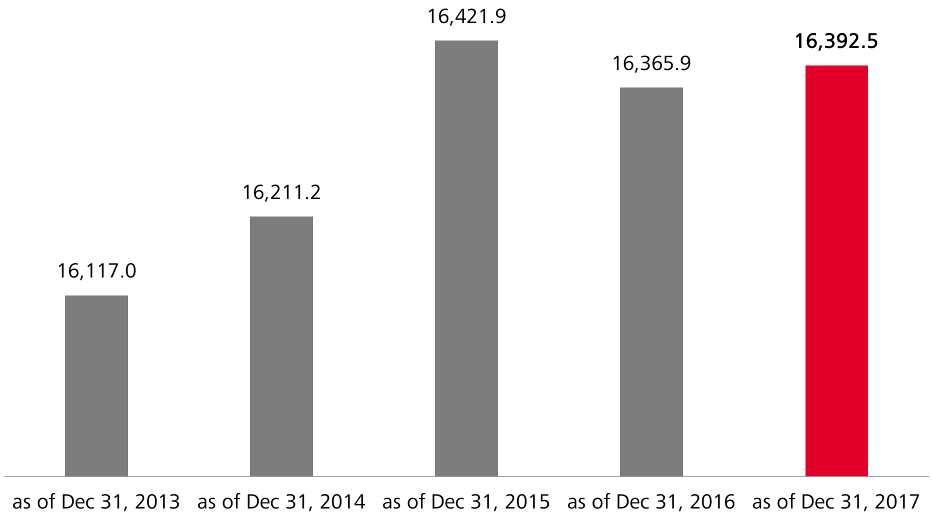
Due to the use of partial-retirement by tenured employees, the change in the number of employees based on FTE is higher than the change in the number of employees based on headcount.

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

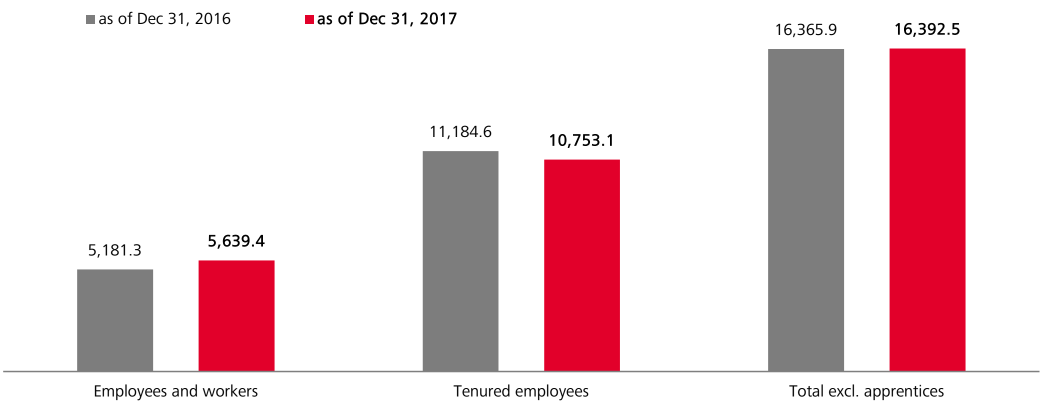
The headcount of the ÖBB-Infrastruktur Group rose to 18,172 employees in the reporting year. 60% (prior year: 63%) of the headcount was accounted for by employees with a tenured position. The average age in the ÖBB-Infrastruktur Group in Austria (excl. apprentices) was 46.4 years (prior year: 46.3 years). The percentage of women (including apprentices) was 7.9%, (prior year: 7.5%).

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

Development of number of employees (FTE) excl. apprentices in the ÖBB-Infrastruktur Group

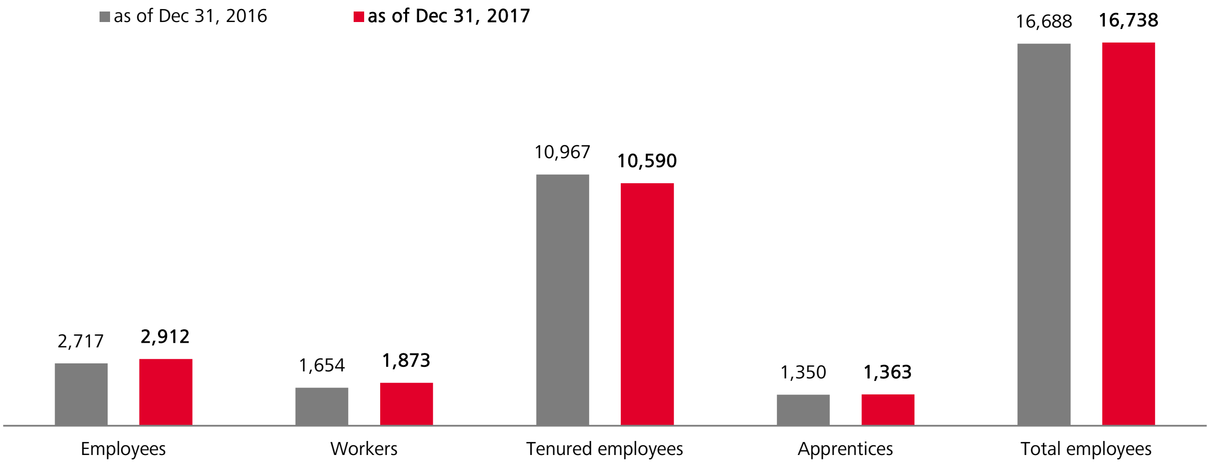


Employee structure (FTE) in the ÖBB-Infrastruktur Group

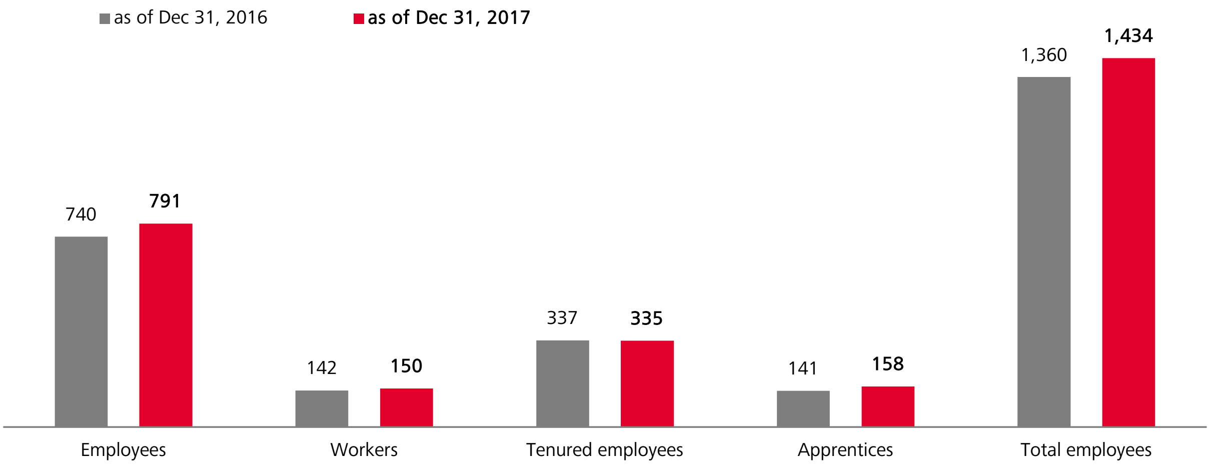


Gender distribution by employment status

Total male employees

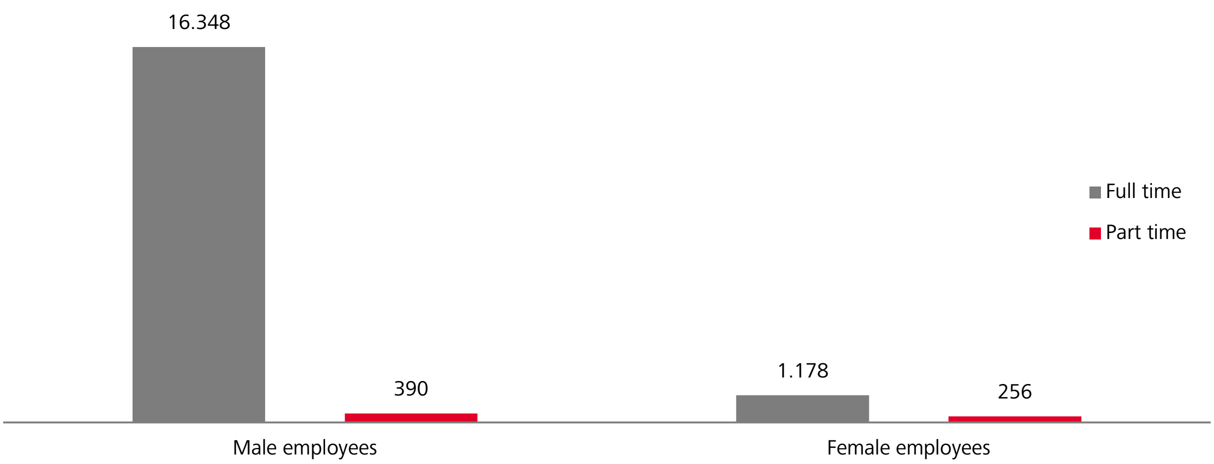


Total female employees



In addition, an average of 526 (prior year: 418) external leasing staff were employed in the 2017 financial year, particularly in facility services (security, cleaning).

Employee structure based on level of employment



Specialist training and apprenticeship programs in the ÖBB Group

The motto "from apprentice to master" describes ÖBB's railway-specific training and further education. To this end, the Railway Education Center and Apprenticeship Training (BZELW) was merged into a new business division in 2017. The resulting education cluster offers top-quality services for ÖBB and the Austrian economy. A large proportion of the apprenticeship professions, the entire operational, vehicle technology and in the future also the construction technology training and further education of the employees is carried out by the business division itself; in addition, there are cooperative agreements with third-party providers.

ÖBB-Infrastruktur AG is Austria’s largest training center for technical apprenticeships, and offers 16 apprenticeship professions. Currently, around 1,700 young people are being trained as highly qualified skilled workers, primarily in technical professions. The training is state-certified, for example with the Viennese seal of quality as a "TOP training company". The apprenticeship graduates receive numerous prizes and awards at professional competitions every year: In 2017, four state winners were announced in Vienna, Tyrol and Lower Austria. 98% of our apprentices successfully complete their apprenticeship.

ÖBB-Infrastruktur AG also sponsors the “Lehre mit Matura” [apprenticeship with qualification for university entrance] scheme, giving its apprentices an opportunity for further advancement. In addition to professional training, importance is also attached to developing social skills. Under the motto "Women & Girls in Technology", the apprenticeship program is committed to making technical training even more attractive for women and girls, and this year for the first time the proportion of women among apprentices reached 10.4%.

The ÖBB-Infrastruktur AG training project "Diversity as an opportunity" is a training project specially designed to meet the needs of young refugees. 70 young people who fled their countries (primarily from Afghanistan and Syria) unaccompanied by an adult caregiver are currently supported by special 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; it was awarded the "State prize for mobility".

In 2017, the apprentice exchange program with the French railway company SNCF was again carried out with the participation of 20 apprentices. The Austrian apprentices traveled to France at the end of June 2017 and a week later the French apprentices visited Austria. The participants worked in international teams of two using specially prepared learning materials. The technical and methodological knowledge was deepened by conducting practical exercises. The aim was to increase professional and intercultural competence.

In the area of railway-specific training and further education, the two training centers in Vienna's Kundratstraße and St. Pölten-Wörth and the 16 regional training centers continue to focus on the topics of "train drivers", "wagon inspectors", "dispatchers" and "shunters". The BZELW offers the entire training and further education for employees with functions in the company as well as for employees of external companies. In 2017, more than 110,000 participant days were held for training in the areas of "Operations management and shunting", "Traction technology training" and "Track safety". The training centers are well booked, with 82% capacity utilization for course rooms and 99% capacity utilization for overnight rooms.

More than EUR 120 million will be invested in forward-looking educational facilities by 2021 in order to be able to continue to meet the future requirements of modern training at the highest level. Currently, EUR 67.5 million is being invested in the construction and conversion of five apprenticeship workshops and one apprentice hostel. These include the new modern central apprenticeship workshop in Vienna's 10th district, which combines the three existing Viennese apprenticeship workshops Penzing, Innstraße and Floridsdorf. From fall 2018, 650 young people and 50 trainers will be working here to further expand the role of the company as the largest trainer for apprenticeship professions in the country.

Personnel development

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

The infra:bildungsleitbild ("education mission statement") defines the basic principles of training and further education and is the basis for the conception and implementation of all development measures. Taking into account the strategic areas of action and the results of the leadership assessment, the leadership program "Taking the lead" was launched in 2017 as a practice-oriented and personal development measure for all managers in the sub-group.

Sub-group-wide and division-specific programs were successfully continued in order to secure knowledge and ensure targeted succession planning.

The modern HR IT tool "Talent Management Center", which is being implemented in stages, was launched to ensure efficient handling of HR processes.

A total of 61 employees participated in the courses for managers and experts offered by the ÖBB Academy in 2017. The seventh program "trainees for mobility for 13 college graduates with an engineering or business education were begun in September 2016. The Infrastructure sub-group has taken on 7 employees from this program.

In 2017, 211 external courses, seminars and specialist conferences were held for external training courses, which are organized centrally and only if a certain number of participants are registered.

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

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

Employer branding, personnel marketing and recruiting

In the next six years, the ÖBB Group will face a special challenge: In addition to changing external conditions – such as increasing competitive pressure and technical progress – it is above all an internal company development that calls for action: A quarter of the workforce will leave the company, most of them for reasons of age. The aim is to attract around 10,000 new employees to ÖBB by 2022.

One focus of the "Future of the ÖBB" program, which was conceived in 2017 and will be implemented in 2018, is the reorientation of the ÖBB employer brand. The aim is to develop a differentiable, authentic, credible, relevant, consistent and above all appealing employer brand that is anchored in the minds of employees and potential employees in the long term. The new brand will create a uniform corporate image on the job market and will be based on the ÖBB brand core.

Recruiting serves a wide range of different target groups: Skilled workers, technicians from HTL level, dispatchers, commercial positions and many more. In order to guarantee a targeted approach to future employees, ÖBB-Infrastruktur AG takes a targeted approach in positioning itself at various school and university fairs throughout Austria. Recruiting also initiates various cooperation programs with a variety of educational institutions and sets coordinated priorities according to the requirements of the company. This creates contact between the future applicants and the company.

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

Diversity and equality

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

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

Targets

Equality management

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

Diversity management

Diversity management goes beyond equal opportunity and makes use of the diversity of employees to the benefit of all parties involved by setting the strategic diversity goals of ÖBB-Holding for the Group; diversity management is also subject to regular controlling. Tailor-made measures are developed and implemented in the Group companies. The focus of this diversity strategy through 2022 (2023) is on continuously increasing the proportion of women in the workforce to 16%, the proportion of female managers to 20% and sustainable personnel management in the sense of generational management. Another focus is the implementation of the program for employees with disabilities. Diversity management at ÖBB-Infrastruktur works with the business divisions to initiate, support and review measures that pursue the strategic goals.

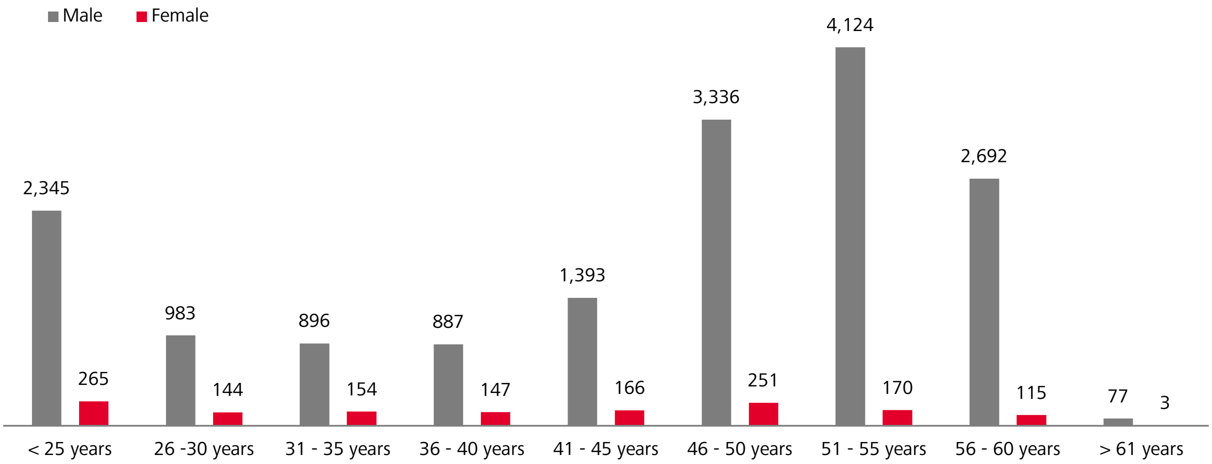
In keeping with the approach of active diversity management, special programs are also in place to achieve a better work-life balance. A further goal is the entrepreneurial use of the diverse competences and experiences that result from the individuality of employees, customers and business partners. ÖBB-Infrastruktur intensified its activities in 2017, particularly in the provision of accessible infrastructure facilities, in customer information and in the recruitment of new employees.

Measures

ÖBB-Infrastruktur supports the better compatibility of job and caregiving obligations, for example through the company kindergarten Timi's Mini MINTs with a focus on scientific and technical topics, hourly child care with the help of flying nannies, RailMap* maternity leave management, part-time models and home office workplaces.

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

	< 25 years	26 - 30 years	31 - 35 years	36 - 40 years	41 - 45 years	46 - 50 years	51 - 55 years	56 - 60 years	> 61 years	Total	%
Male	2,345	983	896	887	1,393	3,336	4,124	2,692	77	16,733	92.2
Female	265	144	154	147	166	251	170	115	3	1,415	7.8
	2,610	**1,127**	**1,050**	**1,034**	**1,559**	**3,587**	**4,294**	**2,807**	**80**	**18,148**	**100.0**
										+ 24 caretakers	



In order to implement its strategic diversity goals, ÖBB-Infrastruktur AG is taking the following measures: age-appropriate jobs in the operations management centers, the priority program for "increasing the proportion of women working as dispatchers" to 20% and the promotion of START scholarships for pupils with a migration background.

The measures also include targeted recruiting, especially of female apprentices, cooperation programs with schools such as the "Girls! Tech-Camp", an ÖBB/IBM technology camp for schoolgirls, places for women in ÖBB Academy training program, career workshops, specific coaching offers for women, workshops on gender and diversity management and the Equal Treatment Act.

In addition to the "Diversity as opportunity" training project for young refugees, the cooperation with the AMS also focuses on young women with asylum status. Diversity in the company is on the rise. Interculturalism plays an increasingly important role. Internal discussion events, training for managers such as "Working in and with multicultural teams" and workshop series are intended to refine and promote understanding and sensitivity in multicultural cooperation.

Diversity report

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

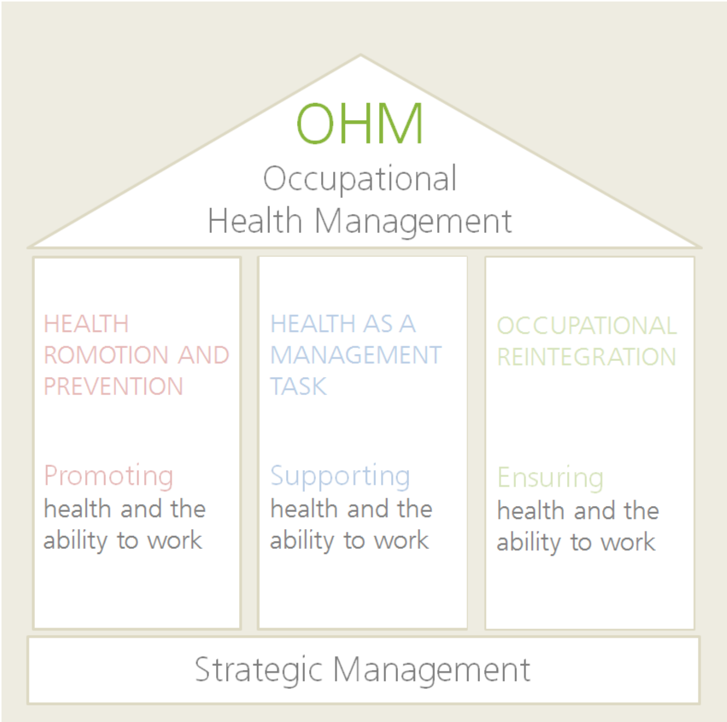
The diversity goals have thus been achieved. In ÖBB-Immobilienmanagement GmbH, 50% and Mungos GmbH 25% of the shareholder representatives on the Supervisory Board are also women. The proportion of women among managers in the sub- group was 6.9% (prior year: 6.2%), in the workforce it was 7.9% (prior year: 7.5%). In order to achieve a continuous increase in the proportion of women in new management positions to 20%, more measures are being taken in personnel marketing and personnel development. In the reporting year, for example, ÖBB-Infrastruktur AG was able to increase the proportion of women in new recruitments of dispatchers to 23.5%. Excluding apprentices in the retention period, the average age, which will fall continuously due to upcoming retirements and the planned recruitment of new personnel, is 46.4 years (prior year: 46.3). The proportion of disabled employees in ÖBB-Infrastruktur is 2.7%. Within the ÖBB Group, this share is to be increased to 4%. To achieve this, the ÖBB Group launched a program for employees with disabilities in 2017, in which ÖBB-Infrastruktur AG is also participating.

Health, occupational safety and social topics

The issues of health and safety at work are managed centrally by the ÖBB Group by the "Health management and occupational safety" team. The objective of the health management is to maintain and support the ability to work and the health of all employees of the ÖBB Group.

The activities of ÖBB's health management are based on the ÖBB health strategy. This was developed in coordination with the members of the Executive Boards of ÖBB-Holding AG, the members of the Executive Boards and managing directors of the Group companies as well as with representatives of the cooperation partners, the Versicherungsanstalt für Eisenbahnen und Bergbau [Insurance Institution for Railways and Mining].

The occupational health management of the ÖBB Group is based on three pillars: "Health promotion and prevention", "Health as a management task" and "Occupational reintegration".



First pillar: Health promotion and prevention

The main focuses of the "Health promotion and prevention" project include the "Health and fitness promotion weeks at Josefhof" project, the fruit campaign, selected exercise events and the further development and establishment of an Austria-wide multiplier network of health coaches (internal contact for the division/staff), health circle moderators (moderators for regional working groups) and vitality coaches (sector-specific contact for ergonomics, nutrition and mental health).

Second pillar: Health as a management task

Management that provides quality and support protects employees from possible dangers and can ease psychological stress. Managers should be role models for health-conscious behavior and thus play a central role in prevention.

The area of responsibility "Health as a management task" is supplemented by management seminars such as "Healthy leadership" or "infra:competence mental health", which raise awareness of the fact that managers have a significant influence on the health of their employees.

In addition, a handbook on health and the ability to work has been made available.

The third pillar: "Occupational reintegration"

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

Occupational reintegration focuses on the person and their working environment. The aim is to (re-)create a balance between the individual skills of employees and working conditions. The implementation of the respective measures is carried out in close cooperation between ÖBB and VAEB. If desired, the employees receiving assistance can consult the works council or another trusted person. Data protection is guaranteed at all times, as ÖBB does not request sensitive data.

Objectives of occupational reintegration:
- Ensuring the health and ability to work of employees at the first sign of reduced performance
- Early detection of employees with changes in performance
- Sustainable reintegration of sick or injured employees into everyday working life at the traditional workplace
- Avoidance of occupational disability

At the end of 2017, this program will be accessible to approx. 40% of the employees of the ÖBB-Infrastruktur Group.

At Group level, the protection of employees is integrated into the Group security strategy via the Group steering committee. This is intended to make possible the coordination of Group-wide issues and the implementation of the strategic objectives of the Group companies. One focus in the area of occupational safety in 2017 was the project "Redesign P32 - health policies for employee suitability". This came into force on April 1, 2017, and is currently in a review phase. The aim is to further develop the Directive and make it available to all railway operators in Austria. Another main emphasis is the evaluation of psychological stress in the workplace. The first Group report was prepared for this purpose, and work is also being done on the conceptual design of follow-up evaluations.

In 2017, the steering committee for occupational safety dealt with the topic of "Employee safety and support in the event of an attack". This was done under the leadership of Group security.

Working to retirement age

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

As of December 31, 2017, 540 employees had made use of legally permitted partial-retirement pursuant to Section 27 Unemployment Insurance Act (AlVG). In addition, the Group has provided age-appropriate part-time work to more than 357 tenured employees as of the reporting date – four years before meeting the requirements for statutory semi-retirement.

Nestor Gold, a seal of quality for age-appropriate organizations and companies, was awarded to the occupational reintegration of the Operations business division in 2016. An internal structure of multipliers (vitality coaches) was established to serve as internal contacts in the areas of "ergonomics", "nutrition" and "mental health". Since the beginning of 2017, the project has been extended to the entire Operations business division.

ÖBB employee survey

Following three Group-wide employee surveys, the survey was redesigned in 2017. The survey has been streamlined and designed to be more visually appealing, and the topics "Company", "Information", "Activity", "Management", "Working environment", "Perspectives" and "Compatibility" are surveyed. In addition, the focus will be on online participation. The NEW employee survey will be conducted in the second quarter of 2018.

In the ÖBB-Infrastruktur AG sub-group, overall job satisfaction was increased from 66 to 68 index points in the last employee survey in fall 2016 compared with the 2015 survey. With a participation rate of 48%, i.e. 8,506 employees of the sub-group, the result for each individual index was improved compared to the survey in 2015.

G.5. Human rights

The business activities of ÖBB-Infrastruktur AG are largely limited geographically to Austria and the EU area as well as Liechtenstein and Switzerland. Compliance with the EU Declaration of Human Rights is therefore a prerequisite. On July 6, 2017, ÖBB also expressed its support for the Global Compact in an official letter to the UN Secretary General.

G.6. Capital expenditure and procurement practices

The Austrian Federal Procurement Act is relevant for procurement, the principles of which are equal treatment of all bidders and fair competition. The aim is to award a contract for a service to an authorized, reliable and efficient company at a reasonable price.

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

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

Companies are also excluded from participation in the tender procedure if ÖBB has knowledge of a legal conviction against them or – in the case of legal persons, registered partnerships or consortiums – against physical persons working in their management who are involved in one of the following circumstances:
- Membership in a criminal organization (Section 278a StGB),
- bribery (Sections 302, 307, 308 and 310 StGB; Section 10 UWG), fraud (Sections 146 ff StGB), embezzlement (Section 153 StGB),
- acceptance of gifts (Section 153a StGB), misuse of subsidies (Section 153b StGB) or
- money laundering (Section 165 StGB) or a corresponding criminal offense in accordance with the regulations of the country in which the company has its registered office.

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

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

Sustainable procurement is also considered in this context. Essentially, this is done when defining the subject matter of the contract in such a way that subsequent maintenance costs and service life are also taken into account when selecting the system and building materials. For this purpose, a criterion for the evaluation of the lifecycle costs of bridge structures was developed within the framework of the award criteria and, in the case of alternative offers, effects on the lifecycle costs are also taken into account within the framework of the award criterion. Furthermore, projects on the subject of "sustainable procurement" are organized by purchasing on an ongoing basis in order to identify possible future opportunities.

Since the procurement process is an important element in the risk analysis, controls and associated tests were also installed as part of the internal control system (ICS). The most important element here is the execution of the award procedure in compliance with the principle of dual control in the essential decisions and procedural steps as a general instrument for optimization and control. In concrete terms, this means that each tender is tracked by at least two employees who serve as a monitoring and control element. As a Group-wide requirement, this must be done within the framework of the lead buyer principle (lead buyer is the responsible purchaser of the corresponding product group). This means that all procurements – with the exception of small procurements to cover one-off, exceptional, non-recurring requirements of up to EUR 800.00 – must be made via the lead buyer company responsible in each case. This does not apply to call-offs of master agreements concluded by a lead buyer company up to an amount of EUR 60,000. One-off, non-recurring requirements (supply, construction and service contracts as well as construction and service concession contracts) up to EUR 10,000.00 net, which are not covered by a master agreement, can be procured independently – in agreement with the lead buyer company – by the purchasing clerk of the consumer company. As a test of the effectiveness of this control, monthly evaluations are carried out as part of the ICS and documented in the ICS system on a quarterly basis.

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

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

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

G.7. Accessibility

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

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

In early 2016, the Group companies updated their plans and prepared new implementation plans for additional railway stations (train stations and passenger stops) and for the vehicle fleet through 2025. This report was presented to the ÖBB stakeholders in February 2016. An evaluation of the measures taken with the stakeholders is planned for spring 2018.

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

Since the end of 2017, almost 80% of all passengers in 220 stations have benefited from modern, barrier-free stations. In 2025, 90% of passengers will be able to use more than 270 stations without barriers.

Ten additional stations are designed to be barrier-free every year. In 2017, this number was exceeded with 20 converted stations, with the focus on Lower Austria, Tyrol, Styria and Carinthia. The modernization of stations and stops will also be consistently continued in 2018.

ÖBB's implementation is based on the legal and technical regulations of the EU, such as the TSI-PRM (Technical Specification for Interoperability regarding the accessibility of the Union's railway system for people with disabilities and people with reduced mobility) as well as on national requirements and standards, e.g., ÖNORM B 1600 (accessible construction).

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

The successful "Stakeholder Dialogs", a direct exchange with people with disabilities, were also planned again in 2017 and will be implemented in 2018.

In 2017, a cooperative agreement was concluded with the "Austrian Council for the Disabled", the umbrella organization of associations for the disabled. The interests and concerns of people with disabilities, people with reduced mobility and the requirements of senior citizens are to be addressed even better through the use of a communication and coordination platform.

G.8. Combating corruption and bribery

Compliance organization within the ÖBB Group and the ÖBB-Infrastruktur AG sub-group

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

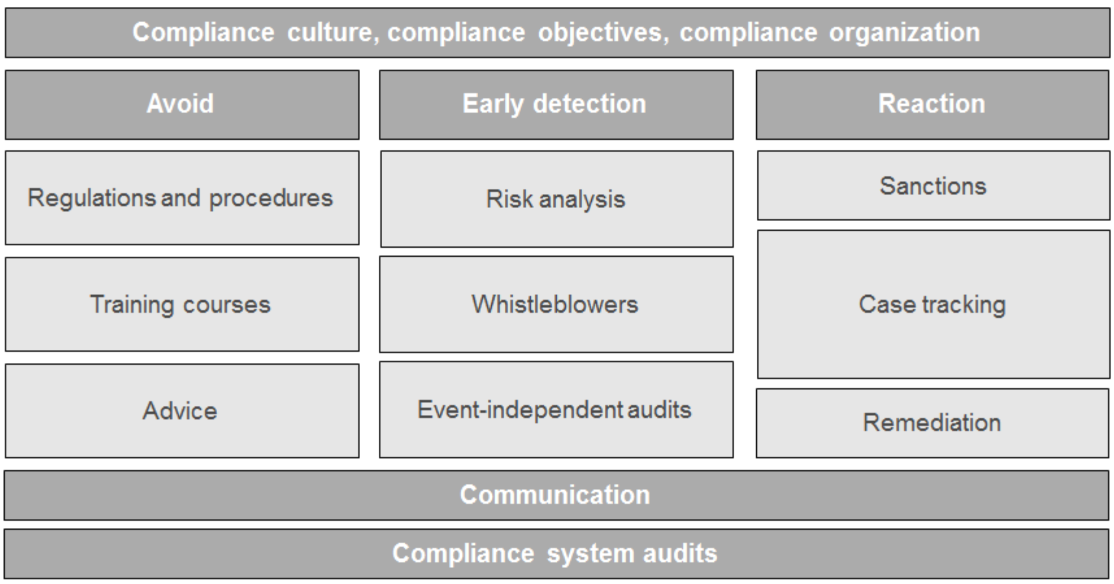
Within the ÖBB Group, the function of Chief Compliance Officer is established as a separate unit within the management of ÖBB-Holding AG. In addition, the sub-group parent companies (ÖBB-Infrastruktur AG sub-group, Rail Cargo Group sub-group, ÖBB-Personenverkehr AG sub-group) have Compliance Officers,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

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

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

Compliance management system within the ÖBB Group and the ÖBB-Infrastruktur AG sub-group

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



The ÖBB Group Code of Conduct

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

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

The Code of Conduct covers the following main topics:
- Legal and rule-compliant behavior
- Corruption and its prevention
- Conflicts of interest
- Secondary employment and shareholdings
- Asset management
- Data protection and data security
- Lobbying
- Competition
- Partnership with suppliers
- Environmental protection
- Political activities
- Responsibility and consequences

Prevention through compliance training and advice

One of the core tasks of the Compliance Organization of the ÖBB Group is to sensitize its employees on a long-term and sustainable basis to compliance-relevant topics and guidelines.

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

Another important component of prevention work is the ongoing consultation of management and employees on compliance-relevant issues.

Early detection

Identifying potential compliance risks at an early stage is crucial in order to be able to counteract them adequately. For this reason, both risk analyses and compliance audits are carried out throughout the Group in order to deal with existing potential compliance risks. These measures serve the primary objectives of damage prevention and risk control.

Response

The Compliance Organization, as the central point of contact for the handling of tips, is obliged to follow up on every tip. The whistleblowers enjoy special protection with regard to their personal data. The results of such investigations lead to recommendations regarding potential for improvement and appropriate sanctions.

Anti-corruption office

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

The anti-corruption office is also responsible for advising on the interpretation and practical application of the rules of conduct laid down in the Code of Conduct.

The anti-corruption office provides training for employees in the fight against corruption.

Information and communication

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

ICS documentation 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.

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

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 unit for accounting services within the ÖBB-Business Competence Center GmbH.

In the future, ÖBB-Business Competence Center GmbH will also play an increasingly active role in supporting ÖBB-Holding AG in harmonizing its activities through suitably coordinated auditing, evaluation, and commenting tasks.

SAP 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, and 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.

From 2016 to 2018, the ÖBB Group will design and implement a modern accounting system within the ÖBB Group with the MORE! project. This includes aspects such as modernizing, merging and streamlining the SAP ERP system as well as developing a new starting point for the future of accounting and ensuring innovation security. This includes issues such as setting up a ledger solution for the general ledger, relieving the ERP system of master and transaction data no longer required, harmonization and cleaning up of settings, master data and organizational structures, and standardization and improvement of processes. Unused settings, organizational units, master data and transaction data were cleaned up in several modules of the ERP system. The productive migration took place in January 2018, with all postings taking place in the new system as of January 1, 2018.

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 to the Consolidated Financial Statements) 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-Infrastruktur AG, by means of consolidated presentations.

G.9. Safety

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

This makes security a top priority for all activities of the ÖBB Group. The certified safety management systems introduced in the sub-groups help manage the security services provided. Findings from incidents, accident investigations, internal tests (safety checks, audits, etc.) and trend monitoring resulted in safety program measures that are coordinated Group-wide. The safety management systems, the trend monitoring, and the safety program contribute significantly to detecting safety risks in time to create proactive measures to control residual risks.

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

Annual capital investments of over EUR 2.5 billion in new construction, expansion, and maintenance of infrastructure facilities also help ensure safe operational management. Both the general approach to the security strategy, such as the focus on measures with the greatest impact, and the development of the safety and error culture, make another significant contribution to safety.

In 2017, a Group-wide operational safety index was introduced, which makes it possible to record the development of the safety performance of the ÖBB Group uniformly across all companies. The index is composed of relevant operational incidents (e.g., train collisions, train derailments) as well as events that make an actual incident probable ("defects or accident precursors") and presents the Group's operational safety in Austria at a glance as a reporting indicator.

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

A comprehensive package of measures was developed and implemented in 2017 in connection with attacks on employees. This concerns, for example, the reinforcement of service and control teams and the support of train attendants by security personnel on certain local transport. Furthermore, body cameras have been tested in pilot operation.

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

In the safety program, safety measures (e.g., retrofitting of track clearance detection systems or work on the fallback level) are defined and consistently implemented. These measures are the tool for maintaining the level of safety, countermeasures for deviations and regular improvement of safety performance.

Main emphasis of the safety program (examples):

Safety at railway stations

- Additional lighting and structural improvements in the amount of EUR 4 million.
- Additional emergency call and video equipment in the amount of EUR 1 million.
- Mobilization of existing security staff and recruitment of additional security personnel
- Providing "security-oriented scenario training as well as de-escalation and violence prevention".
- Special emphasis is placed on human rights principles in the training of security staff, in which employees are taught the fundamentals of human rights.

Error culture

Error culture is a systematic-analytic proactive safety culture with the active, prevention-oriented, judgment-free handling of errors. Errors must be assessed in the context in which they are made. The objectives of a good error culture are:
- The strengthening of a common understanding on the subject of "errors" and thus the establishment of a "new error culture" in ÖBB
- Promoting safety communication
- Increasing the safety performance of the company's operations on a sustained basis

In order to achieve these goals, the following tools have been introduced throughout Infrastruktur AG:
- Confidential reporting
- Ideas workshop
- Individualized continuing education to strengthen leadership competences

Reduction of collision risk

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

Safety on railway facilities

The measures in recent years (e.g., video messages) have been implemented through standardized school visits in all 7th and 8th grade classes. In this teaching unit, ÖBB-Infrastruktur AG experts inform young people about the dangers of rail operations. The aim is to make future road users aware of the dangers of railway facilities and crossings at an early stage.

Safe shunting

Due to the negative trend in incidents and accidents in connection with shunting work, the "Safe shunting" project was launched. The aim is to reverse the trend in shunting incidents. The main aim of the project is to achieve a sustainable improvement in safety performance in shunting operations.

Occupational safety

The occupational safety of our employees was further improved. Particular emphasis is placed on the subject of the incorporation of details from practice in order to clearly regulate the procedure and responsibilities during construction work and thus make a significant contribution to a safe workplace.

Another topic is the development of an electronic documentation system for safety experts to systematically record, categorize and evaluate defects and deviations that are detected during inspections and evaluations.

The pilot project was successfully completed as part of the implementation of the survey and set-up of working conditions, in which all employees have the opportunity to participate in an extensive survey on work-related psychological stress. Implementation of the evaluation of psychological stress has now also been started in other areas.

Due to the increasing frequency of accidents at external contractors, a concept has been drawn up. As a first step, the industrial accidents of five external contractors have been recorded since January 2017.

Fire prevention

The required fire protection officers were made available nationwide and thus all tasks and activities of the fire protection officers were fulfilled in accordance with official requirements.

Operational rules

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

G.10. GRI index

The following GRI Index contains the standard disclosures reported by ÖBB-Infrastruktur AG, key topics and at least one associated indicator in accordance with the option chosen by ÖBB-Infrastruktur AG: "In accordance: Core". The reference to the corresponding section of the Group management report makes it easier for the reader to find the information.

GRI code	Title of disclosure	Reference	Remarks, justifications, omissions
GRI 102: General information			
Organization profile			
102-1	Name of the organization	LB Chapter A	
102-2	Activities, brands, products and services	LB Chapter A	
102-3	Location of headquarters	LB Chapter A	

102-4	Branches	LB Chapter A	
102-5	Ownership and legal form	LB Chapter A	
102-6	Markets served	LB Chapter B.3	
102-7	Scale of the organization	LB Chapter A, C.1, C.2 and C.3	
102-8	Information about employees	LB Chapter G.4	
102-9	Supply chain	LB Chapter G.6	
102-10	Significant changes in the organization and its supply chain		There have been no changes in this area.
102-11	Precautionary principle or preventive measures	LB Chapter B.1, F and G.3	
102-12	External initiatives	LB Chapter C.5, G.2 and G.4	
102-13	Membership in associations	LB Chapter G.4	
Strategy			
102-14	Statements of the management	LB Chapter G.1	
Ethics and integrity			
102-16	Values, guidelines, standards and codes of conduct	LB Chapter G.8	
Management			
102-18	Management structure	LB Chapter G.2	
Stakeholder involvement			
102-40	List of stakeholder groups	LB Chapter G.4	
102-41	Collective wage negotiations	LB Chapter G.4	
102-42	Stakeholder identification and selection	LB Chapters G.2 and G.4	
102-43	Stakeholder engagement approach	LB Chapter G.4	
102-44	Key issues and concerns	LB Chapter G.4	
Reporting procedure			
102-45	Entities mentioned in the consolidated financial statements	LB Chapter A, Note 35	
102-46	Determination of report content and topic boundaries	LB Chapter G.2	
102-47	List of the main topics	LB Chapter G.2	

102-48	Rewording of information		Reported according to GRI for the first time, therefore no new formulations are currently noted.
102-49	Change in reporting	LB Chapter G.2	
102-50	Reporting period	LB Chapter G.2	
102-51	Date of most recent report		First-time application
102-52	Reporting cycle	LB Chapter G.2	
102-53	Contact details for questions about the report		infra.kundenservice@oebb.at
102-54	Statements on reporting in accordance with GRI standards	LB Chapter G.2	Core option
102-55	GRI content index	LB Chapter G.10	
102-56	External review		Not planned.
GRI 103: Management approach			
103-1	Explanation of the main topics and their delimitations	LB Chapter D, G.2 - G.9	
103-2	The management approach and its components	LB Chapter A, C.5, D, F and G.1 – G.9	
103-3	Review of the management approach	LB Chapter A, C.5, F and G.1 – G.9	
GRI 201: Economic performance			
201-1	Direct economic value generated and distributed	LB Chapter C	
201-2	Financial consequences of climate change and other risks and opportunities		The costs caused by climate change are currently not collected.
201-4	Financial support from the government	LB Note 32	
GRI 202: Market presence			
202-1	Ratio of standard starting salaries by gender to local minimum wage		Due to complex internal salary schemes, several applicable collective agreements and no data collection for this ratio, this figure is not published.
GRI 203: Indirect economic effects			
203-1	Infrastructure investments and subsidized services	LB Chapters B.3, C.4 and C.5	
203-2	Significant indirect economic effects	LB Chapter C.4	

GRI 204: Procurement practices			
204-1	Share of expenditure on local suppliers		This information is not available to date, as it has no relevance in procurement. Only compliance with the law is checked (LB Chapter F.6).
GRI 205: Fight against corruption			
205-1	Business locations that were examined with regard to corruption risks	LB Chapter G.8	The Group-wide compliance audits are recorded in the annual Compliance activity report and are not published for reasons of confidentiality.
GRI 206: Anti-competitive behavior			
206-1	Legal proceedings for anti-competitive behavior or the creation of cartels and monopolies	-	In 2016 and 2017, ÖBB-Infrastruktur AG was not subject to any material lawsuits, sanctions or fines resulting from violations of laws or regulations in the economic sphere.
GRI 301: Materials			
301-1	Materials used by weight or volume	LB Chapter G.3	
301-2	Recycled raw materials used	LB Chapter G.3	
GRI 302: Energy			
302-1	Energy consumption within the organization	LB Chapter G.3	
302-4	Reduction of energy consumption	LB Chapter G.3	
GRI 303: Water			
303-1	Water used by source	LB Chapter G.3	
303-2	Water sources severely affected by water use	LB Chapter G.3	
303-3	Recovered and reused water	LB Chapter G.3	
GRI 304: Biodiversity			
304-1	Own, rented or managed business locations located in or adjacent to protected areas and areas of high biodiversity value outside protected areas	LB Chapter G.3	
304-2	Significant impacts of activities, products and services on biodiversity	LB Chapter G.3	
304-3	Protected or renatured habitats	LB Chapter G.3	

304-4	Species on the World Conservation Union (IUCN) Red List and on national lists of protected species living in areas affected by business activities	LB Chapter G.3	
GRI 305: Emissions			
305-1	Direct GHG emissions (scope 1)	LB Chapter G.3	
305-2	Indirect energy-related GHG emissions (scope 2)	LB Chapter G.3	
305-5	Reduction of GHG emissions	LB Chapter G.3	
GRI 306: Sewage and waste			
306-2	Waste by type and disposal method	LB Chapter G.3	
306-3	Substantial leakage of harmful substances	LB Chapter G.3	
306-5	Water bodies affected by waste water discharge and/or surface runoff	LB Chapter G.3	
GRI 307: Environmental compliance			
307-1	Non-compliance with environmental laws and regulations	-	In 2016 and 2017, there were no significant lawsuits, sanctions or fines against ÖBB-Infrastruktur AG due to violations of environmental laws or regulations.
GRI 308: Environmental assessment of suppliers			
308-1	New suppliers that have been checked against environmental criteria		Only compliance with the law is checked (LB Chapter G.6).
GRI 401: Employment			
401-1	New employees and employee turnover	LB Chapter G.4	
GRI 402: Employer-employee relationship			
402-1	Minimum notification period for operational changes	LB Chapter G.4	
GRI 403: Occupational safety and health protection			
403-3	Employees with a high incidence or risk of diseases related to their professional activity	-	This information is not currently collected.
GRI 404: Education and training			
404-1	Average number of hours for training and further education per year and employee	LB Chapter G.4	Gender-specific information and a total number of hours are not yet available.
404-2	Programs to improve the skills of employees and to provide transitional aid	LB Chapter G.4	

404-3	Percentage of employees who receive a regular assessment of their performance and career development	LB Chapter G.4	
GRI 405: Diversity and equal opportunities			
405-1	Diversity in management bodies and employees	LB Chapter G.4	Ad iii) This figure is not collected for data protection reasons.
405-2	Ratio of basic salary and remuneration of women to basic salary and remuneration of men		On the basis of the Equal Treatment Act, an income report is prepared every two years in the first quarter of the following year. Detailed information will not be published for reasons of confidentiality.
GRI 406: Equal treatment			
406-1	Discrimination incidents and remedial action taken	-	There were no significant incidents of discrimination at ÖBB-Infrastruktur AG in 2016 and 2017.
GRI 407: Freedom of association and collective bargaining			
407-1	Business locations and suppliers where the right to freedom of association and collective bargaining may be threatened	-	Not applicable, as these rights are not endangered in ÖBB-Infrastruktur AG's area of activity.
GRI 408: Child labor			
408-1	Business locations and suppliers with a significant risk of incidents of child labor	-	Not applicable, as these risks are not present in ÖBB-Infrastruktur AG's area of activity.
GRI 409: Forced or compulsory labor			
409-1	Business locations and suppliers with a significant risk of incidents of forced or compulsory labor	-	Not applicable, as these risks are not present in ÖBB-Infrastruktur AG's area of activity.
GRI 410: Security practices			
410-1	Security personnel trained in human rights policies and procedures	LB Chapter G.9	
GRI 411: Rights of indigenous peoples			
411-1	incidents of violations of indigenous peoples' rights	-	Not applicable, as no indigenous rights are affected in ÖBB-Infrastruktur AG's area of activity.
GRI 412: Review of observance of human rights			
412-1	Business locations where a human rights audit or human rights impact assessment has been carried out	LB Chapter G.5	

GRI 413: Local communities			
413-1	Business locations with local community involvement, impact assessment and support programs	-	This point is guaranteed on the basis of the legal requirements associated with the approval of the construction and operation of the facilities.
413-2	Business activities that have a significant actual or potential negative impact on local communities	LB Chapter G.3	
GRI 414: Social evaluation of suppliers			
414-1	New suppliers that have been checked against social criteria		This information is not available to date, as it has no relevance in procurement. Only compliance with the law is checked (LB Chapter F.6).
GRI 416: Customer health and safety			
416-1	Assessment of the impact of different product and service categories on health and safety	LB Chapters G.4, G.7 and G.9	
GRI 417: Marketing and labeling			
417-1	Requirements for product and service information and labeling	-	At the time of preparing this non-financial declaration, ÖBB-Infrastruktur AG is not aware of any indications of non-conformities in this area.
417-2	Infringements in connection with product and service information and labeling	-	At the time of preparing this non-financial declaration, ÖBB-Infrastruktur AG is not aware of any indications of non-conformities in this area.
417-3	Marketing and communication violations	-	At the time of preparing this non-financial declaration, ÖBB-Infrastruktur AG is not aware of any indications of non-conformities in this area.
GRI 418: Protection of customer data			
418-1	Justification in relation to the violation of the protection or loss of customer data	-	At the time of preparing this non-financial declaration, ÖBB-Infrastruktur AG is not aware of any complaints from customers in connection with the violation of customer data protection.

GRI 419: Socio-economic compliance			
419-1	Non-compliance with social and economic laws and regulations	-	In 2016 and 2017, there were no significant lawsuits, sanctions or fines against ÖBB-Infrastruktur AG due to violations of social or economic laws or regulations.

H. Notes to the Consolidated Management Report

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

Vienna, March 29, 2018

The Board of Management

Mag. Silvia Angelo	DI Franz Bauer	KR Ing. Franz Seiser
(Finance, Market, Service Division)	(Infrastructure Facilities Provision Division)	(Operations and Systems Division)

GLOSSARY

ADR	European Agreement concerning the International Carriage of Dangerous Goods by Road
AVB	General Terms and Conditions of Employment with Austrian Federal Railways
BFZ	Operational management center
GDP	Gross domestic product
BMVIT	Federal Ministry of Transport, Innovation and Technology
BZELW	Railway Education Center and Apprenticeship Training
CO_2	Carbon dioxide
CORE	Core option
CSR	Corporate social responsibility
DB	Deutsche Bahn
EBIT	Earnings before interest and tax (EBIT)
EBITDA	Earnings before interest, taxes, depreciation and amortization (EBITDA)
EBT	Earnings before tax
EMAS	European Environmental Management and Audit Scheme
ETCS	European Train Control System
EUR	Euro
RU	Railway Operators
R&D	Research and Development
RTI	Research Technology and Innovation
FTE	Full-time equivalent
TGTkm	Total gross tonnage kilometers
GRI	Global Reporting Initiative
GWh	Gigawatt hour
HY	Half-year
HR	Human Resources
Hz	Herz
ICS	Internal control system
ISO	International Organization for Standardization
km	Kilometers
km^2	Square kilometers
m	meters
mln.	million
bn	billion
NFI	Non-financial Information
OHSAS	Occupational Health and Safety Assessment Series
RID	Regulations for the international carriage of dangerous goods by rail
MP	Master plan
SCC	Safety Certificate Contractors
SMS	Safety management system
t	Tons
kEUR	Thousand euros
SG	Sub-group
Traction	Propulsion of trains by traction vehicles
USD	United States Dollar
EIA	Environmental impact assessment
VAEB	Insurance Institution for Railways and Mining
tkm	Train kilometers

Statement pursuant to Article 82 (4) clause 3 BörseG

Statement of all legal representatives

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

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

Vienna, March 29, 2018

The Board of Management

Mag. Silvia Angelo	DI Franz Bauer	KR Ing. Franz Seiser
(Finance, market, services division)	(Infrastructure facilities division)	(Operations and systems division)

Consolidated Financial Statements

Consolidated Income Statement 2017

	Note	2017 in kEUR	2016 in kEUR
Revenue	4	2,101,366.4	2,107,836.1
Change in finished goods, work in progress and services not yet chargeable		984.5	254.9
Other own work capitalized	5	293,611.3	300,316.2
Other operating income	6	805,619.9	746,362.2
Total income		**3,201,582.1**	**3,154,769.4**
Cost of materials and purchased services	7	-411,775.2	-378,679.8
Personnel expenses	8	-1,126,345.4	-1,110,899.1
Depreciation and amortization	9	-751,580.6	-725,735.3
Other operating expenses	10	-316,267.9	-312,835.8
Earnings before interest and taxes (EBIT excluding investments recorded at equity)		**595,613.0**	**626,619.4**
Earnings of investments recorded at equity	17	1,487.5	1,109.2
Interest income	11	18,198.0	29,242.8
Interest expenses	11	-575,194.8	-618,061.7
Other financial income	12	44,112.6	35,210.9
Other financial expenses	12	-37,113.4	-24,487.7
Financial result (incl. earnings of investments recorded at equity)		**-548,510.1**	**-576,986.5**
Earnings before income taxes (EBT)		**47,102.9**	**49,632.9**
Income taxes	13	14,644.5	7,689.7
Net income		**61,747.4**	**57,322.6**
Proportion of net income attributable to:			
shareholder of the parent company		61,297.8	56,976.5
non-controlling interests		449.6	346.1

Statement of Comprehensive Income 2017

	Note	2017 in kEUR	2016 in kEUR
Net income		**61,747.4**	**57,322.6**
Remeasurement gains (losses) on defined benefit plans		1,602.8	-2,449.6
Income taxes		-39.8	24.5
Items that will never be reclassified ("recycled") subsequently to the income statement		**1,563.0**	**-2,425.1**
Unrealized income from cash flow hedges	24	514.0	4,774.0
Reclassification of realized income from cash flow hedges	24	9,380.1	6,985.5
Unrealized income from available-for-sale reserve	24	-1,940.0	-2,834.3
Reclassification of realized loss from available-for-sale reserve	24	-74.0	1,265.0
Income taxes		-1,704.0	-2,578.0
Items that are or may be reclassified ("recycled") subsequently to the income statement		**6,176.1**	**7,612.2**
Other comprehensive income		**7,739.1**	**5,187.1**
Comprehensive income		**69,486.5**	**62,509.7**
Proportion of comprehensive income attributable to:			
shareholder of the parent company		69,036.9	62,163.6
non-controlling interests		449.6	346.1

Consolidated Statement of Financial Position as of December 31, 2017

Assets	Note	Dec 31, 2017 in kEUR	Dec 31, 2016 in kEUR
Non-current assets			
Property, plant and equipment	14	21,614,509.6	20,785,366.5
Intangible assets	15	463,287.7	464,337.3
Investment property	16	158,772.4	160,008.0
Investments recorded at equity	17	49,241.0	49,161.7
Other financial assets	18	186,075.3	215,424.4
Other receivables and assets	20	150,212.9	145,497.2
Deferred tax assets	13	43,805.2	30,424.7
		22,665,904.1	**21,850,219.8**
Current assets			
Inventories	21	73,552.4	72,101.7
Trade receivables	20	140,049.5	141,633.5
Other receivables and assets	20	217,425.9	218,619.6
Other financial assets	18	35,400.2	243,512.3
Assets held for sale	19	62.6	7,818.4
Cash and cash equivalents	22	22,601.9	120,432.8
		489,092.4	**804,118.3**
		23,154,996.5	**22,654,338.1**

Shareholder's equity and liabilities	Note	Dec 31, 2017 in kEUR	Dec 31, 2016 in kEUR
Shareholder's equity			
Share capital	23	500,000.0	500,000.0
Additional paid-in capital	24	538,884.2	538,884.2
Cash flow hedge reserve	24	1,396.0	-6,794.1
Available for sale reserve	24	4,860.6	6,874.6
Retained earnings	24	291,990.9	229,130.1
Equity attributable to the shareholder of the parent company		1,337,131.7	1,268,094.8
Equity attributable to non-controlling interests	23	645.6	542.1
		1,337,777.3	**1,268,636.9**
Non-current liabilities			
Financial liabilities	25	19,797,306.5	17,982,756.4
Provisions	26	236,940.4	205,209.0
Other liabilities	27	33,339.0	38,654.9
		20,067,586.0	**18,226,620.3**
Current liabilities			
Financial liabilities	25	424,076.3	1,896,452.4
Provisions	26	97,230.3	133,549.8
Trade payables	27	470,912.1	602,435.1
Other liabilities	27	757,414.5	526,643.6
		1,749,633.2	**3,159,080.9**
		23,154,996.5	**22,654,338.1**

Consolidated Statement of Cash Flow 2017

	Note	2017 in kEUR	2016 in kEUR
Earnings before income taxes (EBT)		47,103	49,633
Non-cash expenses and income			
+ Depreciation and amortization on property, plant and equipment, intangible assets and investment property	9	915,976	892,695
+ Depreciation / - appreciation on non-current financial assets		158	616
- Amortization of investment grants	9	-164,396	-166,960
+ Losses / - gains on disposal of property, plant and equipment, intangible assets and investment property		-20,272	-14,874
+ Losses / - gains on disposal of financial assets		0	2,043
- Other non-cash income / + other non-cash expenses		180	1,131
+ Interest expenses	11	575,195	618,062
- Interest income	11	-18,198	-29,243
Changes in assets and liabilities			
- Increase / + decrease in inventories	21	-3,011	-14,037
- Increase / + decrease in trade receivables and other assets		537	63,583
+ Increase / - decrease in trade payables, other liabilities and deferrals		218,878	118,654
+ Increase / - decrease in provisions	26	-2,940	-18,799
- Interest paid		-637,648	-653,969
+ Interest received		10,952	1,057
- Income tax paid	13	-2	-2
Cash flow from operating activities a)		**922,512**	**849,590**
+ Proceeds from disposal of property, plant and equipment and intangible assets		55,186	40,329
- Expenditures for property, plant and equipment and intangible assets	14, 15	-1,789,199	-1,771,350
+ Proceeds from disposal of financial assets		0	51,905
+ Proceeds from investment grants	14, 15	128,441	189,985
- Repayment of investment grants		-87	-40
+ Cash received from the disposal from other business units		0	421
- Expenditures for the foundation of subsidiaries		0	-135
+ Dividends received		1,437	1,242
Cash flow from investing activities b)		**-1,604,222**	**-1,487,643**
- Dividends distributed to non-controlling shareholders		-346	-89
+ Proceeds from issue of loans	25	2,448,436	1,707,880
- Redemption of loans		-1,966,426	-1,174,076
- Payment of finance lease receivables		-15	-199
Cash flow from financing activities c)		**481,649**	**533,516**
Cash flow from operating activities a)		922,512	849,590
Cash flow from investing activities b)		-1,604,222	-1,487,643
Free cash flow (a+b)		**-681,710**	**-638,053**
Funds at the beginning of the period		99,675	204,212
Change resulting from the basis of consolidation		132	0
Change in funds resulting from cash flows (a+b+c)		-200,061	-104,537
Funds at the end of the period		**-100,255**	**99,675**

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

Consolidated Statement of Changes in Shareholders' Equity 2017

in kEUR	Share capital	Additional paid-in capital	Cash flow hedge reserve	Available for sale reserve	Retained earnings	Total equity	Non-controlling interests	Total shareholders' equity
As of Jan 1, 2016	*500,000.0*	*538,884.2*	*-15,975.6*	*8,443.9*	*174,578.7*	*1,205,931.2*	*285.4*	*1,206,216.6*
Net income					56,976.5	56,976.5	346.1	57,322.6
Other comprehensive income			9,181.5	-1,569.3	-2,425.1	5,187.1		5,187.1
Comprehensive income			**9,181.5**	**-1,569.3**	**54,551.4**	**62,163.6**	**346.1**	**62,509.7**
Dividends distributed to non-controlling shareholders							-89.4	-89.4
As of Dec 31, 2016	**500,000.0**	**538,884.2**	**-6,794.1**	**6,874.6**	**229,130.1**	**1,268,094.8**	**542.1**	**1,268,636.9**

in kEUR	Share capital	Additional paid-in capital	Cash flow hedge reserve	Available for sale reserve	Retained earnings	Total equity	Non-controlling interests	Total shareholders' equity
As of Jan 1, 2017	*500,000.0*	*538,884.2*	*-6,794.1*	*6,874.6*	*229,130.1*	*1,268,094.8*	*542.1*	*1,268,636.9*
Net income					61,297.8	61,297.8	449.6	61,747.4
Other comprehensive income			8,190.1	-2,014.0	1,563.0	7,739.1		7,739.1
Comprehensive income			**8,190.1**	**-2,014.0**	**62,860.8**	**69,036.9**	**449.6**	**69,486.5**
Dividends distributed to non-controlling shareholders							-346.1	-346.1
As of Dec 31, 2017	**500,000.0**	**538,884.2**	**1,396.0**	**4,860.6**	**291,990.9**	**1,337,131.7**	**645.6**	**1,337,777.3**

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 December 31, 2017

A. BASIS AND METHODS

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

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

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

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

In accordance with Article 51 of the Bundesbahngesetz [Austrian Federal Railways Act], as amended, ÖBB-Infrastruktur AG does not require a concession pursuant to the Eisenbahngesetz [Railways Act] of 1957 for either the construction or the operation of main and branch lines. It has the rights and obligations of a railway operator with respect to the planning and construction of new railway infrastructure projects.

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

1. Accounting principles

In accordance with Article 244 of the UGB [Austrian Commercial Code], ÖBB-Infrastruktur AG is required to prepare Consolidated Financial Statements. The Consolidated Financial Statements as of December 31, 2017 were prepared pursuant to Article 245a (1) UGB in conjunction with the "IFRS Regulation" in accordance with the International Financial Reporting Standards ("IFRS", "IAS") issued by the International Accounting Standards Board ("IASB"), and the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC", "SIC"), which became effective and were endorsed by the European Union until December 31, 2017 along with the additional requirements under Article 245a UGB. With these Consolidated Financial Statements according to IFRS, ÖBB-Infrastruktur AG issues exempting Consolidated Financial Statements pursuant to Article 245a UGB in accordance with internationally accepted accounting principles.

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

Disclosure on amended and new IFRS regulations

The following standards and interpretations were amended compared to the Consolidated Financial Statements as of December 31, 2016 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
IAS 7	Statement of Cash Flows	Jan 1, 2017	yes
IAS 12	Income Taxes - Recognition of Deferred Tax Assets for Unrealized Losses	Jan 1, 2017	no
AIP 2014-2016	Improvements to IFRS - IFRS 12, cycle 2014-2016	Jan 1, 2017	no

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

The amendments to IAS 7 are part of the IASB's Disclosure Initiative, which aims to improve information provided to users of financial statements about an entity's financing activities. This initiative requires disclosures on changes in financial liabilities whose proceeds from the issuance of debt and repayments are shown in the cash flow statement under cash flow from financing activities. In particular, the presentation of cash flows from financing activities is supplemented by a reconciliation statement, which is disclosed outside the cash flow statement. The reconciliation separately the changes from financing cash flows, changes arising from obtaining or losing control of subsidiaries or other businesses, the effect of changes in foreign exchange rates or changes in fair values. The amendments to IAS 7 are to be applied prospectively, i.e., no prior year figures have to be determined. Additional information on IAS 7 can be found in Note 34.

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 of applying individual standards early was not exercised. The potential impacts of the new and amended standards are currently being evaluated.

Standards/interpretations		Effective as of[1]	Expected impact on the Consolidated Financial Statements
New standards and interpretations			
IFRS 15	Revenue from Contracts with Customers	Jan 1, 2018	yes
IFRS 9	Financial Instruments	Jan 1, 2018	yes
IFRS 16	Leases	Jan 1, 2019	yes
IFRS 17	Insurance Contracts	Jan 1, 2021[2]	no
Amended standards and interpretations			
IFRS 15	Clarifications to IFRS 15	Jan 1, 2018	yes
IFRS 2	Share-based Payment	Jan 1, 2018	no
IFRS 4	Applying IFRS 9 with IFRS 4 "Insurance Contracts"	Jan 1, 2018	no
IAS 40	Disposals of Financial Investments; Investment Property	Jan 1, 2018	no
AIP 2014 - 2016	Improvements to IFRS	Jan 1, 2018	no
IFRIC 22	Foreign Currency Transactions and Advance Consideration	Jan 1, 2018 [2]	no
IFRS 9	Prepayment Features with Negative Compensation	Jan 1, 2019	no
IAS 28	Long-term Interests in Associates and Joint Ventures	Jan 1, 2019[2]	no
IFRIC 23	Uncertainty over Income Tax Treatments	Jan 1, 2019[2]	no
IAS 19	Plan amendments, curtailments and settlements	Jan 1, 2019[2]	no
AIP 2015 - 2017	Improvements to IFRS	Jan 1, 2019[2]	no

1) applicable for financial years starting on or after the indicated date
2) not yet adopted by the EU

IFRS 15 (Revenue from Contracts with Customers) 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 impacts of IFRS 15 were evaluated by working groups. As part of this, the ÖBB-Infrastruktur Group has evaluated all relevant subject areas for the main revenue streams (infrastructure use, rental income, energy deliveries and grid usage fees, revenues from real estate recovery projects). All sales are based on short-term contracts for which no variable remuneration has been agreed. For revenue and other operating income, no significant changes are expected in the amount and timing of income recognition. However, the scope of the required disclosures in the notes will be expanded. The ÖBB-Infrastruktur Group will initially adopt IFRS 15 with effect from January 1, 2018.

IFRS 9 contains provisions for the recognition, measurement and derecognition of financial instruments and for hedge accounting, and replaces the previous IAS 39 standard in these areas. In particular, the rules on the classification and measurement of financial assets, which now depend on the business model and contractual cash flows, have been revised. Depending on the type of financial asset and the two criteria mentioned, financial are subsequently measured at either amortized cost of at fair value through profit or loss or through otter comprehensive income. The most significant amendment of IFRS 9 is the new regulation on the recognition of impairments on financial assets, which now provides for the recognition of expected losses (expected loss model).

The ÖBB-Infrastruktur Group currently has financial assets mainly in the form of trade receivables, financial assets in connection with cross-border leasing transactions (CBL) and cash and cash equivalents. Securities previously reported as Available for Sale Financial Assets (AfS) are debt instruments and will in the future be reported at amortized cost since they only contain cash flows from repayments and interest. Beginning January 1, 2018 these financial assets are no longer measured at fair value and the relating AfS reserve is transferred to retained earnings.

The first-time application of the classification provisions of IFRS 9 is not expected to have a material impact on the ÖBB-Infrastruktur Group. In accordance with IFRS 9 trade and other receivables are measured at amortized cost as previously under IAS 39. The measurement of financial assets in connection with CBL transactions or cash and cash equivalents also remains unchanged. Equity instruments that were previously measured at cost in accordance with IAS 39.46 (c) will in the future be measured at fair value through the income statement. Since the ÖBB-Infrastruktur Group has no financial liabilities classified as held for trading or for which the fair value option has been exercised, the first-time application of IFRS 9 does not result in any changes to the accounting treatment of financial liabilities.

For trade receivables, the expected loss is determined on the basis of actual payment defaults in the last three years using the simplified impairment model. The ÖBB-Infrastruktur Group estimates that the application of the impairment provisions of IFRS 9 as of January 1, 2018, will lead to an increase in recognized impairments of kEUR 308.

The Board of Management expects that the impairment of financial assets in connection with CBL transactions will increase impairments of kEUR 307, which, however, will charged to other companies of the ÖBB Group based on the right of recourse agreed in sublease agreements.

Cash and cash equivalents are generally invested with financial institutions with excellent credit ratings having short maturities (< 3 months) and are measured at amortized cost in accordance with IFRS 9. Cash and cash equivalents have a low probability of default due to their short maturity and the good external ratings of the financial institutions. Therefore, the application of the expected loss model has only a minor impact on the impairment of cash and cash equivalents.

Furthermore, no impact on the net assets, financial position, and results of operations in the area of hedge accounting is expected, since the accounting treatment of hedging transactions is based on the Company's internal risk management. In general, the scope and level of detail of the Notes will increase. The option to continue to apply IAS 39 is not applied.

It is intended to make use of the exception not to adjust comparative information for previous periods with regard to the change in classification and measurement (including impairment). Differences between the carrying amounts of financial assets resulting from the initial application of IFRS 9 are recognized in retained earnings as of January 1, 2018.

The new IFRS 16 replaces the previous provisions of IAS 17 and the associated interpretations, in particular the accounting treatment of leases by the lessee. The lessee now recognizes a liability for future lease payments for each lease. The liability is discounted at initial recognition and reduced in subsequent years by lease payments and, at the same time, increased by unwinding of interest. Simultaneously, a right of use in the amount of the present value of future lease payments is capitalized and subsequently depreciated using the straight-line method. The previous distinction between operating lease and finance lease is therefore no longer applicable. This accounting regulation does not have to be applied to low-value assets or short-term leasing contracts. For lessors, however, the provisions of the new standard are comparable with the previous provisions of IAS 17. IFRS 16 also contains regulations on sale-and-leaseback transactions and the required disclosures in the notes.

The impact of IFRS 16 on the ÖBB-Infrastruktur Group is currently being evaluated by working groups. The lease liability is capitalized at the present value of the remaining lease payments. The rights of use are recognized at the amount that would have resulted from retroactive application. Based on the consolidated financial statements as of 12/31/2016, it is expected that the non-current assets will increase by EUR 93.7 million and the debt will increase by EUR 96.2 million. The difference of EUR 2.5 million expected from today's perspective is recognized in equity as of January 1, 2019. EBIT would improve and the financial result would deteriorate by EUR 1.3 million. EBT would remain unchanged. In addition, the scope and level of detail of the Notes will increase. The ÖBB-Infrastruktur Group does not plan to early adopt IFRS 16 but to apply the Standard from January 1, 2019, without adjusting the prior year's amounts. In 2018, the consolidated financial statements will be analyzed as of December 31, 2017, and the first-time application as of January 1, 2019 will be prepared.

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.

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

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

Consolidation

Subsidiaries (capital consolidation)

Subsidiaries are entities controlled by the ÖBB-Infrastruktur Group. The ÖBB-Infrastruktur 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 ÖBB-Infrastruktur Group obtains control until the expiration of control.

Accordingly, the results of operations of the businesses acquired or sold during the reporting year are included in the consolidated statement of comprehensive income from the date of acquisition or until the date of disposal, respectively. If the ÖBB-Infrastruktur Group loses control of a subsidiary, it derecognizes the assets and liabilities of the subsidiary and other equity components.

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

Business combinations

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

When an entity is acquired, the ÖBB-Infrastruktur 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 income statement or in other comprehensive income according to IAS 39 ("Financial Instruments: Recognition and Measurement"). Contingent consideration classified as an equity instrument is not remeasured; its payment is accounted for in equity.

At initial recognition, goodwill is measured at cost, determined as the excess amount of the total consideration transferred plus the amount of the share of the non-controlling interest over the identifiable assets acquired and liabilities assumed. If this consideration is less than the fair value of the net assets acquired, the difference is recognized in profit or loss. After the initial recognition, goodwill is measured at cost less cumulative impairment charges. For purposes of impairment testing, the goodwill acquired through business combinations is allocated from the time of acquisition onward to the cash-generating unit within the ÖBB-Infrastruktur Group that is expected to achieve synergies through the combination. Whether or not other assets or liabilities of the acquired entity are allocated to these cash-generating units is irrelevant.

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 ÖBB-Infrastruktur 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-Infrastruktur Group in the net assets subsequent to the acquisition date and to reflect losses resulting from impairment. Losses exceeding the recognized investment 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-Infrastruktur Group exceeds the fair values of the identifiable assets and liabilities of the associated company at the date of acquisition, such excess amount is accounted for as goodwill included in the value of the investment. If the cost of the interest acquired by the ÖBB-Infrastruktur Group is less than the fair values of the identifiable assets and liabilities at the date of acquisition, the difference is recognized in profit or loss in the period in which the acquisition occurred.

Joint ventures

A joint agreement is an agreement in which two or more parties holding joint control have rights to the net assets of the agreement.

Joint ventures are contractual arrangements between two or more parties governing a business activity performed jointly by those parties. Joint ventures in which rights to the net assets of the arrangement are held and not to its assets and liabilities are included in the Consolidated Financial Statements using the equity method.

Elimination of intercompany accounts

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

Revenue and expense elimination

All intra-group expenses and revenues are eliminated in the course of the revenue and expense elimination. When assets are constructed by the ÖBB-Infrastruktur Group itself, any revenue arising therefrom is recognized in own work capitalized after taking into account elimination of the unrealized profits.

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-Infrastruktur AG 16 (prior year: 13) subsidiaries are consolidated and two (prior year: two) associates or joint ventures (of which one is foreign; prior year: one) are recognized using the equity method, i.e., resulting in a total of 19 (prior year: 16) 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-Infrastruktur Group. The subsidiaries not consolidated are those with a small business volume whose revenues, assets, and liabilities jointly account for less than 1% of the consolidated amounts.

Basis of consolidation	Consolidated	At equity method of accounting	Total
As of Jan 1, 2016	14	2	16
thereof foreign companies	*0*	*1*	*1*
As of Dec 31, 2016	**14**	**2**	**16**
thereof foreign companies	*0*	*1*	*1*
Initial consolidation	3	0	3
As of Dec 31, 2017	**17**	**2**	**19**
thereof foreign companies	*0*	*1*	*1*

At the beginning of 2017, ÖBB-Güterzentrum Wien Süd Betriebsgesellschaft m.b.H. and ÖBB-Güterzentrum Wien Süd Betriebsgesellschaft m.b.H. & Co KG, which were founded in 2016 and commenced operations in the course of 2017, were initially consolidated. In addition, Mariannengasse 16-20 Projektentwicklung GmbH & Co KG was initially consolidated of January 1, 2017. As a result of the initial consolidation of these companies, the balance sheet total increased by EUR 0.1 million. The effects of the initial consolidation of the three companies on cash and cash equivalents in the consolidated statement of cash flow amounted to EUR 0.1 million.

3. Summary of significant accounting policies

Basis of preparation of financial statements

The consolidated financial statements are prepared using the principle of amortized cost. This excludes derivative financial instruments and available-for-sale financial assets that are 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, disposal of assets and 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 depreciation is recognized in the line item 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.

Unchanged from the previous year, useful lives are:

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

Costs for maintenance measures and repairs are expensed as incurred, whereas replacements, extensions, and value-improving capital expenditures are capitalized. The distinction between maintenance measures and repairs that are expensed immediately and capital expenditures that are capitalized is based on the rules of IAS 16 or accounting principles derived therefrom for ÖBB-Infrastruktur Group-specific circumstances. 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".

Investment grants

Grants (investment grants) provided to the ÖBB-Infrastruktur Group 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

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

Intangible assets with finite useful lives 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 amortization is recognized in the li9ne item depreciation and amortization in the Consolidated Income Statement.

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

	Years
Investment grants	3-150
Concessions, property rights, licenses	4-20
Development costs	5
Software	2-20
Other intangible assets	10-30

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 is mostly 20 years.

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

Property, plant and equipment, intangible assets, and investment property with finite useful lives are tested for impairment if events or changes in circumstances indicate that the carrying amount of an asset exceeds its 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 (Impairment of Assets), 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 2018 and medium-term plan 2019–2022) 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.

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 is allocated proportionally to the assets of the cash-generating unit, although the assets of the cash-generating unit may not be written down to an amount which is below their recoverable amount. The reductions in the carrying amount represent expenses from the impairment of the individual assets.

If there is any indication that an impairment of assets no longer exists, the impairment loss is entirely or partially reversed through profit or loss up to a maximum of the amortized cost.

No indicators of impairment were identified for any cash-generating unit either for 2016 or for 2017 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 Austrian 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 information is provided in the chapter "Service relations with the government, master plan for infrastructure investments and the liability of the government" in note 32.

Impairment of investments in associated companies and joint ventures

Subsequent to the application of the equity method according to IAS 28.40 and IFRS 11, it has to be determined at each reporting date as to whether there is any objective indication of an impairment of the carrying amount in accordance with IAS 39.58 et seqq. If indicators are identified, the recoverable amount of the investment must be determined in accordance with IAS 36, Impairment of Assets. If there is an impairment loss, the investment must be written down accordingly. 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.

Inventories

Inventories include material and spare parts used primarily for the expansion, maintenance and repair of defects of the ÖBB-Infrastruktur Group's own railway networks and real estate recovery 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 and selling costs 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. These real estate recovery projects are held for sale in the course of normal business operations or are in the process of development for subsequent sale.

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.

Financial instruments

General information

Financial assets and liabilities are recognized when the ÖBB-Infrastruktur 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. 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-Infrastruktur-Group shows cash on hand, cash in banks with remaining terms of up to three months and balances at the affiliated company ÖBB-Finanzierungsservice GmbH, which manages liquidity between the companies of the ÖBB Holding Group, as liquid funds. Money market deposits with original maturities of more than three months are classified as other current financial assets along with securities. Cash and cash equivalents, including current liabilities due to ÖBB-Finanzierungsservice GmbH, represent the funds for the Statement of Cash Flow.

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 and those instruments held as available for sale at cost. 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 financial 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 other comprehensive income in equity (cash flow hedge reserve). The effects stated in the cash flow hedge reserve are recognized in profit and loss when the hedged item is recognized in profit and loss. Changes in the fair value of the ineffective portion of the hedge and changes in the fair value of derivative financial instruments not classified as a hedge are recognized in profit or loss immediately. Hedge accounting is applied in the ÖBB-Infrastruktur Group. See Note 29.2 on hedge accounting.

In accordance with IAS 39, the ÖBB-Infrastruktur 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 rate 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 the 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 or the acquisition costs of the securities, and the period of time for which such a difference exists. Impairment losses are recognized in income in the period in which they occur as other financial expenses.

If there is an indication that an impairment loss no longer exists, the ÖBB-Infrastruktur 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 (for example, 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 receivables, financial liabilities and swap agreements is based on the present value of future cash flows, discounted at the ÖBB-Infrastruktur Group’s estimated current interest rate at which comparable financial instruments may be concluded. Existing credit risk is considered when determining the fair values.

The ÖBB-Infrastruktur Group estimates whether the fair value of assets for which no quoted prices are available – mainly investments – corresponds to their carrying amount or cost 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.

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 settlement of the obligation will result in an outflow of resources and the amount of the obligation can be measured with sufficient reliability.

The amount of the provision recognized is the best estimate at the reporting date of the expenditure required to settle the present obligation. In doing so, the obligation must take into consideration the inherent risks and uncertainties. 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-Infrastruktur Group as lessee assumes substantially all the risks and rewards of ownership of an asset are classified as finance leases. Otherwise, they are classified as operating leases. Property, plant and equipment acquired by way of a finance lease is 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-Infrastruktur Group as lessor, the leased item is recognized by the ÖBB-Infrastruktur Group. The leased item is recognized according to the provisions of IAS 16. The accounting and measurement methods for cross-border leasing agreements are presented in Note 30.3.

Lease agreements in which the ÖBB-Infrastruktur Group as lessor essentially transfers all of the risks and rewards associated with 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-Infrastruktur Group has entered into only one individual contractual pension obligation for a former member of the Board of Management. Apart from this obligation, there are only defined contribution plans with respect to pensions. The ÖBB-Infrastruktur Group pays contributions to publicly or privately administered pension and severance insurance plans on a mandatory or contractual basis for these defined contribution plans. Apart from the contribution payments, there are no further payment obligations. The regular contributions are 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-Infrastruktur Group calculates the provision using the projected unit credit method (PUC method) in accordance with IAS 19 (Employment Benefits). The remeasurement of net defined benefit obligations contains only actuarial gains or losses. The defined benefit obligations are measured in accordance with actuarial principles and are based on an objective estimate of the discounting factor and compensation increases along with turnover. According to this method, the ÖBB-Infrastruktur Group recognizes actuarial gains and losses from provisions for severance payments 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, (Property, plant and equipment), 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 (Provisions, Contingent Liabilities and Contingent Assets). The effects of changes in the measurement of existing provisions for disposal, restoration and similar liabilities are accounted for in accordance with IFRIC 1 ("Changes in existing provisions for disposal, restoration and similar liabilities"). 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.

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-Infrastruktur Group.

Grants related to income

Grants related to expenses awarded to the ÖBB-Infrastruktur 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), borrowing costs for significant qualifying assets are capitalized. For further information see Note 14.

Research and development costs

In accordance with IAS 38 (Intangible Assets), research costs refer to original and planned research performed to gain new scientific or technical knowledge and understanding, and they are 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 expensed as incurred in accordance with IAS 38. If the capitalization requirements of IAS 38 are met, development costs are recognized as intangible assets.

Income taxes

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

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

- Income from power transactions
- The provision of services not related to railway infrastructure
- Management (including development and sale) of real estate not representing railway assets as defined 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 subsidiaries of the entire ÖBB Group, including ÖBB-Infrastruktur AG and its subsidiaries, as group members. Accordingly, rules on tax equalization were agreed between the head of the tax group and the group members. The positive tax allocations determined in accordance with these provisions are calculated using the stand-alone method (based on the tax independence of the individual group members for the calculation of the allocation) and are due at the time the annual financial statements of the respective group member are adopted, whereas negative tax allocations are only due when the losses are effectively used by the group parent.

Deferred taxes

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

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-Infrastruktur Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future due to this influence.

Deferred taxes are measured at the tax rates (and under the tax regulations) that have been enacted or substantially enacted on the reporting date and that are expected to apply in the period when the deferred tax assets are 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 against which the temporary differences or loss carry-forwards can be utilized will be available.

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

Use of estimates and judgment

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

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

a. Employee benefit plans

Obligations for severance payments and anniversary bonuses are measured by applying parameters such as the expected discount rate, long-term 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-Infrastruktur Group. The discount rate applied to long-term personnel provisions (severance payments and anniversaries) was adjusted to the changed conditions in 2017. The impact of possible changes of parameters is disclosed in Note 26.1.

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

The estimated useful lives are determined according to the facts and circumstances assuming ordinary maintenance costs. Actual use may differ from these estimates. According to a sensitivity analysis, a change in the useful life (remaining useful life) of +/- 1 year would increase the depreciation by EUR 86.4 million (prior year: EUR 80.3 million) or decrease it by EUR 70.0 million (prior year: EUR 72.5 million), respectively. Useful lives are reviewed annually or as required to ensure they are reasonable. In financial year 2016, the asset group of “Tunnels” was split into closed tunnels and cut-and-cover tunnels (including galleries and protective roofs) and the useful lives of cut-and-cover tunnels (including galleries and protective roofs) reduced from 150 years to 80 years. This reduction of useful life was prompted by necessary maintenance measures performed in 2016 that resulted in condition analyses. As a result, amortization increased by EUR 4.4 million in 2016. This results in an annual impact of a similar magnitude for the following years.

c. Provisions

Provisions are measured according to the best estimate, i.e., at the amount that the ÖBB-Infrastruktur Group would have to pay, under reasonable consideration, to settle or transfer the obligation as of the reporting date. Reliable statements on a sensitivity analysis, especially regarding the likelihood of occurrence of environmental risks and decommissioning costs, are not possible. The measurement of the provision for decommissioning costs was based on the assumption that the ÖBB-Infrastruktur Group will continue to exist and therefore the tracks will continue to be operated. Decommissioning costs are estimated and a respective provision is recognized only when the closure of individual tracks is expected in the foreseeable future or when such closure has already been initiated. The amount of the expected asset retirement costs depends largely on the assumptions of the decommissioning scenarios. For the amounts of provisions, see Note 26.2.

d. 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. Please refer to the partial income tax exemption regarding the tax situation of ÖBB-Infrastruktur AG (listed under the heading "Income taxes"). When assessing deferred tax assets, the Board of Management evaluates the prospective usage within the five-year tax planning period (see Note 13).

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

e. Financial obligations and reimbursement claims

Various proceedings, lawsuits and other claims against or by ÖBB-Infrastruktur AG and its subsidiaries are pending in the ordinary course of business. These issues are subject to a large number of uncertainties, and the outcome of the negotiations or processes cannot be predicted with certainty. Consequently, as of December 31, 2017, the

Board of Management is unable to determine the total amount of financial liabilities or claims, or their impact on the ÖBB-Infrastruktur Group's financial position with final certainty. These procedures could materially affect the results when they are finalized. However, the Board of Management believes that after final settlement of such cases, the impacts will not significantly exceed the provisions recognized, and therefore will not have any material consequences on the Consolidated Financial Statements.

Differentiation of maturities

Deferred taxes are recognized as long-term in accordance with IAS 12. The short-term portion is therefore correspondingly disclosed in the Notes (Note 13). Development projects are recognized in inventories, although their realization is not expected within the next twelve months. The long-term portion is disclosed in the Notes (Note 21). Long-term trade receivables and trade payables are recognized as short-term items in accordance with IAS 1 ("Presentation of Financial Statements"), with disclosure of the long-term portion in the Notes.

Concentration of risks

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

Capital management

The objective of the financial management of the ÖBB-Infrastruktur 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 as well as 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 which are compared to the respective budgeted values: The Company defines equity as share capital, provisions as well as retained earnings and shares of non-controlling interests, if any. Managed equity as of December 31, 2017 amounts to EUR 1,337.8 million (prior year: EUR 1,268.6 million).

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

4. Revenue

	2017 in EUR million	2016 in EUR million
Government grant pursuant to Article 42 Bundesbahngesetz for infrastructure operation	1,064.8	1,109.8
Infrastructure usage charge	536.2	524.1
Energy supply and grid usage charge	174.7	180.1
Revenue from rent	142.2	141.3
Revenue from real estate recovery projects	63.4	47.1
Other revenue	120.1	105.4
Total	**2,101.4**	**2,107.8**
thereof from affiliated companies	*732.5*	*719.7*

The proportional contribution of the federal government pursuant to Article 42 Austrian 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 do not cover the expenses incurred with economical and efficient management. Further information on the grant contract is provided in Note 32.

The infrastructure usage charge is paid primarily by other companies of the ÖBB Group for the provision of rail infrastructure. Revenues from "energy deliveries and grid usage fees" include grid usage fees of EUR 89.6 million (prior year: EUR 83.9 million).

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

The contract revenue from construction contracts recorded under other revenue in the reporting period amounts to EUR 34.1 million (prior year: EUR 32.4 million), of which EUR 15.4 million (prior year: EUR 10.9 million) was generated from affiliated companies of the ÖBB Group. For these revenues contract costs of EUR 33.5 million (prior year: EUR 31.7 million) were incurred. Other revenues also include revenues from telecommunications services, damage repairs, cleaning and security services and services in connection with the operation of container terminals.

For the composition of revenue according to geographic aspects, see Note 33 (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 own work capitalized relates mainly to the construction or expansion of the railway infrastructure. Of the total amount 58% (prior year: 58%), relate to personnel expenses, 26% (prior year: 25%) to cost of material and 16% (prior year: 17%) to other expense.

6. Other operating income

	2017 in EUR million	2016 in EUR million
Grant from the Federal Government pursuant to Article 42 Federal Railways Act for infrastructure	753.3	691.6
Gain from the disposal of property, plant and equipment, intangible assets, investment property and non-current assets held for sale	33.9	39.5
Miscellaneous other operating income	18.4	15.3
Total	**805.6**	**746.4**
thereof from affiliated companies	*0.4*	*0.1*

The government grant pursuant to Article 42 of the Federal Railways Act for extension and reinvestments is reported in other operating income. Further information on the grant agreement is provided in Note 32.

7. Costs of materials and purchased services

	2017 in EUR million	2016 in EUR million
Cost of materials	76.9	80.2
Purchased services	334.9	298.5
thereof maintenance expenses	*290.1*	*246.6*
Total	**411.8**	**378.7**
thereof from affiliated companies	*80.2*	*75.4*

Cost of materials include EUR 50.9 million (prior year: EUR 54.4 million) for the external procurement of traction power and the purchase of power for resale to third parties. The cost of sold real estate development projects, which is recognized as an expense, amounted to EUR 4.5 million (prior year: EUR 5.9 million).

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

8. Personnel expenses and employees

	2017 in EUR million	2016 in EUR million
Wages and salaries	880.8	869.1
Statutory social security contributions	229.9	226.6
Expenses for severance payments	6.4	6.1
Pension costs	9.2	9.1
Total	**1,126.3**	**1,110.9**

The interest expense from the accretion of personnel provisions is reported under personnel expenses.

The employee structure is composed as follows:

				Change	Average	
Number of employees (headcount)	Dec 31, 2017	Dec 31, 2016	Reporting date	in %	2017	2016
Employees	3,703	3,457	246	7%	3,559	3,348
Workers	2,023	1,796	227	13%	1,940	1,803
Tenured employees	10,925	11,304	-379	-3%	11,116	11,503
Total (excl. apprentices)	**16,651**	**16,557**	**94**	**1%**	**16,615**	**16,654**
Apprentices	1,521	1,491	30	2%	1,360	1,309
Total (incl. apprentices)	**18,172**	**18,048**	**124**	**1%**	**17,975**	**17,963**

				Change	Average	
Number of employees (FTE)	Dec 31, 2017	Dec 31, 2016	Reporting date	in %	2017	2016
Employees	3,619.7	3,390.0	229.7	7%	3,483.8	3,281.3
Workers	2,019.7	1,791.3	228.4	13%	1,935.8	1,799.0
Tenured employees	10,753.1	11,184.6	-431.5	-4%	10,964.4	11,398.0
Total (excl. apprentices)	**16,392.5**	**16,365.9**	**26.6**	**0%**	**16,384.0**	**16,478.3**
Apprentices	1,521.0	1,491.0	30.0	2%	1,360.0	1,308.6
Total (incl. apprentices)	**17,913.5**	**17,856.9**	**56.6**	**0%**	**17,744.0**	**17,786.9**

Due to the use of partial retirement ("Altersteilzeit") by tenured employees, the change in the number of employees based on FTE is higher than the change in the number of employees based on headcount.

9. Depreciation and amortization

	2017 in EUR million	2016 in EUR million
Depreciation on property, plant and equipment	871.7	847.4
Amortization of intangible assets	40.4	39.4
Depreciation on investment property	3.9	5.9
thereof impairments (Note 16)	*0.0*	*1.6*
less amortization of investment grants	-164.4	-167.0
Total depreciation and amortization	**751.6**	**725.7**

10. Other operating expenses

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

	2017 in EUR million	2016 in EUR million
Operating costs (incl. IT)	84.8	84.4
Office requirements	46.4	38.2
Non-income taxes	42.2	40.9
Travel costs	18.1	19.0
Holding levy	17.7	15.9
Loss on disposal of property, plant and equipment and intangible assets	13.7	24.6
Training and continuing education	7.3	7.1
Miscellaneous	86.1	82.7
Total	**316.3**	**312.8**
thereof from affiliated companies	*130.4*	*122.7*

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

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

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

	2017 in kEUR	2016 in kEUR
Annual financial statements and consolidated annual financial statements audit	306	295
Other services	20	26
Total	**326**	**321**

The annual and Consolidated Financial Statements were audited by BDO Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft in both financial years. In addition to the audit of the financial statements, the following other services were rendered for the Group: Preparation of an expert opinion in accordance with § 26 URG for ÖBB-Infrastruktur Aktiengesellschaft and Güterterminal Werndorf Projekt GmbH, traction power labeling (review of processes), confirmation of use of funds with guarantees of the federal government for ÖBB-Infrastruktur Aktiengesellschaft and Rail Equipment GmbH & Co KG.

11. Interest income and expenses

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

Interest income/expenses	2017 in EUR million	2016 in EUR million
Interest income	18.2	29.2
thereof from affiliated companies	*1.9*	*2.5*
Interest expenses	-575.2	-618.0
thereof from affiliated companies	*-2.1*	*-2.7*
Total	**-557.0**	**-588.8**
thereof from affiliated companies	*-0.2*	*-0.2*

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.

Interest income mainly relates to income from securities and other investments in connection with cross-border leasing transactions. Interest income related to affiliated companies results largely from interest on receivables from subleases.

Interest expenses in the amount of EUR 490.5 million (prior year: EUR 523.7 million) relate to bonds (before capitalizing interest on borrowings, Note 14). Interest expense is also incurred for EUROFIMA loans and other borrowings and interest-related expenses. Expenses for guarantee premiums amounted to EUR 18.5 million (prior year: EUR 19.5 million). Other interest expenses include interest payments and deferrals from cross-border leasing transactions and sublease agreements of EUR 9.9 million (prior year: EUR 15.6 million).

12. Other financial result

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

Other financial result	2017 in EUR million	2016 in EUR million
Other financial income	44.1	35.2
thereof from measurement/foreign currency translation differences	*35.6*	*14.0*
thereof from affiliated companies	*0.0*	*8.2*
Other financial expenses	-37.1	-24.5
thereof from measurement/foreign currency translation differences	*-34.3*	*-12.7*
thereof from affiliated companies	*-1.2*	*-0.7*
Total	**7.0**	**10.7**

Measurement gains and losses from the hedged items in connection with cash flow hedge and fair value hedge accounting are offset against the results from the derivatives in order to provide a better overview of the results of operations of the ÖBB-Infrastruktur Group. Other financial income includes, in addition to foreign exchange rate differences, in particular measurement gains from derivatives and recharges of expenses incurred with cross-border leasing transactions to affiliated companies as well as income from the measurement of power derivatives held for trading purposes.

The other financial expenses result, in addition to foreign exchange rate differences, in particular from fair value changes of derivative financial instruments. Other financial expenses include expenses from the expiry of cross-border leasing transactions and measurement expenses which were charged to affiliated companies.

13. Income taxes

Tax expense/tax income

The item income taxes is composed as follows:

	2017 in EUR million	2016 in EUR million
Expense/benefit from tax allocation (group taxation)	-0.5	-0.5
Deferred tax expense/benefit	15.1	8.2
Income taxes	**14.6**	**7.7**

Income taxes are calculated at 25% of the estimated taxable profit in the financial year.

Deferred taxes developed as follows:

	2017 in EUR million	2016 in EUR million
Deferred tax assets	30.4	24.8
Recognized amounts as of Jan 1	**30.4**	**24.8**
Change in deferred taxes		
recognized in other comprehensive income	*-1.7*	*-2.6*
recognized in profit or loss	*15.1*	*8.2*
Recognized amounts as of Dec 31	**43.8**	**30.4**
thereof deferred tax assets	*43.8*	*30.4*
thereof deferred tax liabilities	*0.0*	*0.0*

Deferred taxes recognized in other comprehensive income result primarily from differences between the IFRS carrying amounts and the tax bases resulting from power derivatives, cash flow hedges, and actuarial gains and losses in accordance with IAS 19.

Due to the underlying valuation differences between the carrying amounts in the IFRS consolidated financial statements and the relevant tax bases in the amount of EUR 35.0 million (prior year: EUR 24.8 million), deferred taxes should be viewed as long-term. Deferred taxes on loss carryforwards of EUR 8.8 million (prior year: EUR 5.6 million), which are expected to be utilizable in the financial year 2018, should be viewed as current.

The following table shows the main reasons for the difference between the income taxes indicated in profit or loss and the income taxes calculated by applying the statutory tax rate of 25% on the annual taxable income.

	2017 in EUR million	2016 in EUR million
Income before income tax according to IFRS	47.1	49.6
Adjustment of tax-exempt portion pursuant to Article 50 (2) Austrian Federal Railways Act	68.0	49.6
IFRS result for the year - taxable portion	**115.1**	**99.2**
Group tax rate	*25%*	*25%*
Expected expense (-) or benefit (+) from taxes in the financial year	-28.8	-24.8
Investment income	2.4	1.9
Effects of changes of recognition	41.0	30.6
Non-deductible operating expenses and other additions	0.0 *)	0.0 *)
Accounted income taxes	**14.6**	**7.7**
Effective corporate tax rate	**-12.7%**	**-7.8%**

*) small amounts

The effective corporate income tax rate of -12.7% (prior year -7.8%), which differs substantially from the statutory corporate income tax rate of 25%, results mainly from recognition adjustments to deferred taxes from loss carryforwards and other deferred tax assets.

Deferred tax assets and deferred tax liabilities as of December 31, 2017 are the result of temporary valuation differences between the carrying amounts in the consolidated financial statements and the relevant tax bases and tax loss carryforwards. Changes in recognition of deferred taxes were necessary as the future tax results, which justify the recognition of deferred tax assets, were reassessed.

The deferred taxes are allocated to the following items in the statement of financial position, losses carried forward, and tax credits:

	Deferred tax assets Dec 31, 2017 in EUR million	Deferred tax liabilities Dec 31, 2017 in EUR million	Deferred tax assets Dec 31, 2016 in EUR million	Deferred tax liabilities Dec 31, 2016 in EUR million
Assets				
Property, plant and equipment	14.6	-1.4	14.9	-1.6
Investment property	0.1	0.0	0.1	0.0
Financial assets	0.2	-7.0	0.2	-4.0
	14.9	**-8.4**	**15.2**	**-5.6**
Liabilities				
Provisions	0.3	-0.7	0.7	-1.9
Other financial liabilities	1.7	0.0	2.4	0.0
	2.0	**-0.7**	**3.0**	**-1.9**
Tax losses carried forward	36.0	0.0	19.7	0.0
Deferred tax assets or deferred tax liabilities	**52.9**	**-9.1**	**37.9**	**-7.5**
Offsetting	-9.1	9.1	-7.5	7.5
Net deferred tax assets or deferred tax liabilities	**43.8**	**0.0**	**30.4**	**0.0**

When assessing deferred tax assets, the Board of Management evaluates the prospective usage within the five-year tax planning period. The use of deferred tax assets requires sufficient taxable income during the periods in which the temporary differences or tax losses can be utilized. The Board of Management considers the scheduled reversal of deferred tax liabilities and the estimated future taxable income for this assessment.

Based on prior periods taxable income and the taxable income forecasts of future years in which tax claims can be utilized, the Board of Management believes that it is probable that tax benefits from the deferred tax claims will be realized in the amount of EUR 43.8 million (prior year: EUR 30.4 million). The temporary differences in property, plant and equipment result mainly from the different depreciation/amortization start (pro rata in accordance with IFRS compared to the half-year rule in accordance with the tax code) as well as from different acquisition costs. The temporary differences from the financial assets and liabilities arise due to the different measurement of power derivatives under IFRS (fair value measurement) and tax law (provision for onerous contracts).

Tax loss carryforwards stem from Austrian companies and may be carried forward without restriction. Annual usage of losses carried forward is limited to 75% of the respective taxable income in Austria, however, EUR 2,353.5 million (prior year: EUR 2,415.7 million) result from pre-tax group losses of ÖBB-Infrastruktur AG and can therefore be utilized in their entirety against taxable income generated in future periods. The change results from the consideration of the differences resulting from the assessments made in the financial year and the originally taken into account tax results.

No deferred taxes are recognized for tax loss carryforwards of EUR 2,215.8 million (prior year: EUR 2,343.5 million), as their realization is not certain for the foreseeable future.

The currently ongoing tax audit for the years 2009 to 2013 and a review of the years 2014 and 2015 for capital gains tax, value added tax, corporation tax, motor vehicle tax and the chamber levy have not yet been completed. It is currently not possible to predict any findings of the tax audit.

14. Property, plant and equipment

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

in EUR million	Land and buildings	Automobiles and trucks	Technical equipment and machinery	Technical equipment and machinery leased	Other plant, furniture and fixtures	Assets under construction and prepayments	Total
Cost 2017							
Cost as of Jan 1, 2017	26,401.1	386.8	9,198.9	1.5	151.6	3,283.1	39,423.0
Additions	25.7	0.2	1.5	0.0	6.7	1,695.3	1,729.4
Disposals	-63.2	-22.9	-47.8	0.0	-6.2	-4.1	-144.2
Transfers	997.2	31.0	377.7	0.0	2.9	-1,409.5	-0.7
Cost as of Dec 31, 2017	**27,360.8**	**395.1**	**9,530.3**	**1.5**	**155.0**	**3,564.8**	**41,007.5**
Accumulated depreciation and amortization as of Jan 1, 2017	-8,238.1	-239.0	-4,966.7	-1.3	-118.6	0.0	-13,563.7
Depreciation and amortization	-516.8	-30.5	-309.7	-0.2	-14.5	0.0	-871.7
Disposals	47.8	19.0	43.1	0.0	6.2	0.0	116.1
Accumulated depreciation and amortization as of Dec 31, 2017	**-8,707.1**	**-250.5**	**-5,233.3**	**-1.5**	**-126.9**	**0.0**	**-14,319.3**
Carrying amounts before investment grants as of Jan 1, 2017	**18,163.0**	**147.8**	**4,232.2**	**0.2**	**33.0**	**3,283.1**	**25,859.3**
Carrying amounts before investment grants as of Dec 31, 2017	**18,653.7**	**144.6**	**4,297.0**	**0.0**	**28.1**	**3,564.8**	**26,688.2**
Investment grants 2017							
As of Jan 1, 2017	-9,597.9	-7.3	-2,950.5	0.0	-4.4	-466.1	-13,026.2
Additions	-32.8	0.0	-13.1	0.0	0.0	-120.3	-166.2
Disposals	49.3	2.3	18.5	0.0	-0.3	0.0	69.8
Transfers	-72.5	0.0	-8.3	0.0	0.0	81.0	0.2
As of Dec 31, 2017	**-9,653.9**	**-5.0**	**-2,953.4**	**0.0**	**-4.7**	**-505.4**	**-13,122.4**
Accumulated depreciation and amortization as of Jan 1, 2017	5,514.5	7.1	2,427.0	0.0	3.7	0.0	7,952.3
Depreciation and amortization	111.7	0.0	45.6	0.0	0.1	0.0	157.4
Disposals	-41.6	-2.3	-17.4	0.0	0.3	0.0	-61.0
Accumulated depreciation and amortization as of Dec 31, 2017	**5,584.6**	**4.8**	**2,455.2**	**0.0**	**4.1**	**0.0**	**8,048.7**
Investment grants as of Jan 1, 2017	**-4,083.4**	**-0.2**	**-523.5**	**0.0**	**-0.7**	**-466.1**	**-5,073.9**
Investment grants as of Dec 31, 2017	**-4,069.3**	**-0.2**	**-498.2**	**0.0**	**-0.6**	**-505.4**	**-5,073.7**
Carrying amounts after investment grants as of Jan 1, 2017	**14,079.6**	**147.6**	**3,708.7**	**0.2**	**32.3**	**2,817.0**	**20,785.4**
Carrying amounts after investment grants as of Dec 31, 2017	**14,584.4**	**144.5**	**3,798.8**	**0.0**	**27.4**	**3,059.4**	**21,614.5**

in EUR million	Land and buildings	Auto-mobiles and trucks	Technical equipment and machinery	Technical equipment and machinery leased	Other plant, furniture and fixtures	Assets under construction and pre-payments	Total
Cost 2016							
Cost as of Jan 1, 2016	*25,730.0*	*372.1*	*8,917.5*	*1.5*	*144.2*	*2,787.0*	*37,952.3*
Additions	23.2	0.0	3.3	0.0	6.2	1,621.0	1,653.7
Disposals	-96.6	-17.5	-39.1	0.0	-3.1	-9.4	-165.7
Transfers	744.4	32.2	317.2	0.0	4.3	-1,115.6	-17.5
Cost as of Dec 31, 2016	26,401.1	386.8	9,198.9	1.5	151.6	3,283.1	39,423.0
Accumulated depreciation and amortization as of Jan 1, 2016	*-7,824.1*	*-221.5*	*-4,686.6*	*-1.2*	*-106.1*	*0.0*	*-12,839.5*
Depreciation and amortization	-488.5	-31.0	-312.3	-0.1	-15.5	0.0	-847.4
Disposals	71.6	13.5	32.2	0.0	3.0	0.0	120.3
Transfers	2.9	0.0	0.0	0.0	0.0	0.0	2.9
Accumulated depreciation and amortization as of Dec 31, 2016	-8,238.1	-239.0	-4,966.7	-1.3	-118.6	0.0	-13,563.7
Carrying amounts before investment grants as of Jan 1, 2016	**17,905.9**	**150.6**	**4,230.9**	**0.3**	**38.1**	**2,787.0**	**25,112.9**
Carrying amounts before investment grants as of Dec 31, 2016	**18,163.0**	**147.8**	**4,232.2**	**0.2**	**33.0**	**3,283.1**	**25,859.3**
Investment grants 2016							
As of Jan 1, 2016	*-9,567.0*	*-7.3*	*-2,952.0*	*0.0*	*-4.3*	*-394.3*	*-12,925.0*
Additions	-67.2	0.0	-11.3	0.0	-0.1	-91.1	-169.7
Disposals	47.9	0.0	18.5	0.0	0.0	0.3	66.7
Transfers	-11.5	0.0	-5.7	0.0	0.0	19.0	1.8
As of Dec 31, 2016	**-9,597.9**	**-7.3**	**-2,950.5**	**0.0**	**-4.4**	**-466.1**	**-13,026.2**
Accumulated depreciation and amortization as of Jan 1, 2016	*5,444.2*	*7.1*	*2,395.3*	*0.0*	*3.6*	*0.0*	*7,850.2*
Depreciation and amortization	112.0	0.0	47.8	0.0	0.1	0.0	159.9
Disposals	-41.1	0.0	-16.1	0.0	0.0	0.0	-57.2
Transfers	-0.6	0.0	0.0	0.0	0.0	0.0	-0.6
Accumulated depreciation and amortization as of Dec 31, 2016	**5,514.5**	**7.1**	**2,427.0**	**0.0**	**3.7**	**0.0**	**7,952.3**
Investment grants as of Jan 1, 2016	**-4,122.8**	**-0.1**	**-556.7**	**0.0**	**-0.7**	**-394.3**	**-5,074.8**
Investment grants as of Dec 31, 2016	**-4,083.4**	**-0.2**	**-523.5**	**0.0**	**-0.7**	**-466.1**	**-5,073.9**
Carrying amounts after investment grants as of Jan 1, 2016	**13,783.1**	**150.5**	**3,674.2**	**0.3**	**37.4**	**2,392.7**	**20,038.1**
Carrying amounts after investment grants as of Dec 31, 2016	**14,079.6**	**147.6**	**3,708.7**	**0.2**	**32.3**	**2,817.0**	**20,785.4**

The ÖBB-Infrastruktur Group received non-repayable investment grants for property, plant and equipment that are presented as a reduction to acquisition cost. The depreciation of subsidized assets and the corresponding amortization of the investment grants are recognized in profit or loss under depreciation and amortization.

Reclassifications include both amounts reclassified from "Assets under construction and prepayments" to the specific accounts for completed property, plant and equipment, and intangible assets, and assets reclassified to or from the items "Assets held for sale" (see Note 19) and "Inventories" (see Note 21). For details of changes in accounting estimates, see Note 3 "Estimated useful lives of property, plant and equipment and intangible assets."

In 2017, in accordance with IAS 23, ÖBB-Infrastruktur Group capitalized interest on the cost of qualifying assets amounting to EUR 78.4 million (prior year: EUR 63.9 million). The capitalization rate for borrowed capital was 3.2%, (prior year: 3.18%). Of the federal subsidies, the amount of EUR 77.6 million (prior year: EUR 62.0 million) was recognized as an investment grant for capitalized interest.

Assets under construction amounted to EUR 3,057.7 million (prior year: EUR 2,815.8 million).

As of December 31, 2017, the contractual obligations for the purchase of property, plant and equipment (purchase commitments) amounted to EUR 1,785.3 million (prior year: EUR 2,050.0 million).

Property, plant and equipment with the following carrying amounts are pledged as collateral for financial liabilities:

	Dec 31, 2017 in EUR million	Dec 31, 2016 in EUR million
Other technical equipment and machinery	0.0	187.9
Automobiles and trucks	49.0	52.5
Total	**49.0**	**240.4**

EUR 49.0 million (prior year: EUR 52.5 million) of these assets serve as collateral for EUROFIMA loans and in 2016 EUR 187.9 million as collateral for liabilities from cross-border leasing transactions.

Losses were incurred from disposals of property, plant and equipment of EUR 13.7 million (prior year: EUR 24.6 million), resulting from scrapping and demolishing assets, the sale of vehicles and other equipment, the disposal of planning systems, and assignments to the public sector. Compensation contributions were received to an insignificant extent in both financial years.

Investment grants

The development of investment grants is shown in the schedule of property, plant and equipment. The main providers of investment grants are as follows:

	Dec 31, 2017 in EUR million	Dec 31, 2016 in EUR million
Republic of Austria	2,931.8	2,822.8
former Eisenbahn-Hochleistungsstrecken AG	1,275.7	1,300.6
Schieneninfrastrukturfinanzierungs GmbH	1,158.9	1,214.7
Other third parties	110.6	99.2
Total	**5,477.0**	**5,437.3**
of which on property, plant and equipment	*5,073.7*	*5,073.9*
of which on intangible assets	*403.3*	*363.4*

Leased and rented assets

Property, plant and equipment include leased assets that are reported separately in the schedule of property, plant and equipment. The leased property, plant and equipment is classified as a finance lease due to the structure of the underlying lease agreements and therefore ÖBB-Infrastruktur Group is the beneficial but not the legal owner of the assets. These assets primarily comprise technical equipment and machinery. For further information, see Note 30.

15. Intangible assets

The schedule of intangible assets below shows the structure of the intangible assets and the changes in the financial year.

	Concessions, protective rights, licenses and development costs in EUR million	Investment grants to third parties in EUR million	Down payments on intangible assets in EUR million	Total in EUR million
Cost 2017				
Cost as of Jan 1, 2017	*155.7*	*1,214.3*	*22.4*	*1,392.6*
Additions	1.7	49.5	27.6	78.8
Disposals	0.0	-1.5	-0.4	-2.0
Transfers	9.9	13.0	-22.0	0.9
Cost as of Dec 31, 2017	**167.3**	**1,275.3**	**27.6**	**1,470.2**
Accumulated depreciation and amortization as of Jan 1, 2017	*-90.5*	*-474.1*	*0.0*	*-564.6*
Depreciation and amortization	-14.2	-26.2	0.0	-40.4
Disposals	0.0	1.5	0.0	1.5
Accumulated depreciation and amortization as of Dec 31, 2017	**-104.7**	**-498.8**	**0.0**	**-603.5**
Carrying amounts before investment grants as of Jan 1, 2017	**65.1**	**740.3**	**22.4**	**827.8**
Carrying amounts before investment grants as of Dec 31, 2017	**62.6**	**776.5**	**27.6**	**866.6**
Investment grants 2017				
As of Jan 1, 2017	*-32.6*	*-673.8*	*0.0*	*-706.3*
Additions	-0.4	-46.3	0.0	-46.7
Transfers	0.2	-0.4	0.0	-0.2
As of Dec 31, 2017	**-32.8**	**-720.1**	**0.0**	**-752.9**
Accumulated depreciation and amortization as of Jan 1, 2017	*18.8*	*324.2*	*0.0*	*343.0*
Depreciation and amortization	1.7	5.3	0.0	7.0
Accumulated depreciation and amortization as of Dec 31, 2017	**20.5**	**329.1**	**0.0**	**349.6**
Investment grants as of Jan 1, 2017	**-13.8**	**-349.6**	**0.0**	**-363.4**
Investment grants as of Dec 31, 2017	**-12.3**	**-391.0**	**0.0**	**-403.3**
Carrying amounts after investment grants as of Jan 1, 2017	**51.3**	**390.6**	**22.4**	**464.3**
Carrying amounts after investment grants as of Dec 31, 2017	**50.3**	**385.5**	**27.6**	**463.3**

	Concessions, protective rights, licenses and development costs in EUR million	Investment grants to third parties in EUR million	Down payments on intangible assets in EUR million	Total in EUR million
Cost 2016				
Cost as of Jan 1, 2016	*145.9*	*1,027.2*	*18.9*	*1,192.0*
Additions	2.4	174.7	29.0	206.1
Disposals	-7.9	-0.5	-0.1	-8.5
Transfers	15.3	13.0	-25.3	3.0
Cost as of Dec 31, 2016	**155.7**	**1,214.3**	**22.4**	**1,392.6**
Accumulated depreciation and amortization as of Jan 1, 2016	*-82.7*	*-448.3*	*0.0*	*-531.0*
Depreciation and amortization	-13.1	-26.3	0.0	-39.4
Disposals	5.3	0.4	0.0	5.7
Transfers	0.0	0.1	0.0	0.1
Accumulated depreciation and amortization as of Dec 31, 2016	**-90.5**	**-474.1**	**0.0**	**-564.6**
Carrying amounts before investment grants as of Jan 1, 2016	**63.2**	**578.9**	**18.9**	**661.0**
Carrying amounts before investment grants as of Dec 31, 2016	**65.1**	**740.3**	**22.4**	**827.8**
Investment grants 2016				
As of Jan 1, 2016	*-33.4*	*-593.3*	*0.0*	*-626.7*
Additions	-0.2	-78.5	0.0	-78.7
Transfers	1.1	-2.0	0.0	-0.9
As of Dec 31, 2016	**-32.6**	**-673.8**	**0.0**	**-706.3**
Accumulated depreciation and amortization as of Jan 1, 2016	*17.1*	*318.9*	*0.0*	*336.0*
Depreciation and amortization	1.7	5.4	0.0	7.1
Transfers	0.0	-0.1	0.0	-0.1
Accumulated depreciation and amortization as of Dec 31, 2016	**18.8**	**324.2**	**0.0**	**343.0**
Investment grants as of Jan 1, 2016	**-16.3**	**-274.4**	**0.0**	**-290.7**
Investment grants as of Dec 31, 2016	**-13.8**	**-349.6**	**0.0**	**-363.4**
Carrying amounts after investment grants as of Jan 1, 2016	**46.8**	**304.5**	**19.0**	**370.3**
Carrying amounts after investment grants as of Dec 31, 2016	**51.3**	**390.6**	**22.4**	**464.3**

The ÖBB-Infrastruktur Group received non-repayable investment grants for intangible assets that are presented as a reduction to acquisition cost. The amortization of these assets and the corresponding amortization of all investment grants are recognized in profit or loss under depreciation and amortization. The average useful life of investment grants to third parties is 18.4 (prior year: 18.7 years).

Expenses for research and development amounted to EUR 7.4 million (prior year: EUR 5.9 million). In the financial year, expenses in the amount of EUR 4.6 million (prior year: EUR 4.2 million) were capitalized as development costs in assets under the item "Concessions, industrial property rights, licenses, and development costs".

The additions in the item "Cost contributions to third parties" mainly result from contributions paid to the Galleria di Base del Brennero - Basistunnel BBT SE.

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 building rights. These properties have the same useful lives as the real estate assets recognized under property, plant and equipment.

In 2016, impairment losses pursuant to IAS 36 in the amount of EUR -1.6 million had to be recognized and are presented under depreciation and amortization. The assets developed as follows:

	2017 in EUR million	2016 in EUR million
Cost		
As of Jan 1	*340.2*	*339.9*
Additions	0.0	1.5
Additions due to transfer from inventories	2.0	0.0
Additions at cost from subsequent acquisitions	0.9	0.0
Disposals at cost	-0.8	-2.4
Transfers from/to tangible assets	-0.2	1.2
As of Dec 31	342.1	340.2
Accumulated depreciation		
As of Jan 1	*-180.2*	*-176.0*
Depreciation	-3.9	-4.3
Impairments	0.0	-1.6
Disposals	0.8	2.2
Transfers	0.0	-0.5
As of Dec 31	-183.3	-180.2
Net carrying amount as of Jan 1	160.0	163.9
Net carrying amounts as of Dec 31	158.8	160.0

All investment property held by the ÖBB-Infrastruktur Group is leased under operating lease agreements. Rental income from these leases (excluding operating costs) amounted to EUR 19.6 million (prior year: EUR 19.7 million). Directly attributable expenses (including repairs and maintenance, but excluding operating costs) amount to EUR 6.6 million (prior year: EUR 6.8 million). In addition, operating expenses of EUR 0.3 million (prior year: EUR 0.5 million) were incurred for property that does not generate rental income. ÖBB-Infrastruktur Group has not entered into any contracts for the maintenance of its investment properties that lead to a related obligation.

The fair value totals EUR 578.0 million (prior year: EUR 559.1 million). For 75% (prior year: 71%) of the properties, the valuation is performed by external experts and is based on market data. The fair values of the remaining investment properties were determined by experts of ÖBB-Immobilienmanagement GmbH using discounted cash flow calculations based on the actual rents generated by the relevant properties. The resulting fair values were classified as level 3 in accordance with IFRS 13. Since 75% of the fair values were determined by external appraisers for which no sensitivities can be calculated, no sensitivities were determined for the remaining 25% (EUR 142.8 million) either, as the meaningfulness in this respect is very limited.

Of the investment property, EUR 2.5 million is attributable to affiliated companies of the remaining ÖBB Group, which are all composed of building rights. These have a market value of EUR 3.7 million. In this context, revenues of EUR 0.1 million were generated but no related expenses were incurred.

17. Investments recorded using the equity method of accounting

Investments that are measured using the equity method of accounting include investments in one joint venture and in one associate.

Joint venture name and registered office	Ownership share in % Dec 31, 2017	Dec 31, 2016
Galleria di Base del Brennero - Brenner Basistunnel BBT SE, I-39100 Bolzano	50.0	50.0

Associated company name and registered office	Ownership share in % Dec 31, 2017	Dec 31, 2016
Weichenwerk Wörth GmbH, A-3151 St. Georgen am Steinfeld	43.05	43.05

The following table summarizes the financial information of the companies reported using the equity method of accounting in which ÖBB-Infrastruktur AG is invested as of the reporting date. The table also reconciles the summarized financial information to the carrying amount of the ÖBB-Infrastruktur Group's investment. The figures for Galleria di Base del Brennero – Brenner Basistunnel BBT SE are provisional and adjusted to the accounting methods applied in the ÖBB-Infrastruktur Group.

	Galleria di Base del Brennero - Brenner Basistunnel BBT SE	
	Dec 31, 2017 in EUR million	Dec 31, 2016 in EUR million
Revenue	0.0	0.0
Depreciation	-1.1	-1.2
Interest income	0.0 *)	0.4
Interest expenses	0.0 *)	0.0 *)
Tax expense	0.0 *)	0.0 *)
Annual profit/loss from continuing operations	0.0	0.0
Overall result	**0.0**	**0.0**
Cash and cash equivalents	92.1	98.7
Other current assets	103.5	286.5
Non-current assets	15.0	13.9
Non-current liabilities	127.4	80.9
thereof current financial liabilities	124.0	78.8
Non-current liabilities	2.1	237.1
thereof non-current financial liabilities	0.0	0.0
Net assets 100%	**81.1**	**81.1**
Interest of the ÖBB-Infrastruktur Group in the net assets of the investee as of 01/01	40.6	40.6
Overall result attributable to the ÖBB-Infrastruktur Group	0.0	0.0
Dividends received from associated companies	0.0	0.0
Carrying amount of the interest in the investee as of 12/31	**40.6**	**40.6**

*) small amounts

Galleria di Base del Brennero – Brenner Basistunnel BBT SE (hereinafter BBT SE) is the only joint venture operated by the ÖBB-Infrastruktur Group. BBT SE is an independent legal entity. Since the ÖBB-Infrastruktur 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 owned entirely 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, BBT SE reported total income, in addition to the figures mentioned above, of EUR 18.9 million (previous year: EUR 16.7 million) and total expenses of EUR 18.9 million (previous year: EUR 17.2 million). BBT SE received investment grants of EUR 47.0 million (prior year: EUR 173.0 million). In both reporting years, the Austrian government refunded EUR 41.3 million (prior year: EUR 73.7 million) of this amount, while EUR 3.5 million (prior year: EUR 1.0 million) was refunded by the province of Tyrol on the basis of the share purchase agreement dated April 18, 2011. The non-current liabilities relate to investment grants received but not yet spent on this project.

The reporting date of Weichenwerk Wörth GmbH is March 31. The company is included on the basis of its interim financial statements as of December 31. The total assets amount to EUR 20.4 million (prior year: EUR 19.4 million), sales revenues amount to EUR 32.8 million (prior year: EUR 31.8 million) and net income for the year amounts to EUR 2.6 million (prior year: EUR 2.5 million).

Development of investments in associated companies	Dec 31, 2017 in EUR million	Dec 31, 2016 in EUR million
As of Jan 1	8.6	8.7
Share of result	1.5	1.0
Distributions and other changes	-1.4	-1.1
As of Dec 31	**8.6**	**8.6**

The business of Weichenwerk Wörth GmbH includes the manufacture and recycling of rail switches and components, buffer stops, and insulated rail joints as well as the logistics and transport of the manufactured products and service operations for rail switches.

18. Other non-current financial assets

2017	Current in EUR million	Non-current in EUR million	Total in EUR million
Investments	0.0	2.7	2.7
Financial assets - leasing	7.9	97.3	105.2
thereof from affiliated companies	*7.9*	*33.7*	*41.6*
Other financial assets	27.5	86.1	113.6
thereof from affiliated companies	*0.4*	*0.0*	*0.4*
Total	**35.4**	**186.1**	**221.5**
thereof from affiliated companies	*8.3*	*33.7*	*42.0*

2016	Current in EUR million	Non-current in EUR million	Total in EUR million
Investments	0.0	8.1	8.1
Financial assets - leasing	118.2	112.4	230.6
thereof from affiliated companies	*7.6*	*43.2*	*50.8*
Other financial assets	125.3	94.9	220.2
Total	**243.5**	**215.4**	**458.9**
thereof from affiliated companies	*7.6*	*43.2*	*50.8*

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 amortized cost less impairment as fair values cannot be reliably determined since the investments are not listed shares.

Mariannengasse 16-20 Projektentwicklung GmbH & Co KG will be included in the consolidated financial statements for the first time as of January 1, 2017, and is therefore no longer reported under investments.

Financial assets – leasing

The financial assets in connection with leasing relate in the amount of EUR 32.5 million (prior year: EUR 40.0 million) to receivables from sublease agreements with ÖBB-Produktion GmbH and ÖBB-Personenverkehr AG and in the amount of EUR 63.5 million (prior year: EUR 179.8 million) to cross-border leasing transactions (CBL). Also included are receivables of EUR 9.2 million (prior year: EUR 10.8 million) from recharged claims to companies of the ÖBB Group resulting from the termination of a leasing transaction.

The financial assets from unlinked CBL transactions relate mainly to long-term loans and securities in the amount of EUR 63.5 million (prior year: EUR 179.8 million) and serve to cover future payment obligations (leasing rates and acquisition cost). Capital gains on accumulating investments increase the amount, while servicing payment obligations reduce it. These assets are offset by financial liabilities of EUR 58.0 million (prior year: EUR 172.2 million). There are restrictions on rights of disposal on financial assets from leasing in the amount of EUR 49.0 million (prior year: EUR 105.9 million).

In addition, financial assets of EUR 20.5 million were recognized (prior year: EUR 119.8 million), which are reported under other financial assets, have been pledged as collateral for lease liabilities. For further information on leasing and CBL transactions, see Notes 30.1 and 30.3.

Other financial assets

In 2017, other financial assets mainly relate to available-for-sale securities in the amount of EUR 20.5 million (prior year: EUR 119.8 million). Also included are power derivatives in the amount of EUR 22.2 million (prior year: EUR 13.7 million) and other derivatives of EUR 6.3 million (prior year: EUR 2.3 million) as well as remaining deposits from terminated CBL transactions of EUR 64.0 million (prior year: EUR 84.0 million).

19. Assets held for sale

The line item assets held for sale is composed as follows:

Assets held for sale	2017 in EUR million	2016 in EUR million
As of Jan 1	*7.8*	*0.0*
Additions (single assets)	0.1	7.8
Disposals by sale	-7.8	0.0
As of Dec 31	**0.1**	**7.8**
of which reported at amortized cost	*0.1*	*7.8*

The assets shown under this balance sheet item in the reporting year 2017 relate to one piece of land and two branch lines. In the prior year, these were properties in Vienna, Upper Austria and Tyrol as well as branch lines. The fair values correspond to the agreed purchase price or the expected outcome of negotiations with the contractual parties, and are therefore allocated to hierarchy level 3 pursuant to IFRS 13. The assets are only recognized as held for sale if an appropriate resolution has been adopted by the Board of Management and sale in the next financial year is highly probable.

The expected proceeds on assets held for sale in 2018 are all in excess or equal to the current carrying amounts of the assets. In the reporting year, the ÖBB-Infrastruktur Group recorded gains of EUR 23.7 million (prior year: EUR 6.6 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.

Two railway lines in Carinthia with a carrying amount of EUR 0.3 million were classified as held for sale between December 31, 2017 and the date of preparation of the consolidated financial statements, which had not yet fulfilled the criteria as assets held for sale as of December 31, 2017, as specific Board of Management resolutions have not yet been passed.

20. Trade and other receivables

These items developed as follows:

Dec 31, 2017 in EUR million	Current	Non-current	Total
Trade receivables	140.0	0.0	140.0
thereof from affiliated companies	*78.6*	*0.0*	*78.6*
thereof from construction contracts	*6.5*	*0.0*	*6.5*
Other receivables and assets	217.5	150.2	367.7
Total	**357.5**	**150.2**	**507.7**

Dec 31, 2016 in EUR million	Current	Non-current	Total
Trade receivables	141.6	0.0	141.6
thereof from affiliated companies	*62.6*	*0.0*	*62.6*
thereof from construction contracts	*5.5*	*0.0*	*5.5*
Other receivables and assets	218.6	145.5	364.1
Total	**360.2**	**145.5**	**505.7**

The carrying amounts of the trade and other receivables (in the case of financial instruments) due to their short term approximate their respective fair values. Trade receivables include receivables with a term of more than one year in the amount of EUR 0.0 million (prior year: EUR 0.6 million).

Construction contracts in connection with services provided to third parties that are not yet completed are recognized as trade receivables.

Other receivables and assets relate primarily to prepaid liability fees of EUR 157.6 million (prior year: EUR 161.6 million), input tax on advance payment invoices of EUR 32.9 million (prior year: EUR 43.2 million) and input tax credits from filings for the months November and December of EUR 79.3 million (prior year: EUR 71.1 million) as well as the salaries paid in December for January of EUR 30.9 million (prior year: EUR 31.3 million).

Allowances developed as follows:

	Trade receivables		**Other receivables**	
in EUR million	2017	2016	2017	2016
As of Jan 1	*13.4*	*13.5*	*0.0*	*0.0*
Utilization	-3.2	-0.6	0.0	0.0
Release	-0.6	-1.7	-0.1	0.0
Additions	4.3	2.2	0.1	0.0
As of Dec 31	**13.9**	**13.4**	**0.1**	**0.0**

Past due receivables and impaired receivables that are not overdue are presented as follows:

Dec 31, 2017 Analysis of past due/ impaired receivables in EUR million	Gross carrying amount (before impairment)	thereof not individually impaired	thereof individually impaired (gross)	Allowance	thereof individual allowance	thereof portfolio allowance	Net carrying amount
Receivables not past due but impaired	1.6	0.0	1.6	1.6	0.1	1.5	0.0
up to 90 days past due	16.7	15.7	1.0	1.0	1.0	0.0	15.7
90 to 180 days past due	4.6	4.5	0.1	0.1	0.1	0.0	4.5
180 to 360 days past due	4.1	1.8	2.3	1.2	1.2	0.0	2.9
more than 360 days past due	15.3	5.2	10.1	10.0	9.8	0.2	5.3
Total exposure	**42.3**	**27.2**	**15.1**	**13.9**	**12.2**	**1.7**	**28.4**

Dec 31, 2016 Analysis of past due/ impaired receivables in EUR million	Gross carrying amount (before impairment)	thereof not individually impaired	thereof individually impaired (gross)	Allowance	thereof individual allowance	thereof portfolio allowance	Net carrying amount
Receivables not past due but impaired	0.4	0.0	0.4	0.4	0.4	0.0	0.0
up to 90 days past due	5.3	5.2	0.1	0.1	0.1	0.0	5.2
90 to 180 days past due	1.3	0.5	0.8	0.8	0.8	0.0	0.5
180 to 360 days past due	7.4	5.3	2.1	2.0	2.0	0.0	5.4
more than 360 days past due	13.6	2.9	10.7	10.1	9.0	1.1	3.5
Total exposure	**28.0**	**13.9**	**14.1**	**13.4**	**12.3**	**1.1**	**14.6**

Managements best estimates based on experience is that no additional allowances other than the ones detailed above are required, even if the receivables are past due by more than 30 days.

Based periodical evaluation of this balance sheet item, it became apparent that credits from suppliers were reported under the item trade receivables and these were to be reclassified to other current receivables and assets. In order to improve comparability, the prior year's figures were also adjusted by EUR 10.4 million. See Note 22 for a further reclassification of EUR 5.2 million.

More information is provided in Note 29.1.c.

21. Inventories

This line item is composed as follows:

	Dec 31, 2017 in EUR million	Dec 31, 2016 in EUR million
Inventories	75.2	73.3
less write down	-1.6	-1.2
Total	**73.6**	**72.1**
thereof measured at cost	*52.1*	*51.6*
thereof measured at net realizable value	*21.4*	*20.5*

Inventories include material and spare parts used for the expansion and maintenance of the ÖBB-Infrastruktur Group’s own railway networks and for real estate development projects. The cost of materials and other services received are disclosed in Note 7. Neither in 2017 nor in 2016, write downs from prior periods were reversed. Real estate development projects relate to real estate which is no longer used in operations and is now under development for later sale. These are railway station and system facilities which were previously used in continuing operations. They consist of major projects, such as the land of the former Südbahnhof and the Frachtenbahnhof (freight station) Wien Nord, which are being developed on a large scale.

Write downs in 2017 amounted to EUR 1.6 million (prior year: EUR 1.2 million) and are reported under cost of materials and purchased services.

Of the real estate development projects with a carrying amount of EUR 52.1 million (prior year: EUR 51.6 million), EUR 33.7 million (prior year: EUR 29.1 million) can be classified as long-term.

22. Cash and cash equivalents

These items developed as follows:

	Dec 31, 2017 in EUR million	Dec 31, 2016 in EUR million
Cash on hand and cash	0.1	0.1
Cash in banks	1.9	0.7
Current account ÖBB-Finanzierungsservice GmbH (Group clearing)	20.6	119.6
Total	**22.6**	**120.4**

This item includes investments with and cash in banks and with ÖBB-Finanzierungsservice GmbH, and cash on hand, all of which are current (terms of fewer than 3 months). The carrying amounts of these assets are equivalent to their fair values. The ÖBB-Infrastruktur Group can freely dispose of all cash and cash equivalents. The cash and cash equivalents in accordance with the cash flow statement comprise the above-mentioned liquid funds and liabilities to ÖBB-Finanzierungsservice GmbH of EUR 122.9 million (prior year: EUR 20.8 million) from Group clearing.

Following periodic evaluation of this balance sheet item, it became apparent that deposits and collateral deposited with banks have a maturity of more than three months, which meant that they had to be reclassified to other receivables and assets. In order to achieve better comparability, the prior year amount of EUR 5.2 million was reclassified accordingly.

23. Share capital, share of non-controlling interest

Share capital

The share capital of ÖBB-Infrastruktur AG is unchanged at EUR 500.0 million and is fully paid in. The share capital is divided into 100,000 registered shares. All shares are held by ÖBB-Holding AG.

Non-controlling interests

This item reflects the portion of the equity of any fully consolidated subsidiary that does not belong to ÖBB-Infrastruktur AG. The development of this item is shown in the Consolidated Statement of Changes in Shareholders' Equity.

The following table presents 100% of the financial information relating to WS-Service GmbH, the ÖBB-Infrastruktur Group's subsidiary with a non-controlling interest (49%).

	Dec 31, 2017 in EUR million	Dec 31, 2016 in EUR million
Non-current assets	0.6	0.5
Current assets	2.7	2.1
Non-current liabilities	0.0	0.0
Current liabilities	2.0	1.5
Net assets	**1.3**	**1.1**
Carrying amount of non-controlling interests (pro rata)	**0.6**	**0.5**
Revenue	8.8	7.7
Profit	0.9	0.7
Other comprehensive income	0.0	0.0
Overall result	**0.9**	**0.7**
Profit attributable to non-controlling interests	*0.4*	*0.3*
Other comprehensive income attributable to non-controlling interests	*0.0*	*0.0*
Cash flow from operating activities	1.3	1.3
Cash flow from investing activities	-0.2	-0.3
Cash flow from financing activities	-0.7	-0.2
Net increase (net reduction) in cash and cash equivalents	**0.4**	**0.8**

24. Reserves and retained earnings

Unchanged from the prior year, capital reserves totaled EUR 538.9 million (prior year: EUR 538.9 million). These relate primarily to restructuring measures in the past.

The development of the cash-flow-hedge reserve and the available-for-sale reserve is as follows:

	Available for sale reserve		Cash flow hedge reserve	
in EUR million	Development of carrying amount	Income taxes included therein	Development of carrying amount	Income taxes included therein
As of Jan 1, 2016	*8.4*	*0.0*	*-16.0*	*2.7*
Changes in the fair values	-2.8	0.0	3.3	-1.5
Realized gains and losses	1.3	0.0	5.9	-1.1
As of Dec 31, 2016	**6.9**	**0.0**	**-6.8**	**0.1**
Changes in the fair values	-1.9	0.0	0.3	-0.2
Realized gains and losses	-0.1	0.0	7.9	-1.5
As of Dec 31, 2017	**4.9**	**0.0**	**1.4**	**-1.6**

In addition, actuarial losses from the remeasurment of severance provisions amounting to EUR 4.2 million (prior year: EUR 5.8 million) are reported under "retained earnings".

For further explanation to shareholder's Equity see the Statement of Changes in Shareholders' Equity for further explanation.

25. Financial liabilities

The financial liabilities are composed as follows:

2017 in EUR million	< 1 year	1 to 5 years	> 5 years	Total
Bonds	0.0	5,386.3	8,869.9	14,256.2
Liabilities to banks	6.7	227.3	3,759.0	3,993.0
Financial liabilities leasing	7.9	64.1	18.5	90.5
thereof from affiliated companies	*7.9*	*20.5*	*4.0*	*32.4*
Other financial liabilities	409.4	153.9	1,318.4	1,881.7
thereof from affiliated companies	*123.1*	*0.0*	*0.0*	*123.1*
Total	**424.0**	**5,831.6**	**13,965.8**	**20,221.4**
thereof from affiliated companies	*131.0*	*20.5*	*4.0*	*155.5*

2016 in EUR million	< 1 year	1 to 5 years	> 5 years	Total
Bonds	431.0	3,887.7	9,973.2	14,291.9
Liabilities to banks	73.5	227.2	3,565.6	3,866.3
Financial liabilities leasing	118.3	70.8	23.2	212.3
thereof from affiliated companies	*7.6*	*24.6*	*7.9*	*40.1*
Other financial liabilities	1,273.7	197.0	38.1	1,508.8
thereof from affiliated companies	*21.0*	*0.0*	*0.0*	*21.0*
Total	**1,896.5**	**4,382.7**	**13,600.1**	**19,879.3**
thereof from affiliated companies	*28.6*	*24.6*	*7.9*	*61.1*

The total amount of liabilities with a maturity of more than five years relates primarily to bonds, bank borrowings, sublease liabilities, liabilities under cross-border lease agreements and liabilities from the Federal Government settled by the Austrian Treasury (OeBFA).

Of the liabilities to banks, EUR 3,953.2 million (prior year: EUR 3,755.9 million) relate to financing by the European Investment Bank (EIB).

Guarantees of the federal government

The federal government has guaranteed bonds amounting to EUR 14,208.9 million (prior year: EUR 14,208.6 million). Additionally, liabilities to EUROFIMA of EUR 175.8 million (prior year: EUR 175.8 million) are also secured by federal government guarantees.

Issued bonds

Bonds are composed of the following:

Fair value	Currency	Term	ISIN	Interest rate
1,000,000,000.00	EUR	2005 - 2020	XS0232778083	3.5000%
300,000,000.00	EUR	2010 - 2020 [1)]	XS0232778083	3.5000%
100,000,000.00	EUR	2006 - 2036	XS0243862876	2.9900%
100,000,000.00	EUR	2006 - 2036	XS0244522396	2.9900%
100,000,000.00	EUR	2006 - 2036	XS0252697130	3.5000%
50,000,000.00	EUR	2006 - 2036	XS0252721450	3.5000%
100,000,000.00	EUR	2006 - 2036	XS0275973278	3.4900%
80,000,000.00	EUR	2006 - 2036	XS0275974599	3.4900%
1,300,000,000.00	EUR	2007 - 2022	XS0307792159	4.8750%
200,000,000.00	EUR	2008 - 2022 [1)]	XS0307792159	4.8750%
100,000,000.00	EUR	2007 - 2037	XS0321318163	4.0000% (PY: 4.1715%) [2)]
100,000,000.00	EUR	2007 - 2037	XS0324893626	4.0000% (PY: 4.3975%) [2)]
50,000,000.00	EUR	2007 - 2037	XS0324895670	4.0000% (PY: 4.3975%) [2)]
100,000,000.00	EUR	2007 - 2037	XS0328866982	4.0000% (PY: 4.2270%) [2)]
50,000,000.00	EUR	2007 - 2037	XS0331427905	4.0000% (PY: 4.1950%) [2)]
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 [1)]	XS0436314545	4.5000%
50,000,000.00	EUR	2011 - 2019 [1)]	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 [1)]	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) Increase
2) In 2017, interest rates were reduced as agreed after premature termination was not exercised.

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 (with an amount of USD 108.5 million) were issued, of which three (prior year: five) in the amount of USD 54.7 million (prior year: USD 85.7 million) with the CUSIP numbers A5790#AD0 (maturing in 2026), A5790#AE8 (maturing in 2025) and A5790#AF5 (maturing in 2025) are still outstanding.

Financial liabilities leasing

Liabilities from leasing to affiliated companies are due to ÖBB-Finanzierungsservice GmbH and relate to the financing of sublease transactions with ÖBB-Produktion Gesellschaft mbH and ÖBB-Personenverkehr AG. These liabilities are offset by financial receivables from these affiliated companies. Liabilities from leasing to other companies result in particular from unlinked CBL transactions and amounted to EUR 58.0 million as of the reporting date (prior year: EUR 172.2 million).

Financial assets of EUR 69.5 million (prior year: EUR 218.1 million) are pledged to cover liabilities from CBL transactions. See Note 14 with regard to collateral provided.

Other financial liabilities

Of the other financial liabilities of EUR 1,881.7 million (prior year: EUR 1,508.8 million), EUR 1,287.9 million (prior year: EUR 1,000.0 million) relates to liabilities to the Federal Government (OeBFA).

A short-term loan of EUR 1 billion to refinance a redeemed bond was granted in 2016 by the Republic of Austria and borrowed from the OeBFA. Long-term refinancing was procured in 2017. ÖBB-Infrastruktur AG will take out the necessary financing from 2017, mainly through loans from the Republic of Austria, to be provided by the Austrian Bundesfinanzargentur (OeBFA) rather than by borrowing directly on the capital markets. According to Eurostat criteria, ÖBB-Infrastruktur AG is classified as a state sector. Given that the Republic of Austria has access to more favorable interest rate terms and conditions on the capital market, the decision to provide long-term financing through loans awarded by the Republic of Austria was taken after consultation with the Federal Ministry of Finance and the Federal Ministry of Transport, Innovation, and Technology. This addition to the financing instruments of ÖBB-Infrastruktur AG does not affect the existing bonds issued by ÖBB-Infrastruktur AG nor the guarantees of the same by the Republic of Austria.

Financial liabilities due to the Federal Government (OeBFA) are as follows:

Fair value	Currency	Term	Nominal interest rate	Effective interest rate	
400,000,000.00	EUR	2017 - 2027	0.500%	0.5532%	
50,000,000.00	EUR	2017 - 2027	6.250%	0.3983%	
100,000,000.00	EUR	2017 - 2034	2.400%	1.0777%	
200,000,000.00	EUR	2017 - 2047	1.500%	1.5492%	
553,650,000.00	EUR	2017 - 2086	1.500%	1.7704%	1)
1,303,650,000.00	EUR	Total			

1) Average effective interest rate

The other financial liabilities to affiliated companies are due to ÖBB-Finanzierungsservice GmbH and mainly relate to liabilities from current financing in the amount of EUR 122.9 million (prior year: EUR 20.8 million).

Other financial liabilities mainly relate to EUROFIMA loans in the amount of EUR 175.8 million (prior year: EUR 175.8 million), accrued interest in the amount of EUR 233.2 million (prior year: EUR 225.8 million) and derivative financial instruments in the amount of EUR 18.4 million (prior year: EUR 23.8 million). Of the derivative financial instruments, derivatives with a carrying amount of EUR 4.2 million (prior year: EUR 7.0 million) relate to hedging instruments.

In both financial years, the ÖBB-Infrastruktur Group has fulfilled all obligations under the loan and credit agreements.

See Note 30 for details on lease transactions, and Note 29 for information pursuant to IFRS 7.

26. Provisions

ÖBB-Infrastruktur Group recognizes 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 amount determined according to the probability is recognized as provision.

26.1. Provisions for personnel

	Dec 31, 2017 in EUR million	Dec 31, 2016 in EUR million
Statutory severance payments	27.8	28.1
Pensions	1.0	1.1
Anniversary bonuses	103.1	109.5
Total	**131.9**	**138.7**

With the exception of the actuarial gains or losses from the provision for statutory severance payments and pensions, all changes to personnel provisions that affect profit or loss are recognized in personnel expenses.

Actuarial assumptions

The following table shows the assumptions used in measuring the obligations for anniversary bonuses, severance payments, and pensions:

	Dec 31, 2017	Dec 31, 2016
Discount rate severance payments and pensions	1.90%	1.80%
Discount rate anniversary bonuses	1.40%	1.30%
Rate of compensation increase	3.60%	3.80%
Rate of pension payment increases	2.00%	2.00%
Employee turnover rate anniversary bonuses of tenured employees	0.00 - 3.07%	0.00 - 3.03%
Employee turnover rate anniversary bonuses of other workers and employees	0.00 - 7.81%	0.00 - 7.93%

The ÖBB-Infrastruktur Group is usually exposed to the following actuarial risks relating to severance payments and anniversary bonuses: Interest rate risk and salary risk.

Interest rate risk: A decline in the bond coupon results in higher provisions.

Salary risk: The present value of the provisions is based on the future salaries of the beneficiaries. As such, the provisions increase if the beneficiaries' salaries increase.

Statutory severance payments

A provision for severance payments was recognized for severance claims arising from statutory and contractual regulations for those employees who are not tenured employees. 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 the years 2017 and 2016, the ÖBB-Infrastruktur Group paid EUR 3.2 million (prior year: EUR 2.9 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 provision in the two reporting years:

	2017 in EUR million	2016 in EUR million
Defined benefit commitments as of Jan 1	*28.1*	*24.6*
Service cost	1.4	1.2
Interest cost	0.5	0.6
Subtotal recorded in the net income	1.9	1.8
Actuarial losses (+) / gains (-) from changes in demographic assumptions	0.0	0.0
Actuarial losses (+) / gains (-) from changes in financial assumptions	-1.3	2.5
Experience adjustments	-0.3	-0.1
Recognized in other comprehensive income	-1.6	2.4
Severance payments	-0.7	-0.8
Company sales and acquisitions as well as transfers in the ÖBB Group	0.1	0.1
Present value of the commitments as of Dec 31	**27.8**	**28.1**

Severance provisions in the amount of EUR 0.6 million are due in 2018, severance provisions in the amount of EUR 3.9 million are due from 2019 to 2022 and severance provisions in the amount of EUR 23.3 million are due after 2022. The duration is 15.4 (prior year: 16.2) years.

The following sensitivity analysis for the provision of severance payments outlines the effect on the obligations of changes in key actuarial assumptions. In each case, one significant factor was changed, while the others were held constant. In reality, however, it is unlikely that these factors will not correlate. In accordance with IAS 19, the projected unit credit (PUC) method is used to measure both the modified and actual obligations through the application of changed parameters. A change in the actuarial assumptions would have the following effect:

Sensitivity analysis of the provisions for severance payments	Change in assumption	Increase of the parameter/ change DBO		Decrease of the parameter/ change DBO	
		2017	2016	2017	2016
	in %	in EUR million	in EUR million	in EUR million	in EUR million
Interest rate	+/-0.5	-2.2	-2.4	2.0	2.0
Salary increase	+/-0.5	1.9	2.0	-2.2	-2.4

Anniversary bonuses

Tenured and certain other employees (together "employees" in this context) are entitled to anniversary bonuses. In accordance with statutory and contractual provisions, entitled employees receive two months' salary after 25 years of service and four months' salary after 40 years of service. Employees who have at least 35 years of service when they retire also receive a pro rata anniversary bonus equivalent to up to four months' salary.

As required by IAS 19, actuarial calculation of the provision is based on the 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. 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.

The following table shows the components of net expense for anniversary bonuses and the development of the anniversary bonus provisions in the two reporting years:

	2017	2016
	in EUR million	in EUR million
Defined benefit commitments as of Jan 1	*109.5*	*109.0*
Service cost	0.9	4.7
Interest cost	1.4	1.9
Anniversary bonuses	-10.4	-10.2
Company sales and acquisitions as well as transfers in the ÖBB Group	0.2	0.3
Actuarial losses (+) / gains (-)	-2.5	3.8
Experience adjustments	4.0	0.0
Present value of the commitments as of Dec 31	**103.1**	**109.5**

The duration is 8.2 (prior year: 8.7) years.

Sensitivity analysis of the provisions for anniversary bonuses	Change in assumption	Increase of the parameter/ change DBO		Decrease of the parameter/ change DBO	
		2017	2016	2017	2016
	in %	in EUR million	in EUR million	in EUR million	in EUR million
Interest rate	+/-0.5	-4.1	-4.5	4.2	4.9
Salary increase	+/-0.5	4.1	4.7	-4.0	-4.4

Pensions

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-Infrastruktur Group is required to pay pension and health care contributions for current tenured employees to Versicherungsanstalt für Eisenbahn und Bergbau. In addition, ÖBB-Infrastruktur Group offers all employees in Austria a defined contribution plan. Contributions of ÖBB-Infrastruktur Group are calculated as a percentage of salary and may not exceed 1.2%. Expenses relating to this plan totaled EUR 9.2 million in 2017 and EUR 9.0 million 2016.

Defined benefit plans

A defined benefit plan is provided for one former member of the Board of Management (payments beginning on the 60th birthday), under which ÖBB-Infrastruktur Group has been making payments since 2010. This unfunded plan provides for pension payments calculated as a percentage of the salary based on the years of service. The pension amounts to a maximum of 13.2% of the last salary, including pension payments received from the statutory social security institution. The valuation is based on actuarial principles assuming a discount factor of 1.9% (prior year: 2.0%) and a retirement age of 60.

26.2. Other provisions

in EUR million	As of Jan 1, 2017	Utilization	Release	Accretion expense	Additions	As of Dec 31, 2017
Asset retirement obligations	77.5	-0.4	-13.2	0.3	1.7	65.9
Environmental protection measures	40.1	-0.1	-5.9	0.3	17.5	51.9
Demolition cost and similar obligations	17.3	-3.1	-4.5	0.1	8.8	18.6
Litigations	9.3	-0.1	-1.6	0.0	2.4	10.0
Power	10.9	-3.2	-0.7	0.1	0.2	7.3
Indemnity pensions	4.0	-0.2	-0.6	0.0	0.6	3.8
Non-income taxes and fees	0.8	0.0	-0.1	0.0	0.0	0.7
Miscellaneous	40.2	-2.7	-0.3	0.1	6.7	44.0
Total other provisions	**200.1**	**-9.8**	**-26.9**	**0.9**	**37.9**	**202.2**
thereof long-term	*66.5*					*105.0*

The provision for asset retirement costs relates to future expenses in connection with the demolition, dismantling, and removing of assets and the restoration of sites. This refers to already or in the near future retired railway lines and in 2015 newly added railway line segments which are to be decommissioned. This provision was recognized only for routes whose decommissioning is sufficiently certain. In the reporting year, cost and interest rate adjustments necessitated the accrual of additional provisions in the amount of EUR 1.7 million (prior year: EUR 1.1 million). The reversal of the provision relates to routes sold in 2017. In addition, it was agreed in the reporting period with purchasers of railway lines that they would assume the asset retirement obligation in return for an investment grant. Provisions that exceeded the promised grants were reversed.

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. The provision in the amount of EUR 5.9 million for environmental protection measures was reversed in 2017. Most of the reversals result from plots of land being deleted from the list of suspected contaminated sites. Unchanged from the previous year, reimbursement claims for environmental protection measures exist in an amount of EUR 9.3 million and are recognized under other receivables. An additional environmental protection provision of EUR 16.7 million was recognized in the reporting period due to soil contamination by heavy metals in the vicinity of traction power pylons identified in 2017.

The provision for demolition costs and similar obligations includes demolition costs in connection with the sale of real estate properties. With regard to the provision for clean-up costs, a reassessment of an item led to a reversal of the provision in the amount of EUR 4.1 million, as the actual contamination was lower than expected.

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.

For long-term power purchase contracts that became onerous contracts because of the grid opening in 2016 provisions of EUR 7.3 million (prior year: EUR 10.9 million) were recognized, because a compensation via grid costs is not expected.

Obligations from liability pensions are calculated on the basis of mortality tables and discounted at a rate of 0.56% (prior year: 0.17%).

Miscellaneous provisions include mainly probable recoveries on infrastructure usage fees in respect of current Supreme Court decisions and expenses for geotechnical analyses in connection with the damages to railway embankments.

Anticipated cash outflow for the provisions:

Non-current provisions were discounted at interest rates of 0.56% (prior year: 0.2-0.8%). Adjustments due to the change in the discount rate were insignificant. Of the other provisions, EUR 105.0 million (prior year: EUR 66.5 million) are classified as non-current. The anticipated cash outflow for these provisions is after 2018. The provisions classified as current are expected to result in an outflow of funds in 2018, with the provisions for legal disputes and parts of the provisions for environmental protection measures and asset retirement costs, demolition costs and similar obligations being classified as current. If there is uncertainty about the maturity, the relevant provisions were largely classified as current (mainly related to miscellaneous other provisions).

27. Trade payables and other liabilities

2017 in EUR million	Current	Non-current	Total
Trade payables	470.9	0.0	470.9
thereof from affiliated companies	*48.1*	*0.0*	*48.1*
thereof to third companies	*422.8*	*0.0*	*422.8*
Other liabilities	757.4	33.3	790.7
of which amortization of Federal subsidiaries	*621.1*	*0.0*	*621.1*
thereof accrued personnel liabilities	*63.0*	*0.0*	*63.0*
thereof taxes	*28.1*	*0.0*	*28.1*
thereof social security	*12.0*	*0.0*	*12.0*
Total	**1,228.3**	**33.3**	**1,261.6**

2016 in EUR million	Current	Non-current	Total
Trade payables	602.4	0.0	602.4
thereof from affiliated companies	*30.4*	*0.0*	*30.4*
thereof to third companies	*572.0*	*0.0*	*572.0*
Other liabilities	526.6	38.7	565.3
of which amortization of Federal subsidiaries	*395.5*	*0.0*	*395.5*
thereof accrued personnel liabilities	*64.5*	*0.0*	*64.5*
thereof taxes	*24.9*	*0.0*	*24.9*
thereof social security	*10.9*	*0.0*	*10.9*
Total	**1,129.1**	**38.7**	**1,167.7**

Trade payables include payables in the amount of EUR 15.2 million (prior year: EUR 20.5 million) that have a remaining maturity of more than 1 year but are nevertheless recognized as current in accordance with IAS 1.70.

Deferrals for staff mainly include overtime and vacation days not yet taken in the amount of EUR 57.9 million (prior year: EUR 55.2 million).

Miscellaneous other deferrals within other liabilities mainly include accrued income from building lease contracts of EUR 34.3 million (prior year: EUR 40.1 million).

Further information on the definition of federal subsidies can be found in Note 32.

On February 19, 2018, the Rail Control Commission (SCK) issued a decision on the charge for the use of the traction power network and delivered it on February 27, 2018. In this decision, the maximum tariffs granted and to be applied for 2017 were prescribed. A corresponding provision was made in the 2017 consolidated financial statements as a result of the current proceedings. ÖBB-Infrastruktur AG filed an appeal against the decision with the Federal Administrative Court and applied for a suspensive effect. The decision is therefore not yet legally binding.

C. OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. Other guarantees and contingent liabilities

	2017 in EUR million	2016 in EUR million
Contingent liabilities from lease transactions	54.3	237.7
Other contingent liabilities	21.4	21.5
Total	**75.7**	**259.2**

Guarantees from leases (cross-border leasing)

Contingent liabilities from lease transactions relate to cross-border lease transactions that have no economic substance, pursuant to the provisions of SIC 27, and thus the related investments and lease obligations are not reported in the Statement of Financial Position. With respect to these transactions, ÖBB-Infrastruktur Group assumes that the relevant contracting parties of the underlying investments will continue to fulfill their payment obligations in line with the agreement – as in previous periods – and thus no outflows of cash exceeding the payments upon conclusion of the transaction are to be expected. The relevant contracting parties of the affected investments are rated at least AA+ by Standard & Poor's or are subsidiary guaranteed by the federal government. Due to the existing contractual obligation of ÖBB-Infrastruktur Group under the cross-border lease agreements, the obligations related to the unredeemed lease liabilities are disclosed as contingent liabilities. Unredeemed lease obligations are collateralized by pledged assets.

The other contingent liabilities relate to guarantees and uncertain liabilities where the amount of cash outflow is dictated by future business development.

In the event of a claim arising from cross-border leasing obligations, recourse claims against other companies of the ÖBB Group exist in the amount of EUR 54.3 million (prior year: EUR 237.7 million).

29. Financial instruments

29.1. Risk management

The financial assets and liabilities of ÖBB-Infrastruktur Group are exposed, in particular, to exchange rate risks, interest rate risks and risks arising from the creditworthiness of its contractual partners (credit risk). The ÖBB-Infrastruktur Group views financial risk management as the management of market risks and the business management of the individual companies' portfolios with respect to interest rate, currency and commodity price trends. ÖBB-Infrastruktur Group uses derivative financial instruments to hedge these risks. Derivative financial instruments are concluded only with reference to a hedged item.

One core task of risk management is to identify, assess and mitigate financial risks. Risk mitigation does not mean completely eliminating financial risks, but rather the reasonable management within a precisely defined framework of risks that can be quantified at any time.

ÖBB-Holding AG, which only enters into financial transactions on behalf and for the account of ÖBB-Infrastruktur AG and its subsidiary companies with their consent and upon their instruction, has created a risk-oriented monitoring environment that includes guidelines and procedures for risk assessment, and for approving, reporting, and monitoring financial instruments. The protection of ÖBB-Infrastruktur Group assets is the first priority for any and all financial activities.

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-Infrastruktur Group and may occur in the following forms:

– Interest payment risk (increased interest expense due to the market development)
– Present value risk (change in value of the portfolio)

Risks arising from changes in market interest rates may affect the financial result of the ÖBB-Infrastruktur Group due to the structure of its Statement of Financial Position. Fluctuations in market interest rates that exceed a certain level agreed with the ÖBB-Infrastruktur Group companies therefore need to be limited (for example, by using derivative financial instruments), in order to 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 companies of the sub-group ÖBB-Infrastruktur AG. ÖBB-Infrastruktur Group is exposed to interest rate risks mainly in the Eurozone. In order to implement the risk strategy as effectively as possible, it uses interest rate derivatives contracts taking the present debt structure into account.

Financial instruments (current and non-current) Dec 31, 2017	Fixed interest financial instruments in EUR million	Variable interest financial instruments in EUR million
Financial assets	180.5	0.0
Cash and cash equivalents	0.0	22.6
Total	**180.5**	**22.6**
thereof from affiliated companies	*32.5*	*20.6*
Financial liabilities	19,833.4	130.9
of which to the Federal Government (OeBFA)	*1,287.9*	*0.0*
thereof from affiliated companies	*32.5*	*122.9*

Financial instruments (current and non-current) Dec 31, 2016	Fixed interest financial instruments in EUR million	Variable interest financial instruments in EUR million
Financial assets	423.7	0.0
Cash and cash equivalents	0.0	120.3
Total	**423.7**	**120.3**
thereof from affiliated companies	*40.0*	*119.6*
Financial liabilities	19,579.8	49.5
of which to the Federal Government (OeBFA)	*1,000.0*	*0.0*
thereof from affiliated companies	*40.0*	*20.8*

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 hedged item 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 and income (changes of the fair value of the financial assets) and are therefore included in profit-related sensitivity calculations.

	Effect in income statement		Effect in shareholder's equity	
Sensitivity analysis interest rate risk as of Dec 31, 2017 in EUR million	+100 base points	-100 base points	+100 base points	-100 base points
Assets				
Cash and cash equivalents	0.4	-0.1	0.1	-0.1
Liabilities				
Financial liabilities	-0.7	0.1	2.5	-2.1

	Effect in income statement		Effect in shareholder's equity	
Sensitivity analysis interest rate risk as of Dec 31, 2016 in EUR million	+100 base points	-100 base points	+100 base points	-100 base points
Assets				
Financial assets	0.0	0.0	0.3	-0.3
Cash and cash equivalents	0.8	-0.1	0.1	-0.1
Liabilities				
Financial liabilities	-0.3	0.3	3.0	-3.1

29.1.b. Foreign exchange rate risk

ÖBB-Infrastruktur Group is exposed to exchange rate risks resulting primarily from original financial liabilities denominated in foreign currencies. These risks are partially hedged. As of the reporting date, ÖBB-Infrastruktur 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 euros.

All cash flows (lease payments and returns on assets) relating to cross-border leases are settled with matching maturities in US dollars. Notwithstanding default on the investments, therefore, the ÖBB-Infrastruktur Group is not exposed to any currency risk in connection with these transactions.

The following table shows the net foreign currency risk:

Currency-sensitive financial instruments 2017	In USD million
Other financial assets	175.0
Trade payables	-1.0
Other financial liabilities	-180.0
	-6.0

Currency-sensitive financial instruments 2016	In USD million
Other financial assets	398.0
Other liabilities	-1.0
Other financial liabilities	-405.0
Net exchange rate risk	**-8.0**

Sensitivity analysis for exchange rate risk

ÖBB-Infrastruktur Group was therefore only exposed to exchange rate risks resulting from unhedged foreign currency liabilities to a limited extent in both financial years. If the euro had gained (lost) 10% against the US dollar, this would have had no significant effect on results on either of the balance sheet dates.

29.1.c. Credit risk

Counterparty credit risk describes the potential loss from failure by finance partners to honor their financial commitments (mainly money market transactions, investments, positive present value derivatives). ÖBB-Holding AG checks adherence to the credit risk limits, which are specified individually for each financial partner, on a daily basis. ÖBB-Infrastruktur Group conducts business with financial partners with a defined rating and objective risk classification by the capital market.

ÖBB-Infrastruktur Group has introduced a counterparty credit risk management system in which the calculation and setting of limits is based primarily on the assessment of financial partners' credit default swap statistics. This ensures the ÖBB-Infrastruktur Group's ability to respond rapidly to any changes in the capital markets' risk assessment of the financial partner. The applicable limits and their utilization are monitored daily in order to ensure a 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 acquisition price at the end of the term. See Note 30.3 for more information on cross-border leases.

The financial assets of ÖBB-Infrastruktur Group mainly comprise cash and cash equivalents, trade receivables, other receivables, and securities. These items represent the maximum loss exposure of ÖBB-Infrastruktur Group with respect to its financial assets. The credit risk comprises the following:

Credit risk from financial instruments	Gross exposure (carrying amount plus impairments) in EUR million	less collateral (fair value) in EUR million	Net exposure in EUR million
Total exposure 2017			
Financial assets	221.5	-63.5	158.0
Trade receivables	147.4	0.0	147.4
Other receivables and assets	56.7	0.0	56.7
Cash and cash equivalents	22.6	0.0	22.6
Risk current and non-current assets	**448.2**	**-63.5**	**384.7**
thereof neither past due nor impaired			*342.4*
thereof not past due because renegotiated or impaired			*1.6*
thereof past due but impaired			*27.2*
thereof past due			*13.5*
Credit risk from issued guarantees	**75.7**	**-54.3**	**21.4**
Total credit risk as of Dec 31, 2017	**523.9**	**-117.8**	**406.1**
Total exposure 2016			
Financial assets	458.9	-130.7	328.2
Trade receivables	154.9	0.0	154.9
Other receivables and assets	49.3	0.0	49.3
Cash and cash equivalents	120.4	0.0	120.4
Risk current and non-current assets	**783.5**	**-130.7**	**652.8**
thereof neither past due nor impaired			*624.7*
thereof not past due because renegotiated or impaired			*0.4*
thereof past due but impaired			*14.0*
thereof past due			*13.7*
Credit risk from issued guarantees	**259.2**	**-237.7**	**21.5**
Total credit risk as of Dec 31, 2016	**1,042.7**	**-368.4**	**674.3**

With respect to the maturity of receivables, see Note 20.

29.1.d. Liquidity risk

The superior goal of ÖBB-Infrastruktur Group in financial terms is to secure the necessary cash flow flexibility for all ÖBB-Infrastruktur Group business operations. For ÖBB-Infrastruktur Group, liquidity risk also means any restrictions in terms of volume or conditions on the ÖBB-Infrastruktur Group's ability to borrow or raise capital (for example, if downgraded by a ratings agency or in-house by a bank) that might hinder the implementation of ÖBB-Infrastruktur Group strategy or limit financial scope.

The task thus consists of 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.

		non-cash	Carrying value of 2018 cash flows		Carrying value of 2019-22 cash flows		Carrying value of 2023 et seq. cash flows	
	Carrying amount	Carrying amount	Interest *)	Redemption *)	Interest	Redemption	Interest	Redemption
in EUR million	Dec 31, 2017	Dec 31, 2017	2018	2018	2019-2022	2019-2022	2023 et seq.	2023 et seq.
Original financial liabilities								
Bonds	14,256.2	45.7	487.8	0.0	1,628.3	5,386.3	1,897.4	8,824.2
Liabilities to banks	3,993.0	0.0	113.5	6.7	435.8	227.3	915.7	3,759.0
Finance leasing, sub-lease and CBL liabilities	90.5	90.5	0.0	0.0	0.0	0.0	0.0	0.0
Other financial liabilities	1,863.3	40.4	24.4	159.6	86.9	128.4	661.5	1,300.1
Trade payables	464.3	0.0	0.0	449.1	0.0	15.2	0.0	0.0
Other liabilities	18.6	0.0	0.0	18.6	0.0	0.0	0.0	0.0
Total	**20,685.9**	**176.6**	**625.7**	**634.0**	**2,151.0**	**5,757.2**	**3,474.6**	**13,883.3**

*) Other financial liabilities include liabilities for accrued interest payments on bonds and liabilities to banks. The actual interest payments in 2018 from these accrued liabilities are reported under "Bonds and liabilities to banks" and not under "Other financial liabilities."

		non-cash	Carrying value of 2017 cash flows		Carrying value of 2018-21 cash flows		Carrying value of 2022 et seq. cash flows	
	Carrying amount	Carrying amount	Interest *)	Redemption *)	Interest	Redemption	Interest	Redemption
in EUR million	Dec 31, 2016	Dec 31, 2016	2017	2017	2018-2021	2018-2021	2022 et seq.	2022 et seq.
Original financial liabilities								
Bonds	14,291.9	81.3	489.0	400.1	1,712.5	3,887.7	1,981.0	9,922.8
Liabilities to banks	3,866.3	65.5	109.0	8.0	432.3	227.2	940.0	3,565.6
Finance leasing, sub-lease and CBL liabilities	212.2	212.2	0.0	-0.0	0.0	-0.0	0.0	0.0
Other financial liabilities	1,485.0	58.8	7.4	1,021.9	17.1	165.7	0.7	12.9
Trade payables	602.0	0.0	0.0	581.5	0.0	20.5	0.0	0.0
Other liabilities	21.8	0.0	0.0	21.8	0.0	0.0	0.0	0.0
Total	**20,479.2**	**417.8**	**605.4**	**2,033.3**	**2,161.9**	**4,301.1**	**2,921.7**	**13,501.3**

*) Other financial liabilities include liabilities for accrued interest payments on bonds and liabilities to banks. The actual interest payments in 2017 from these accrued liabilities are reported under "Bonds and liabilities to banks" and not under "Other financial liabilities."

The interest and repayments of financial liabilities shown above do not include those from current and former CBL transactions and sublease agreements. These repayments and interest are offset by an identical amount of income, which is netted in the cash flow with interest and repayments of the financial liabilities, since the payments do not go via the bank accounts of the ÖBB-Infrastruktur Group. Instead, the proceeds from the assets are transferred directly from the debtor to the creditor.

in EUR million	Carrying amount Dec 31, 2017	Cash flows 2018 Interest 2018	Redemp-tion 2018	Cash flows 2019-22 Interest 2019-2022	Redemp-tion 2019-2022	Cash flows 2023 et seq. Interest 2023 et seq.	Redemp-tion 2023 et seq.
Derivative financial liabilities							
Interest rate derivatives not designated as hedges	4.0	0.8	0.0	3.3	0.0	0.0	0.0
Power derivatives designated as cash flow hedges	0.0	0.0	0.3	0.0	0.0	0.0	0.0
Interest rate derivatives designated as hedges	4.2	2.9	0.0	1.5	0.0	0.0	0.0
Other derivatives not designated as hedges	10.2	0.0	80.0	0.0	38.2	0.0	3.9
Total	**18.4**	**3.7**	**80.3**	**4.8**	**38.2**	**0.0**	**3.9**
Financial guarantees							
Guarantees from cross-border leasing	54.3	3.9	2.7	13.3	13.3	4.9	38.3
Other guarantees	21.4	0.0	5.7	0.0	8.7	0.0	7.0

in EUR million	Carrying amount Dec 31, 2016	Cash flows 2017 Interest 2017	Redemp-tion 2017	Cash flows 2018-21 Interest 2018-2021	Redemp-tion 2018-2021	Cash flows 2022 et seq. Interest 2022 et seq.	Redemp-tion 2022 et seq.
Derivative financial liabilities							
Interest rate derivatives not designated as hedges	3.4	0.3	0.0	1.3	0.0	0.3	0.0
Power derivatives designated as cash flow hedges	0.1	0.0	3.2	0.0	0.0	0.0	0.0
Interest rate derivatives designated as hedges	6.9	2.8	0.0	4.3	0.0	0.0	0.0
Other derivatives not designated as hedges	13.4	0.0	36.8	0.0	9.1	0.0	4.1
Total	**23.8**	**3.1**	**40.0**	**5.6**	**9.1**	**0.3**	**4.1**
Financial guarantees							
Guarantees from cross-border leasing	237.7	11.3	175.9	16.3	14.0	8.9	47.8
Other guarantees	21.5	0.0	6.9	0.0	5.4	0.0	9.2

The table includes all financial instruments held in the portfolio as of the reporting date for which payments have already been contractually agreed. Payment budgets for future new liabilities were not taken into account in the presentation of future cash flows. Amounts in foreign currencies were translated at the rate applicable on the reporting date. Variable interest payments from financial instruments were determined based on the interest rates applicable on December 31, 2017 and on December 31, 2016.

The following interest rate and principal payments are assumed with respect to the derivative financial assets:

in EUR million	Carrying amount Dec 31, 2017	Cash flows 2018 Interest 2018	Redemp-tion 2018	Cash flows 2019-22 Interest 2019-2022	Redemp-tion 2019-2022	Cash flows 2023 et seq. Interest 2023 et seq.	Redemp-tion 2023 et seq.
Derivative financial assets							
Power derivatives not designated as hedges	22.2	0.0	51.2	0.0	5.2	0.0	0.0
Power derivatives designated as cash flow hedges	6.3	0.0	8.4	0.0	13.5	0.0	0.0
Total	**28.5**	**0.0**	**59.6**	**0.0**	**18.7**	**0.0**	**0.0**

in EUR million	Carrying amount Dec 31, 2016	Cash flows 2017 Interest 2017	Cash flows 2017 Redemption 2017	Cash flows 2018-21 Interest 2018-2021	Cash flows 2018-21 Redemption 2018-2021	Cash flows 2022 et seq. Interest 2022 et seq.	Cash flows 2022 et seq. Redemption 2022 et seq.
Derivative financial assets							
Power derivatives not designated as hedges	13.7	0.0	58.9	0.0	26.5	0.0	0.0
Other derivatives designated as cash flow hedges	2.2	0.0	12.4	0.0	9.9	0.0	0.0
Interest rate derivatives designated as hedges	0.1	-0.1	0.0	0.0	0.0	0.0	0.0
Total	**16.0**	**-0.1**	**71.3**	**0.0**	**36.4**	**0.0**	**0.0**

29.2. Hedging transactions

Hedge Accounting

ÖBB-Infrastruktur 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 Income Statement. A distinction is made between fair value hedges and cash flow hedges, depending on the hedged item.

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 Income Statement.

When hedging currency risks of floating interest assets and debts, ÖBB-Infrastruktur 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 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 or planned transactions denominated in a foreign currency are hedged, the option to designate this as a cash flow hedge is used.

ÖBB-Infrastruktur 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 and liabilities and planned transactions, 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.

ÖBB-Infrastruktur 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 and Exchange Rate Risks

ÖBB-Infrastruktur 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 and number of cash flow hedges:

Financial instruments Maturity	Dec 31, 2017 Number of swaps	Dec 31, 2017 Nominal volume in EUR million	Maturity	Dec 31, 2016 Number of swaps	Dec 31, 2016 Nominal volume in EUR million
Portfolio	3	137.0	Portfolio	5	202.5
thereof maturing 2018	*2*	*37.0*	*thereof maturing 2017*	*2*	*65.5*
thereof maturing 2019	*1*	*100.0*	*thereof maturing 2018*	*2*	*37.0*
thereof maturing 2020	*0*	*0.0*	*thereof maturing 2019*	*1*	*100.0*

The effectiveness of the hedging relationship is assessed on a prospective basis using the Critical Terms Match method pursuant to IAS 39.AG 108. 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 0.3 million (prior year: EUR 3.3 million) was recognized in the cash flow hedge reserve. See Note 24 for further information on this.

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. These amounts are recognized as finance costs in the period in which the corresponding interest payments from the hedged item affect profit or loss (2017: EUR 2.9 million [prior year: EUR 3.1 million]). Further, ineffective portions of hedge accounting relationships amounting to EUR 0.02 million (prior year: EUR 0.02 million) were recognized through profit or loss.

Power forwards

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	Dec 31, 2017		Dec 31, 2016		
Maturity	Number of swaps	Nominal volume in EUR million	Maturity	Number of swaps	Nominal volume in EUR million
Portfolio	17	20.8	Portfolio	21	23.8
thereof maturing 2018	*7*	*7.7*	*thereof maturing 2017*	*11*	*14.4*
thereof maturing 2019	*6*	*6.8*	*thereof maturing 2018*	*4*	*4.0*
thereof maturing 2020	*4*	*6.3*	*thereof maturing 2019*	*5*	*4.1*
thereof maturing 2021	*0*	*0.0*	*thereof maturing 2020*	*1*	*1.3*

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 2017, the recognition of power purchase and power sale forwards as hedging transactions resulted in an amount of EUR 7.3 million (prior year: EUR 10.1 million) less income taxes in the amount of EUR 1.7 million (prior year: EUR 2.6 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 quantity actually consumed, among other reasons.

Power derivatives not designated as hedges	Dec 31, 2017			
Maturity	Number of swaps Purchases	Nominal volume in EUR million	Number of swaps Sales	Nominal volume in EUR million
Portfolio	97	116.0	60	58.6
thereof maturing 2018	*65*	*77.9*	*55*	*53.4*
thereof maturing 2019	*25*	*28.3*	*5*	*5.2*
thereof maturing 2020	*7*	*9.9*	*0*	*0.0*

Power derivatives not designated as hedges	Dec 31, 2016			
Maturity	Number of swaps Purchases	Nominal volume in EUR million	Number of swaps Sales	Nominal volume in EUR million
Portfolio	70	83.0	59	48.1
thereof maturing 2017	*44*	*57.2*	*48*	*38.4*
thereof maturing 2018	*24*	*25.2*	*11*	*9.7*
thereof maturing 2019	*2*	*0.7*	*0*	*0.0*

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 included in an effective hedging relationship 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 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, if not carried at fair value through profit and loss, are required to be classified to this category. 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 ÖBB-Infrastruktur AG for the purpose of hedging its exposure to interest rate and exchange rate risks resulting from financial transactions and fluctuations in the market value of power purchases. All derivative financial instruments are recognized either as assets or liabilities in the Statement of Financial Position and measured at their fair value (market 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 in equity (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).

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 values. The fair values of other non-current receivables correspond to the present values of the payments associated with these assets discounted at the respective interest rates.

The carrying amounts of trade payables and other liabilities, as well as other financial liabilities approximate their fair values. Other non-current receivables and assets or other non-current liabilities and debts mainly comprise non-financial instruments. The fair values of liabilities to banks and other financial liabilities are determined as the present values of the debt related payments based on the applicable yield curve. The following reconciliation shows non-financial instruments and financial instruments from hedge accounting in a separate column in order to enable reconciliation to the carrying amount of the items reported in the Statement of Financial Position.

The fair values in the 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 29.4 and cash and cash equivalents as well as bonds with an ISIN number, which are reported in the financial liabilities, are measured at fair value pursuant to level 2. Level 2 measurements are based on input parameters – other than the quoted prices included at level 1 – that are either directly or indirectly observable on the market for the asset or liability. The fair value of long-term financial instruments is based on discounted cash flows.

Market prices are used for the indicated fair values of bonds issued with an ISIN in the amount of EUR 16,886.2 million (prior year: EUR 17,384.0 million). Of this amount, EUR 16,185.5 million (prior year: EUR 17,384.0 million) has unadjusted quoted prices (level 1 valuation), while a valuation model based on market prices was used for EUR 700.7 million (prior year: EUR 0.0 million). Level 1 measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. The source of the quotations is Reuters. The bonds were issued on the exchanges in Luxembourg and Vienna. The fair value of bonds with CUSIP numbers that were issued for the first time in 2015 is EUR 48.1 million (prior year: EUR 84.4 million). These were measured using a valuation model based on market parameters in accordance with level 2.

Financial assets as of Dec 31, 2017 in EUR million	Carrying amount	Less non-financial instru-ments	Financial instruments	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
Non-current assets										
Financial assets	186.1	0.0	186.1	69.5	2.7	0.0	109.6	0.0	4.4	213.2
Other receivables and assets	150.2	140.9	9.3	0.0	0.0	0.0	9.3	0.0	0.0	9.3
Current assets										
Financial assets	35.4	0.0	35.4	0.0	0.0	22.2	11.3	0.0	1.9	35.4
Trade receivables	140.0	6.5	133.5	0.0	0.0	0.0	133.5	0.0	0.0	133.5
Other receivables and assets	217.4	170.0	47.4	0.0	0.0	0.0	47.4	0.0	0.0	47.4
Cash and cash equivalents	22.6	0.0	22.6	0.0	0.0	0.0	0.0	22.6	0.0	22.6
Total carrying amount per category				**69.5**	**2.7**	**22.2**	**311.1**	**22.6**	**6.3**	

Financial liabilities as of Dec 31, 2017 in EUR million	Carrying amount	Less non-financial instruments	Financial instruments	At Amortized Cost	At Fair Value through Profit and Loss (Held for Trading)	Hedge Accounting	Fair value
Non-current liabilities							
Financial liabilities	19,797.3	0.0	19,797.3	19,789.7	6.2	1.4	23,190.9
Other liabilities	33.3	33.3	0.0	0.0	0.0	0.0	0.0
Current liabilities							
Financial liabilities	424.1	0.0	424.1	413.3	8.0	2.8	424.1
Trade payables	470.9	6.6	464.3	464.3	0.0	0.0	464.3
Other liabilities	757.4	738.8	18.6	18.6	0.0	0.0	18.6
Total carrying amount per category				**20,685.9**	**14.2**	**4.2**	

Financial assets as of Dec 31, 2016 in EUR million	Carrying amount	Less non-financial instru-ments	Financial instruments	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 Account -ing	Fair value
Non-current assets										
Financial assets	215.4	0.0	215.4	68.8	8.1	0.0	137.2	0.0	1.3	253.3
Other receivables and assets	145.5	145.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Current assets										
Financial assets	243.5	0.0	243.5	104.8	0.0	13.7	124.0	0.0	1.0	243.5
Trade receivables	141.6	5.5	136.1	0.0	0.0	0.0	136.1	0.0	0.0	136.1
Other receivables and assets	218.6	169.3	49.3	0.0	0.0	0.0	49.3	0.0	0.0	49.3
Cash and cash equivalents	120.4	0.0	120.4	0.0	0.0	0.0	0.0	120.4	0.0	120.4
Total carrying amount per category				**173.6**	**8.1**	**13.7**	**446.6**	**120.4**	**2.3**	

Financial liabilities as of Dec 31, 2016 in EUR million	Carrying amount	Less non-financial instruments	Financial instruments	At Amortized Cost	At Fair Value through Profit and Loss (Held for Trading)	Hedge Accounting	Fair value
Non-current liabilities							
Financial liabilities	17,982.8	0.0	17,982.8	17,971.8	6.8	4.2	21,959.1
Other liabilities	38.7	38.7	0.0	0.0	0.0	0.0	0.0
Current liabilities							
Financial liabilities	1,896.5	0.0	1,896.5	1,883.7	10.0	2.8	1,957.3
Trade payables	602.4	0.4	602.0	602.0	0.0	0.0	602.0
Other liabilities	526.6	504.8	21.8	21.8	0.0	0.0	21.8
Total carrying amount per category				**20,479.3**	**16.8**	**7.0**	

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, 2017 in EUR million	Gross carrying amount reported	Potential offset amount not reported in the financial statement	Net amount after potential offsetting
Power derivative assets	22.2	-9.7	12.5
Power derivative liabilities	-6.3	0.0 *)	-6.3

As of Dec 31, 2016 in EUR million	Gross carrying amount reported	Potential offset amount not reported in the financial statement	Net amount after potential offsetting
Power derivative assets	13.7	-6.8	6.9
Power derivative liabilities	-9.1	0.0 *)	-9.1

*) low value transactions

Notes to the Consolidated Income Statement and the Consolidated Statement of Financial Position

The interest income that does not result from financial instruments according to the categories of IAS 39 consists mainly of the reversal of the tax benefit from CBL transactions and from the interest accrued on other provisions.

Deferred interest payments on derivative financial instruments (interest rate swaps) designated as hedging instruments in fair value hedges and cash flow hedges in accordance with IAS 39 are recognized as adjustments to the interest expense of the hedged financial instrument. The interest result is allocated to the valuation categories according to the hedged item. In the period under review, only financial liabilities were hedged.

Net financial results by category

The net financial result by category is presented below:

Result of subsequent measurement

Dec 31, 2017 in EUR million	Interest income/ expenses	At fair value	Foreign currency translation	Impairment/ appreciation	Result from disposal	Result from investments	Other comprehen sive income
Loans and Receivables (LaR)	13.5	0.0	-21.3	0.0	0.0	0.0	-1.2
Available for Sale Financial Assets (AfS)	4.0	0.0	-6.0	-0.2	-7.9	0.3	0.0
Financial Instruments Held-for-Trading (FAHfT, FLHfT)	0.0	8.2	0.0	0.0	0.0	0.0	-1.4
Financial Liabilities Measured at Amortized Cost (FLAC)	-571.3	0.0	28.7	0.0	7.9	0.0	0.0
Hedge Accounting	-2.9	0.0	0.0	0.0	0.0	0.0	0.0

Result of subsequent measurement

Dec 31, 2017 in EUR million	Interest income/ expenses	At fair value	Foreign currency translation	Impairment/ appreciation	Result from disposal	Result from investments	Other comprehen sive income
Loans and Receivables (LaR)	23.4	0.0	7.5	0.0	-1.6	0.0	-0.4
Available for Sale Financial Assets (AfS)	5.7	0.0	3.6	-0.6	0.0	0.0	0.0
Financial Instruments Held-for-Trading (FAHfT, FLHfT)	0.0	13.5	0.0	0.0	0.0	0.0	-0.2
Financial Liabilities Measured at Amortized Cost (FLAC)	-614.8	0.0	-12.5	0.0	0.0	0.0	0.0
Hedge Accounting	-3.0	0.0	0.0	0.0	0.0	0.0	0.0

The interest result from financial liabilities classified as "Financial liabilities measured at amortized cost" includes mainly interest expenses from bonds and loans as well as cross-border leasing transactions. The ÖBB-Infrastruktur Group recognizes the other components of net result in other financial expense or other financial income. The total interest income calculated using the effective interest method was EUR 13.5 million (prior year: EUR 23.4 million).

The net financial result does not include any expenses from allowances of trade receivables and other receivables and assets. For more information, see Note 20.

29.4. Derivative financial instruments

The following tables show the reported fair values of all derivative financial instruments. They are divided into those that are part of an effective hedging relationship in accordance with IAS 39 (fair value hedge, cash flow hedge) and those that are not.

	Assets		Liabilities	
	Carrying amounts Dec 31, 2017 in EUR million	Carrying amounts Dec 31, 2016 in EUR million	Carrying amounts Dec 31, 2017 in EUR million	Carrying amounts Dec 31, 2016 in EUR million
Interest rate swaps				
without hedge relation	0.0	0.0	4.0	3.4
designated as cash flow hedge	0.0	0.1	4.2	6.9
Power forwards				
without hedge relation	22.2	13.7	6.3	9.1
designated as cash flow hedge	6.3	2.2	0.0	0.1
Other derivatives				
without hedge relation	0.0	0.0	3.9	4.3
Total	**28.5**	**16.0**	**18.4**	**23.8**

Other derivatives without hedging relationships relate to swaps connected with a cross-border leasing transaction.

Fair value hierarchy

The following table shows how the fair values of the assets and liabilities 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, 2017	Level 1	Level 2	Total
Derivatives designated as hedge instrument	0.0	6.3	6.3
Derivatives held for trading	0.0	22.2	22.2
Available for sale reserve	20.5	49.0	69.5
Financial assets	**20.5**	**77.5**	**98.0**
Derivatives designated as hedge instrument	0.0	4.2	4.2
Derivatives held for trading	0.0	14.2	14.2
Financial liabilities	**0.0**	**18.4**	**18.4**

Dec 31, 2016	Level 1	Level 2	Total
Derivatives designated as hedge instrument	0.0	2.3	2.3
Derivatives held for trading	0.0	13.7	13.7
Available for sale reserve	119.8	53.8	173.6
Financial assets	**119.8**	**69.8**	**189.6**
Derivatives designated as hedge instrument	0.0	7.0	7.0
Derivatives held for trading	0.0	16.8	16.8
Financial liabilities	**0.0**	**23.8**	**23.8**

The levels were determined as follows:

Level 1: Quoted prices (unadjusted) are available from an active market for identical financial instruments.
Level 2: Other parameters than those stated for level 1 were used which are observable for the financial instrument (either directly, i.e., as price, or indirectly, i.e., derived from prices).
Level 3: Parameters were used which are not exclusively based on observable market data.

Transfers between the individual levels did not occur. For further details on these financial instruments see Note 29.1.

30. Leasing transactions

30.1. Lessor

ÖBB-Infrastruktur AG owns the rail infrastructure and a large majority of the property of the ÖBB Group.

The assets leased to third parties are investment properties (IAS 40) and buildings that are partially leased out; however, the share of the latter is not predominant, which means that it does not fall under the scope of IAS 40, and cannot be recognized separately. The vast majority of the leases can be terminated. The infrastructure provided to Rail Cargo Austria AG, ÖBB-Personenverkehr AG and other railway operators for usage against payment of a usage fee (including compensation of the federal government) is charged based on a current price list (mileage or gross tons transported), and is therefore not classified as a lease but as services provided.

There are 25,700 (prior year: 26,000) lease agreements, predominantly with indefinite terms, which can be terminated with a notice period of six months maximum. There are also 7,500 (prior year: 6,700) external fixed-term rental agreements that end between 2018 and 2077 whereby 100 (prior year: 17) contracts were concluded with other ÖBB Group companies and end between 2018 and 2107 (prior year: 2017 and 2112). The long-term agreements relate to building rights granted for property. Contingent lease payments relate exclusively to lease agreements that are concluded with third parties and not with Group companies.

As the leased assets, with the exception of investment property, constitute indivisible parts of buildings such as train stations, a disclosure of the carrying amounts is neither meaningful nor possible.

The minimum lease payments from the fixed-term operating lease agreements as of the balance sheet date amounted to:

Dec 31, 2017	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	401.3	32.9	73.6	294.9
thereof from affiliated companies	*129.8*	*5.9*	*22.7*	*101.2*
Automobiles and trucks	9.3	4.2	5.1	0.0
thereof from affiliated companies	*9.1*	*4.1*	*5.0*	*0.0*
Other technical equipment and machinery	0.5	0.0	0.1	0.4

Dec 31, 2016	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	379.0	31.3	74.7	273.0
thereof from affiliated companies	*130.4*	*5.8*	*22.9*	*101.7*
Automobiles and trucks	10.3	4.4	5.9	0.0
thereof from affiliated companies	*10.0*	*4.3*	*5.7*	*0.0*
Other technical equipment and machinery	0.5	0.0	0.1	0.4

In 2017 contingent rent payments amounting to EUR 2.3 million (prior year: EUR 1.9 million) were recognized in income.

30.2. Lessee

Finance leasing

The majority of the agreements entered into by the ÖBB-Infrastruktur Group as lessee are operating leases, which mainly relate to the rental of buildings, office and business equipment and IT equipment.

In addition, certain parts of property, plant and equipment were procured in the past under finance leases. As of December 31, 2016, the average effective interest rate was based on the six-month EURIBOR rate, including a contractually agreed premium. The interest rates are agreed upon conclusion of the contracts and are variable. The terms of all leases are stipulated in writing. No agreements were concluded through contingent lease payments. The lease expired in January 2017.

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). The ÖBB-Infrastruktur Group has not contractually agreed any minimum lease payments with the lessors under the finance leases.

Operating leases

Future minimum lease payments from non-cancellable operating lease agreements in each of the subsequent periods are as follows:

2017	up to 1 year in EUR million	1 to 5 years in EUR million	more than 5 years in EUR million
Land and buildings	9.4	34.7	64.6
Technical equipment and machinery	0.4	0.9	0.3
Other plant, furniture and fixtures	10.5	15.7	0.0
Total	**20.3**	**51.3**	**64.9**

2016	up to 1 year in EUR million	1 to 5 years in EUR million	more than 5 years in EUR million
Land and buildings	9.3	34.0	72.2
Technical equipment and machinery	0.0	0.0	0.0
Other plant, furniture and fixtures	9.2	13.8	0.0
Total	**18.5**	**47.8**	**72.2**

The operating lease agreements mainly refer to buildings, furniture and fixtures, and computer equipment. Contingent lease payments have not been agreed. The term of the lease agreements ends in 2040 (signaling and control center). In the respective reporting periods, minimum lease payments of EUR 20.9 million (prior year: EUR 19.3 million), of which approximately EUR 10.6 million (prior year: EUR 9.3 million) were recognized as expenses.

30.3. Cross-border lease agreements

In the period from May 1995 to December 2002, the Austrian Federal Railways (now ÖBB-Infrastruktur AG) concluded 17 cross-border leasing transactions (CBL transactions) for infrastructure facilities and rolling stock, of which two (prior year: four) were still valid as of December 31, 2017.

The two remaining CBL transactions of ÖBB-Infrastruktur AG are linked via subleases of ÖBB-Produktion GmbH and ÖBB-Personenverkehr AG.

Both CBL transactions are sale-and-leaseback transactions. In this transaction, the contractual partner is the buyer of the assets and leases them back to the respective companies of the ÖBB Group. Lease-and-lease-back transactions are no longer used.

Payment obligations, such as lease payments and payments required when exercising the call option were hedged by entering into repayment vehicles with various banks and leasing institutions. In these payment undertaking agreements, the banks or leasing institutions agreed to make the contractual payments at the stipulated payment dates on behalf of ÖBB-Infrastruktur AG. Minimum ratings are no longer used.

Rolling stock subject to the CBL transactions is maintained regularly in accordance with the provisions of the agreements and may, in principle, not be sold, leased, pledged as collateral, or decommissioned.

Termination of CBL transactions

In the reporting year 2017, two CBL transactions were ended through exercise of a purchase option. One of the transactions related to ÖBB-Infrastruktur AG itself, the second transaction was linked via sublease agreements of ÖBB-Personenverkehr AG.

In the reporting year 2016, one CBL transaction was terminated prematurely, a second ended through exercise of a purchase option. In the case of one tranche of a CBL transaction, a sub-tranche (trust) was also terminated prematurely. The second sub-tranche (trust) was terminated by exercise of the call option.

Remediation of the rating trigger for UniCredit Bank Austria

In June 2014, the minimum contractual creditworthiness of a transaction was not reached due to a rating downgrade of the equity repayment vehicle (payment undertaking agreement (PUA)). 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 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 as a repayment instrument for the loan. This transaction relates in legal terms to ÖBB-Infrastruktur AG, but was recharged in its entirety internally to ÖBB-Personenverkehr AG due to an existing sub-leasing agreement. The transaction ended on March 1, 2017.

In April 2015, three further transactions were remediated following downgraded ratings in financial year 2014. Appropriate provisions were accrued. 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, two of which still existed as of December 31, 2017. The purchase of the U.S. treasury notes was carried out via loans in the corresponding currencies (private placement). The existing PUAs, which are no longer required as collateral after the establishment of the deposit account, are serving 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. The same holds true for the surviving PUAs and the private placement. One (prior year: one) CBL transaction with two (prior year: two) securities accounts are recharged to ÖBB-Personenverkehr AG via the sublease agreements. One CBL transaction with two securities accounts affects ÖBB-Infrastruktur AG itself.

Accounting

General principles for all CBL transactions:

The ÖBB-Infrastruktur 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-Infrastruktur Group. The assets transferred to other companies of the ÖBB Group under sub-lease agreements are recognized by these companies in their statements of financial position.

Amortization of the net present value benefit: The net present value 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 December 31, 2016 the deferred tax benefit not yet released, which was based on the ÖBB-Infrastruktur Group, amounted to EUR 0.7 million. This was completely released in 2017. Income from the release of the deferred tax benefit amounting in 2017 to EUR 0.7 million (prior year: EUR 0.7 million) 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-Infrastruktur Group (securities and bank deposits) and the corresponding lease liabilities do not meet the criteria of assets and liabilities ("linked transactions"), respectively, due to the lack of substance of the agreements, and are therefore not accounted for ("off 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 deteriorated. For this case, the contractual provisions prescribe, among other requirements, that the affected securities accounts and payment undertaking agreements shall be replaced or hedged.

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 acquired in 2014 and 2015 to remediate 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 with respect to one of the tranches of a transaction.

With the exception of a transaction for which ÖBB-Infrastruktur AG itself bears the financial risk, there is right of regress based on sub-lease agreements concluded with other companies of the ÖBB Group in the event of losses resulting from the default of investments.

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 in favor of the ÖBB-Infrastruktur 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 December 31, 2017 and 2016, there were no allowances on investments. As a result of the risk assumption agreed with other companies of the ÖBB Group in the sublease agreements, the allowances formed were not passed on to ÖBB-Personenverkehr AG and ÖBB-Produktion Gesellschaft mbH.

In the Consolidated Financial Statements as of December 31, 2017, financial assets associated with non-linked leasing transactions amounted to EUR 63.5 million (prior year: EUR 179.8 million). Claims against ÖBB-Personenverkehr AG from the termination of a leasing transaction amount to EUR 9.2 million (prior year: EUR 10.8 million). On December 31, 2017, related financial liabilities amounted to EUR 58.0 million (prior year: EUR 172.2 million). Changes in the fair value of available-for-sale securities resulted in the recognition of EUR -1.9 million (prior year: EUR -2.8 million) in other comprehensive income.

Accounting for transactions without substance (linked transactions)

In accordance with SIC 27, the ÖBB-Infrastruktur Group 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. The legal obligations under the lease agreements are disclosed as contingent liabilities in the event that the relevant contractual partner fails to meet its payment obligations under the payment undertaking agreements. As of December 31, 2017, contingent liabilities from CBL transactions amounted to EUR 54.3 million (prior year: EUR 237.7 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 June 13, 1977, the company now named ÖBB-Infrastruktur AG was granted a concession to operate a railway in the Principality of Liechtenstein that was valid until December 31, 2017. Due to the timely application of ÖBB for renewal of this license, it continues to apply unchanged until the application has been completed (Art. 7 para. 2 EBG).

On December 3, 1968 a license was granted for the operation of the railway on the Swiss sections of the route from the Swiss border to Buchs and St. Margrethen, which ended on December 31, 2017. Following timely application, this license was extended by decision of the Swiss DETEC of March 3, 2017 for the St. Margrethen – Bregenz section for a period of fifty years, i.e., until December 31, 2067; and for the Buchs SG – Feldkirch section for a period of five years, i.e., until December 31, 2022.

On this basis, ÖBB-Infrastruktur AG continues to be authorized and obligated to maintain the uninterrupted and proper operation of the railway in Lichtenstein and on the Swiss border sections, which serves for public transportation. The infrastructure assets in Liechtenstein and Switzerland are the property of ÖBB-Infrastruktur AG. As of December 31, 2017, these assets had a carrying amount of EUR 27.1 million (prior year: EUR 14.7 million). The concessionaire assumes responsibility for the conveyance of people, luggage, and freight.

An extension of the Lichtenstein concession continues to be pursued. The new Liechtenstein Railways Act came into effect in 2012. This change in the legal situation, with which even Liechtenstein law has implemented free network access, is relevant for the decision regarding the application for a license. There is a draft of the concession in Liechtenstein, but Austria's suggestion that – analogous to domestic routes – the countries across whose territory the route leads will be asked to pay contributions to the maintenance and operation of the respective national segments was rejected by the Principality of Liechtenstein. The progress of the negotiations on this issue significantly impacts the timeframe of the concession proceedings. In a letter dated February 17, 2017, the Liechtenstein government confirmed to the Swiss FOT that "Liechtenstein had no objections to the application for a five-year infrastructure concession for the Swiss section of the Feldkirch-Buchs line. We would like to state that the Swiss concession procedure cannot prejudice the extension of the concession in the Liechtenstein concession procedure, which has not yet been concluded."

Because in recent meetings of the Trilateral Steering Committee the Liechtenstein delegation had no negotiating power granted by the government of Liechtenstein (explicit reference was made to the period of activity of the current government, which ended 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. At the last steering committee meeting in July 2017, a working group was set up to examine possible alternatives to the project pursued so far, in support of the vital political discussions.

At the same time, ÖBB-Infrastruktur AG also obtained a commitment from the Principality of Liechtenstein on November 8, 2017, that allows operation to continue unchanged on the Liechtenstein section of track even after formal expiry of the concession at the end of 2017 and while the concession proceedings are still ongoing, and that the Principality of Liechtenstein will not make any decisions or implement any measures that would make it impossible for ÖBB-Infrastruktur AG to comply with the terms and conditions for using the railway network. In concrete terms, the government undertakes in this letter that "any non-renewal of the railway concession will be made in such a way as to ensure compliance with the terms of use of the rail network to be announced in the fall for the following calendar year."

Although upon expiration of the concession in 2017, the assets would be transferred to Liechtenstein and Switzerland, the property, plant and equipment concerned are depreciated over the anticipated longer useful life. This is because, on the one hand, an extension of the concession is likely to be granted due to the scheduled new construction of the track (which is the subject matter of international agreements) and due to the fact that ÖBB-Infrastruktur AG is the only applicant for the concession; and because, on the other hand, the provision of reversion of the assets without compensation provided in the Railways Act at least requires reconsideration from a legal point of view and waiver by the government is provided for in the law.

On this basis, negotiations at government level on the financing and extension of the concession are now a condition for the issue of whether this project should be implemented, whether an alternative solution should be sought or whether the line should only be maintained and operated as an existing line.

32. Related party transactions

Supplies to or from related parties

Related parties consist of affiliated, not fully consolidated companies of the ÖBB-Infrastruktur Group or of the ÖBB-Holding 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-Infrastruktur AG).

ÖBB-Infrastruktur Group maintains business relationships at arm's length, with companies in which the Republic of Austria directly or indirectly holds an interest (e.g., Österreichische Bundes- und Industriebeteiligungen GmbH, OMV Aktiengesellschaft, Autobahnen- und Schnellstraßen- Finanzierungs-Aktiengesellschaft, Telekom Austria AG, Schieneninfrastruktur-Dienstleistungsgesellschaft mbH, Verbund AG) and which are also classified as related parties in accordance with IAS 24. The transactions as defined in IAS 24 that were entered into with these companies in the reporting year all related to the normal course of business operations. Significant transactions (revenue of EUR 19.0 million [prior year: EUR 28.4 million] expenses of EUR 42.8 million [prior year: EUR 45.0 million]) were incurred with the Verbund AG Group. Unpaid invoices from or to these companies on the reporting date are reported as trade receivables and trade payables. The other transactions were of minor significance overall and accounted for less than 4.0% of cost of materials and purchased services and less than 3% of revenues.

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 the ÖBB-Infrastruktur and related parties during the financial year, and the receivables or liabilities resulting from these transactions at the end of the financial year:

	Affiliated companies of the Rail Cargo Austria sub-group		Affiliated companies of the ÖBB-Personenverkehr sub-group		Affiliated, not fully consolidated companies of ÖBB-Infrastruktur		Other affiliated companies	
in EUR million	2017	2016	2017	2016	2017	2016	2017	2016
Sale of goods/rendering of services	211.5	204.8	330.2	324.9	0.0	0.1	191.1	190.0
Purchase of goods/ services/fixed assets	65.7	61.9	24.6	20.1	0.0	0.0	120.3	116.1
Trade receivables	19.8	21.3	28.3	25.7	0.0	0.0	30.5	15.6
Other financial assets	0.0	0.0	26.2	30.1	0.4	0.0	15.5	20.7
Trade payables	15.6	14.6	2.9	2.2	0.0	0.0	29.6	13.6
Other financial liabilities	0.0	0.0	0.0	0.0	0.3	0.3	155.3	60.8

Transactions with companies affiliated with the rest of the ÖBB-Group are disclosed separately in the individual Notes to the Consolidated Financial Statements. The financial liabilities to other affiliated companies mainly relate to ÖBB-Finanzierungsservice GmbH.

In the reporting year, services were provided by the parent company ÖBB-Holding AG in areas including controlling, finance, communications, marketing, production, technology, security, auditing, Group accounting, reporting and taxes, strategy, corporate development, legal, compliance and strategic Group purchasing, strategic IT management, and strategic human resource management; these services were provided on the basis of individual agreements or through cost allocation. Revenue amounted to EUR 1.4 million (prior year: EUR 2.1 million), and expenses to EUR 18.8 million (prior year: EUR 17.9 million). As of December 31, 2017, receivables of EUR 83.1 million (prior year: EUR 73.9 million) and liabilities of EUR 6.5 million (prior year: EUR 6.1 million) were reported. Receivables due from ÖBB-Holding AG consist mainly of value added tax credits (fiscal unit).

The ÖBB-Infrastruktur Group's relationships with associated companies and joint ventures are presented below.

	Associated companies		Joint ventures	
in EUR million	2017	2016	2017	2016
Sale of goods/rendering of services (total revenue)	3.5	3.0	1.7	4.7
Purchase of goods/ services/fixed assets (total expenses)	23.6	24.0	0.0	0.0
Trade receivables	0.7	0.9	0.1	2.0
Trade payables	0.5	4.0	0.0	0.0

In both financial years, apart from rental income of kEUR 8 with the related party of a managing director, there are no reportable transactions with members of the Board of Management, managing directors and Supervisory Board members or related parties or companies of the ÖBB-Infrastruktur Group or the parent company. Please see Note 28 for information on guarantees issued for affiliated companies.

Benefits from the Republic of Austria, master plan for investments in the infrastructure and guarantees of the federal government

General

ÖBB-Infrastruktur AG is a railway infrastructure company whose activities are of public interest and are further defined in 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 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 Austrian Federal Railways Act.

ÖBB-Infrastruktur AG bears the costs incurred for the fulfillment of its tasks. The federal government awards 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 Austrian 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 Austrian 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 mbH (SCHIG) 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 master plan for 2017 to 2022 was approved by the Republic of Austria on October 12, 2016 and by the ÖBB-Infrastruktur AG Supervisory Board on December 13, 2016.

In June 2017, 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 (grant agreements in accordance with Article 42 of the Austrian Federal Railways Act) that regulates the subsidies from 2016 onwards. The subsidies agreement was therefore also valid for 2017.

Infrastructure financing

The grant agreement pursuant to Article 42 (2) of the Austrian 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 Austrian Federal Railways Act, which has to comprise the annual funds for maintenance (in particular repairs and reinvestments) and for investments in expansion. Both the business plan and the master plan shall be amended each year by one year and adapted to the new six-year period.

According to the grant agreement 2016-2021, the federal government shall bear 75% of the annual investments in expansion and reinvestments according to the master plan 2016-2021 (with the exception of the Brenner base tunnel) until 2016 and 80% for the years 2017 et seq.; 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 in the functionality and/or the scope 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 2017, based on the valid subsidies agreement for 2016 to 2021, an amount of EUR 785.9 million (prior year: EUR 786.6 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 550.5 million (prior year: EUR 514.3 million) was granted.

ÖBB-Infrastruktur AG has provided investment grants for the construction costs of the Brenner base tunnel in the amount of EUR 47.0 million (prior year: EUR 173.0 million) that were reimbursed by the federal government after deduction of the payments agreed contractually with the federal state of Tyrol in the course of acquisition in the amount of EUR 41.3 million (prior year: EUR 73.7 million).

Infrastructure operation and apprenticeship costs

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) Austrian 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.

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 Austrian Federal Railways Act.

The specific objectives to be achieved by ÖBB-Infrastruktur AG are categorized in particular in 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) Bundesbahngesetz.

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 2017 according to Article 42 of the Federal Railways Act amounts to EUR 2,122.2 million (prior year: EUR 2,068.5 million). The grant for expansion and reinvestment in the amount of EUR 785.8 million (prior year: EUR 786.6 million) was reduced by EUR 32.5 million (prior year: EUR 76.0 million) to EUR 753.3 million (prior year: EUR 691.6 million) due to the investment measures carried out and more favorable interest rate developments and is presented in other operating income. Following improved operating performance and more favorable interest rate trends, the EUR 1,336.4 million (prior year: EUR 1,300.9 million) grant for operation and inspection/maintenance/troubleshooting and repair was reduced by EUR 194.0 million (prior year: EUR 130.1 million) and is recognized in revenue. The subsidy in the amount of EUR 77.6 million (prior year: EUR 62.0 million) attributable to capitalized interest under IAS 23 is considered to be an investment grant and is used to cover future expenses incurred in the form of depreciation. The disclosure in the financial statements is made as a reduction in the subsidy pursuant to Article 42 (1) of the Federal Railways Act and is presented as investment grants. Consequently, the amount of EUR 1,064.8 million (prior year: EUR 1,109.8 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 31.6 million (prior year: EUR 75.2 million) as well as in connection with the operational management and apprenticeship program in the amount of EUR 194.0 million (prior year: EUR 129.1 million) is presented in other liabilities. Ex post settlement of the annuity relating to the Brenner base tunnel resulted in a repayment portion for ÖBB-Infrastruktur AG of EUR 0.9 million (prior year: EUR 0.8 million), which is recognized as deferred income.

The development of grants in 2017 breaks down as follows:

in EUR million	Total grant	Accruals	Income or loss in 2017
§ 42 (1) operational management	785.9	-271.6	514.3
§ 42 (2) inspection, maintenance and repair	550.5	0.0	550.5
Revenue	**1,336.4**	**-271.6**	**1,064.8**
§ 42 (2) Investment (annuity)	785.8	-32.5	753.3
Other operating income	**785.8**	**-32.5**	**753.3**
Total	**2,122.2**	**-304.1**	**1,818.1**

The development of grants in 2016 breaks down as follows:

in EUR million	Total grant	Accruals	Income or loss in 2016
§ 42 (1) operational management	786.6	-211.7	574.9
§ 42 (2) inspection, maintenance and repair	514.3	20.6	534.9
Revenue	**1,300.9**	**-191.1**	**1,109.8**
§ 42 (2) Investment (annuity)	767.6	-76.0	691.6
Other operating income	**767.6**	**-76.0**	**691.6**
Total	**2,068.5**	**-267.1**	**1,801.4**

Please refer to Note 25 with regard to the guarantees and financing assumed by the Federal Government from 2017, which are mainly taken out via loans from the Republic of Austria and settled by the Austrian Bundesfinanzierungsargentur (OeBFA).

In addition, there were other grants (usually cost contributions to investment measures) from the Austrian provincial governments in the amount of EUR 30.1 million (prior year: EUR 34.9 million) or municipalities amounting to EUR 19.7 million (prior year: EUR 23.3 million), whereby as of the reporting date no receivables were outstanding (prior year: EUR 12.9 million) and outstanding liabilities of EUR 1.1 million (prior year: EUR 0.3 million). Furthermore, EU subsidies amounting to EUR 5.9 million (prior year: EUR 62.5 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-Infrastruktur AG consisted on the reporting date of three members (prior year: two). For the total compensation granted to the Board of Management for the members of the Board of Management who were active in the reporting years pursuant to Section 266 (2) UGB, kEUR 1,042 (prior year: kEUR 1,123), which also includes variable components and non-cash benefits. Statutory contributions to the severance insurance scheme amounted to kEUR 16 (prior year: kEUR 17). Provisions for vacations increased by kEUR 40, from kEUR 105 to kEUR 145. As of December 31, 2017, provisions for target agreements amounted to kEUR 345 (prior year: kEUR 266). Pension payments of kEUR 42 (prior year: kEUR 41) were made for former members of the Board of Management. Provisions for pensions were reduced by kEUR 60 (prior year: increase of kEUR 70).

The total remuneration of the members of the Board of Management is composed of a fixed and a variable component. The amount of the variable annual component is subject to the achievement of objectives agreed with the Executive Committee of the Supervisory Board at the beginning of each financial year.

The employment contracts with top executives (members of the Boards of Management of the parent companies and general managers of companies on comparable levels) include a performance-related component; thus, the success of the company is reflected by the remuneration to a considerable extent. In principle, two-thirds of the remuneration of top executives consists of a fixed base salary, and one-third is a variable performance-related component. At the beginning of each financial year, an individual score card is developed for each company for the purpose of agreeing upon clearly defined, mainly quantitative objectives. The objectives are based on the results of the ÖBB-Infrastruktur Group. The variable components of the salaries that were paid out are included in the remuneration of the Board of Management indicated above.

The members of the Board of Management of ÖBB-Infrastruktur AG participate in an external defined-contribution pension fund scheme, except for members of the Board of Management who are seconded for the time of their activity in the Board within a definite ÖBB employment relation in accordance with the general terms and conditions for employment with Austrian Federal Railways (AVB). A provision of kEUR 22 was formed in connection with this pension fund regulation. ÖBB-Infrastruktur Group itself assumes no pension commitments.

Remuneration of members of the Supervisory Board

In accordance with the rules of procedure for the Supervisory Board of ÖBB-Infrastruktur AG, the members of the Supervisory Board may receive remuneration. At the Annual General Meeting in 2017, remuneration for external Supervisory Board members was resolved as follows: 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 chairman of the Supervisory Board receives 200% of the basic remuneration, and a vice chair within ÖBB-Infrastruktur 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 kEUR 27 (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-Infrastruktur Group amounted to kEUR 45 (prior year: kEUR 37).

33. Segment reporting

A business segment is a component of an entity that engages in business activities from which it may earn revenues and incurs expenses and whose operating results are reviewed regularly by the entity's chief operating decision-maker with respect to the allocation of resources to the respective segment and the assessment of its performance. It is a group of assets and operating activities providing products or services which are subject to risks and returns that are different from those of other operating segments and for which discrete financial information is available.

Information on segment reporting

Segment reporting of the ÖBB-Infrastruktur Group is based on the management structure of the ÖBB-Infrastruktur Group. The ÖBB-Infrastruktur Group has only one segment – railway infrastructure.

Information on company level

Major customers in accordance with IFRS 8.34 are ÖBB-Personenverkehr AG (total income of EUR 323.5 million [prior year: EUR 318.6 million]), ÖBB-Produktion GmbH (total income of EUR 160.7 million [prior year: EUR 159.6 million]) and Rail Cargo Austria AG (total income of EUR 171.6 million [prior year: EUR 167.9 million]). This income results from infrastructure usage charges and the sale of traction power. These companies are part of the ÖBB Group and are thus affiliated companies.

The following table shows the ÖBB-Infrastruktur Group revenue by geographic market, based on the registered offices of the customers, irrespective of the origin of the products and services:

Total income	2017 in EUR million	2016 in EUR million
Austria	3,148.8	3,098.1
Germany	28.0	28.6
Other markets	24.8	28.1
Total	**3,201.6**	**3,154.8**

The presentation of the carrying amounts of segment assets and additions to property, plant and equipment and intangible assets, broken down by geographical areas, no longer applies, as all assets, with the exception of those in Liechtenstein and Switzerland amounting to EUR 27.1 million (prior year: EUR 14.7 million), are located in Austria. Additions to property, plant and equipment in Liechtenstein and Switzerland amounted to EUR 12.9 million (prior year: EUR 0.1 million). See Note 4 for external revenues broken down by service.

34. Notes to the Cash Flow Statement

The Cash Flow Statement shows the change in cash of the ÖBB-Infrastruktur Group from inflows and outflows of funds in the reporting year. The Cash Flow Statement is divided into cash flows from operating activities, from investment activities and from financing activities. Operating parts of the Cash Flow Statement are presented using the indirect method. There were no changes to cash and cash equivalents due to changes in exchange rates.

Liquid funds include cash and cash equivalents and current receivables and liabilities with respect to ÖBB-Finanzierungsservice GmbH. There are current receivables from ÖBB-Finanzierungsservice GmbH (reported under cash and cash equivalents) of EUR 20.6 million (prior year: EUR 119.6 million) and current liabilities (reported under current financial liabilities) of EUR 122.9 million (prior year: EUR 20.8 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 77.2 million (prior year: EUR 62.0 million) received in this connection are also recognized in operating cash flow under changes in liabilities from trade payables and other liabilities and deferrals.

Significant non-cash transactions carried out in both reporting years mainly refer to the recognition and derecognition of assets and liabilities from CBL transactions and liabilities from CBL transactions.

The prior year's figure had to be adjusted for the balance sheet item cash and cash equivalents (see Note 22). This has an effect on cash and cash equivalents in the cash flow statement. In order to improve comparability, the level of cash and cash equivalents in the 2017 cash flow statement was reduced at the beginning of the period. In addition, the cash flow statement for the previous year reduced cash and cash equivalents at the end of the period by kEUR 5,154 and at the beginning of the period by kEUR 7,129 and increased the change in trade receivables and other liabilities and accruals and current other receivables in the cash flow statement for the previous year by kEUR 1,975.

The following table provides information on the changes in financial liabilities, the cash inflows and outflows of which are disclosed in the cash flow statement under cash flow from financing activities.

in EUR million	As of Dec 31, 2016	Changes with an effect on cash flow	Changes in exchange rates	Other changes in borrowed capital	Other changes in equity	As of Dec 31, 2017
Non-current liabilities						
Bonds	13,860.9	0.0	-6.9	402.2	0.0	14,256.2
Liabilities to banks	3,792.8	200.0	-9.5	3.0	0.0	3,986.3
Financial liabilities leasing	94.0	0.0	-7.5	-3.9	0.0	82.6
thereof to affiliated companies	*32.5*	*0.0*	*0.0*	*-8.0*	*0.0*	*24.5*
Other financial liabilities	235.1	1,289.8	-6.6	-44.5	-1.5	1,472.3
Total non-current liabilities	**17,982.8**	**1,489.8**	**-30.5**	**356.8**	**-1.5**	**19,797.3**
Current financial liabilities						
Bonds	431.0	0.0	0.0	-431.0	0.0	0.0
Liabilities to banks	73.5	-7.8	0.0	-59.0	0.0	6.7
Financial liabilities leasing	118.3	0.0	0.0	-110.3	0.0	7.9
thereof to affiliated companies	*7.6*	*0.0*	*0.0*	*0.4*	*0.0*	*7.9*
Other financial liabilities	1,252.9	-1,000.3	0.0	35.0	-1.1	286.5
thereof to affiliated companies	*0.2*	*0.0*	*0.0*	*0.0*	*0.0*	*0.2*
Total excluding other financial liabilities, which are part of cash and cash equivalents	**1,875.7**	**-1,008.1**	**0.0**	**-565.3**	**-1.1**	**301.2**
Current other financial liabilities, which are part of the fund of cash and cash equivalents	20.8	0.0	0.0	102.1	0.0	122.9
thereof to affiliated companies	*20.8*	*0.0*	*0.0*	*102.1*	*0.0*	*122.9*
Total current liabilities	**1,896.5**	**-1,008.1**	**0.0**	**-463.2**	**-1.1**	**424.1**

For the bonds with a volume of EUR 400.0 million classified as short-term in the previous year, investors did not make use of the right of early redemption in 2017; instead of being repaid, they were reclassified to long-term bond liabilities.

The decrease in liabilities in connection with active or terminated CBL transactions is also shown under other changes, as the payments are not settled via the bank accounts of the ÖBB-Infrastruktur Group. Instead, the proceeds from the assets are transferred directly from the debtor to the creditor. This applies in particular to financial lease liabilities, but also to parts of bonds, liabilities to banks and other financial liabilities.

35. Group companies

Following is a list of those Group companies in which ÖBB-Infrastruktur AG direct or indirect through other affiliated companies held an equity interests on the reporting date, or which were newly established in the current reporting year. The corporate purpose of the Group companies is described in letters a) to i). Disclosures relate to both years unless prefixed by "previous year:", in which case they only relate to the previous year.

ÖBB-Infrastruktur Group	Country, registered office	Type of consolidation	
100% ÖBB-Infrastruktur Aktiengesellschaft	A-1020 Vienna	V	c)
├► 100% Austrian Rail Construction & Consulting GmbH	A-1020 Vienna	V0	f)
├► 100% Austrian Rail Construction & Consulting GmbH & Co KG	A-1020 Vienna	V0	f)
├► 100% Güterterminal Werndorf Projekt GmbH	A-1020 Vienna	V	d)
├► 100% Mungos Sicher & Sauber GmbH	A-1150 Vienna	V	e)
├► 100% Mungos Sicher & Sauber GmbH & Co KG	A-1150 Vienna	V	e)
├► 100% Netz- und Streckenentwicklung GmbH	A-1020 Vienna	V0	d)
├► 100% ÖBB-Güterzentrum Wien Süd Betriebsgesellschaft m.b.H.	A-1020 Vienna	V (prior year: V0)	b)
├► 100% ÖBB-Güterzentrum Wien Süd Betriebsgesellschaft m.b.H. & Co KG	A-1020 Vienna	V (prior year: V0)	b)
├► 100% ÖBB-Immobilienmanagement Gesellschaft mbH	A-1020 Vienna	V	a)
├► 100% ÖBB-Projektentwicklung GmbH	A-1020 Vienna	V	b)
├► 100% ÖBB-Realitätenbeteiligungs GmbH & Co KG	A-1020 Vienna	V	b)
├► 100% Businesscenter Linz Entwicklungs- und Verwertungs GmbH & Co KG	A-1020 Vienna	V0	b)
├► 100% Elisabethstraße 7 Projektentwicklung GmbH & Co KG	A-1020 Vienna	V	b)
├► 100% Elisabethstraße 9 Projektentwicklung GmbH & Co KG	A-1020 Vienna	V	b)
├► 100% Europaplatz 1 Projektentwicklung GmbH & Co KG	A-1020 Vienna	V0	b)
├► 100% Gauermanngasse 2-4 Projektentwicklung GmbH & Co KG	A-1020 Vienna	V	b)
├► 100% Mariannengasse 16-20 Projektentwicklung GmbH & Co KG	A-1020 Vienna	V (prior year: V0)	b)
├► 100% Modul Office Hauptbahnhof Graz GmbH & Co KG	A-1020 Vienna	V0	b)
└► 100% Operngasse 16 Projektentwicklung GmbH & Co KG	A-1020 Vienna	V	b)
├► 100% ÖBB-Stiftungs Management Gesellschaft mbH	A-1020 Vienna	V0	h)
├► 100% Rail Equipment GmbH	A-1040 Vienna	V	g)
├► 100% Rail Equipment GmbH & Co KG	A-1040 Vienna	V	g)
├► 51% WS Service GmbH	A-3151 St. Georgen am Steinfeld	V	c)
├► 50% Galleria di Base del Brennero - Brenner Basistunnel BBT SE	I-39100 Bolzano	E	c)
├► 43,05% Weichenwerk Wörth GmbH	A-3151 St. Georgen am Steinfeld	E	c)
├► 25% Breitspur Planungsgesellschaft mbH	A-1010 Vienna	E0	d)
├► 8% HIT Rail B.V.	NL-3500 HA Utrecht	0	n/a
├► silent partnership „Am Hafen" Garagenerrichtungs- und Betriebs GmbH & Co KG	A-6900 Bregenz	0	n/a
├► partnership UIRR s.c.r.l. (International Union for Road-Rail Combined Transport)	B-1000 Brussels	0	n/a
└► partnership Tiefgarage Stuben Gesellschaft m.b.H. & Co. KG	A-6762 Stuben/Arlberg	0	n/a

Abbreviations:

V	Affiliated, fully consolidated company
V0	Affiliated company not fully consolidated due to its insignificance
E	Investee reported using the equity method (associated company)
E0	Investee not reported using the equity method due to its insignificance
0	Other investee companies
n/a	not available
i.L.	in liquidation

Explanation of the purposes of the Group companies:

a) Maintenance, management and utilization of real estate properties
b) Project development and utilization of properties
c) Planning and construction (including replacement investment that exceeds maintenance and repair) of railway infrastructure as well as planning and construction of related projects and sub-projects and the provision of railway infrastructure
d) Optimization and harmonization of infrastructure planning and development
e) Cleaning and special cleaning (for example, graffiti removal) of railway stations as well as security and other services
f) Research and development, especially in connection with railway infrastructure
g) Procurement, purchasing, financing, maintenance and Group-wide rental of rail-bound vehicles, equipment and rail vehicles
h) Continuing professional training
i) Services associated with the operation of terminals

The following presents the equity and net income from those Group companies that were not included in the Consolidated Financial Statements and in which an interest of at least 20% was held. The disclosures regarding equity and net income were taken from the annual financial statements according to respective national accounting laws.

	Shareholder's equity in kEUR		Profit or loss in kEUR	
ÖBB-Infrastruktur Group	Dec 31, 2017	Dec 31, 2016	2017	2016
Austrian Rail Construction & Consulting GmbH	138	138	0	0
Austrian Rail Construction & Consulting GmbH & Co KG	208	208	-2	-2
Netz- und Streckenentwicklung GmbH	94	416	-2	0
Businesscenter Linz Entwicklungs- und Verwertungs GmbH & Co KG	-4	-3	-1	-1
Europaplatz 1 Projektentwicklung GmbH & Co KG	-4	-3	-1	-1
Modul Office Hauptbahnhof Graz GmbH & Co KG	-4	-3	-1	-1
ÖBB-Stiftungs Management Gesellschaft mbH	72	71	0	1
Breitspur Planungsgesellschaft mbH	3,799	4,438	-639	-2,464

36. Events after the reporting date

On March 29, 2018, the members of the Board of Management of ÖBB-Infrastruktur AG released the audited Consolidated Financial Statements as of December 31, 2017 for submission to the Supervisory Board. The Board of Management proposes to carry forward Retained eranings of ÖBB-Infrastruktur AG in the amount of EUR 154,889,050.90 to new account.

On February 28, 2018, an Extraordinary General Meeting of ÖBB-Infrastruktur AG took place, in which the Supervisory Board of ÖBB-Infrastruktur was newly appointed. At this Extraordinary General Meeting, the following members of the Supervisory Board resigned:

Mag. Brigitte Ederer Chairwoman
Dr. Tanja Wielgoß
DI Mag. Marion Medlitsch

The following were appointed as new members of the Supervisory Board:

Mag. Iris Germ
Mag. Eva Hieblinger-Schütz
Dr. Barbara Kolm
Mag. Gilbert Trattner

On March 20, 2018, Mr. Karl Buchheit was nominated as member of the Supervisory Board as an employee representative.

The constituent meeting of the Supervisory Board took place on March 22, 2018, in which the Chairman of the Supervisory Board, Mr. Mag. Gilbert Trattner, was elected.

The 2018 – 2023 master plan was approved by the Council of Ministers and published by the Federal Ministry of Transport, Innovation and Technology on March 22, 2018. This plan forms the basis for the implementation of the capital expenditure program in the coming years.

37. Executive bodies of the parent company of the ÖBB-Infrastruktur Group

Members of the Board of Management		
Mag. Silvia Angelo	from January 16, 2017	
DI Franz Bauer		
KR Ing. Franz Seiser		
Members of the Supervisory Board		
Mag. Brigitte Ederer	until February 28, 2018	Chairwoman
Mag. Gilbert Trattner	from February 28, 2018	Chairman (from March 22, 2018)
Mag. Josef Halbmayr MBA		1. Vice Chair
DI Herbert Kasser		2. Vice Chair
Lic.iur. Philippe Gauderon		
Dr. Tanja Wielgoß	until February 28, 2018	
DI Marion Medlitsch	from March 10, 2017 to February 28, 2018	
Mag. Iris Germ	from February 28, 2018	
Mag. Eva Hieblinger-Schütz	from February 28, 2018	
Dr. Barbara Kolm	from February 28, 2018	
Günter Blumthaler		Employee representative
Peter Dyduch		Employee representative
Gerhard Schneider	from January 16, 2017	Employee representative
Karl Buchheit	from March 20, 2018	Employee representative

Vienna, March 29, 2018

The Board of Management

Mag. Silvia Angelo	DI Franz Bauer	KR Ing. Franz Seiser
Finance, Market, Service Division	Infrastructure Facilities Provision Division	Operations and Systems Division

Auditor's Report*

Report on the Consolidated Financial Statements

Audit Opinion

We have audited the consolidated financial statements of **ÖBB-Infrastruktur Aktiengesellschaft, Vienna,** and of its subsidiaries (the Group) comprising the consolidated balance sheet as of December 31, 2017, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the fiscal year then ended and the notes to the consolidated financial statements.

Based on our audit the accompanying consolidated financial statements were prepared in accordance with the legal regulations and present fairly, in all material respects, the assets and the financial position of the Group as of December 31, 2017, and its financial performance for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU and with Section 245a Austrian Company Code (UGB).

Basis for Opinion

We conducted our audit in accordance with EU Regulation No. 537/2014 (hereinafter the EU Regulation) and the Austrian Standards on Auditing. Those standards require that we comply with International Standards on Auditing (ISA). Our responsibilities under those regulations and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the Austrian Generally Accepted Accounting Principles and professional requirements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of the most significance in our audit of the consolidated financial statements of the fiscal year. These matters were addressed in the context of our audit of the consolidated financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We present what we consider to be the most important findings of the audit below:

- Approach and valuation of provisions for line closures and environmental measures
- Distinction between capital expenditures requiring capitalization and maintenance measures immediately recognized as expenses
- Recognition and measurement of capitalized own work in connection with investment projects

Approach and valuation of provisions for line closures and environmental measures

Facts and risk and reference to further information	Audit process
Under other provisions, the Group has provisions for line closures of branch lines and environmental protection measures in the amount of EUR 117.8 million. These are recognized at the probable settlement amount, which is discounted to the balance sheet date. Based on legal opinions, contractual obligations as well as external and internal cost estimates, the provisions based on railway legislation (branch line closures) and environmental protection legislation (environmental protection measures) include the expected obligations for the decommissioning and dismantling of decommissioned branch lines and branch lines targeted for decommissioning as well as for prospective reorganization measures for soil contamination in connection with the railway infrastructure operated by the company. The accounting of these matters is of particular importance in the context of our audit, as the amount of the provisions is largely dependent on the assumptions and estimates of the management and is generally subject to uncertainty. In particular, the decommissioning and dismantling obligations relate to the dismantling scenario and the expected costs. The provision for anticipated remediation measures in connection with soil contamination raises uncertainties regarding the extent of the necessary remediation work, the costs involved and the time of implementation. Information on the accounting for provisions can be found in the notes under point "B. Notes on the Consolidated Statement of Financial Position and the Consolidated Income Statement, 26.2. Other provisions" and under point "A. Basis and methods, 3. Summary of significant accounting policies, use of estimates and judgments Point c. "Provisions".	As part of our audit, we examined the legal and data foundations used to create the provisions and, on this basis, assessed the appropriateness of the premises used for the valuation. In particular, we discussed the status of the dismantling and remediation measures, including current developments in 2017, with the employees of the relevant departments in the company. With regard to issues that have been reported for the first time, such as in particular the provision for the remediation of soil contamination caused by heavy metal contamination in the area of traction power pylons, we have dealt with the recognition requirements and the allocation of provisions to the 2017 financial year. We reconstructed the calculation method for provisions on the basis of the detailed valuation parameters and asked questions regarding the planned utilization of the provisions over time.

Distinction between capital expenditures requiring capitalization and maintenance measures immediately recognized as expenses

Facts and risk and reference to further information	Audit process
In addition to investing in the construction of railway infrastructure, the Group has significant expenditures for the renewal and maintenance of existing infrastructure. While measures that are classified as capital expenditures are capitalized and thus written off as expenses over several years, maintenance measures are immediately reflected as an expense in the results for the period. As with all major infrastructure companies, the distinction between investment and maintenance measures and their correct presentation in the financial statements is particularly important. In particular for measures affecting existing infrastructure, there may be delimitation or classification problems. The risk for the financial statements is therefore an inaccurate balance sheet assessment of construction and restoration measures and the associated impact on the annual result. The information on the accounting principles are described in the notes to the consolidated financial statements under "A. Basis and methods, 3. Summary of significant accounting policies". Information on the maintenance activities recorded in the income statement in the financial year is provided in the notes under item "B. Notes on the Consolidated Statement of Financial Position and the Consolidated Income Statement, 7. Costs of materials and purchased services". The investment measures capitalized in the financial year are shown under item "B. Notes on the Consolidated Statement of Financial Position and the Consolidated Income Statement, 14. Property, plant and equipment".	In conducting our audit, we gained an understanding of the relevant processes and internal controls on the balance sheet categorization of construction and restoration projects and the effectiveness of selected internal controls. This relates in particular to internal controls on the opening of orders in the SAP system in accordance with the internal accounting guidelines ("activation principles") as well as subsequent controls by asset accounting. Based on this, we have defined further auditing procedures. We have applied these audit procedures to a selected sample of projects (both investment and maintenance contracts). In addition to a random selection, the selection was made according to risk-oriented criteria taking into account project size, project designation, and project duration. The audits included, in particular, the review of project descriptions, the discussion of project content with the project managers and project controllers, and the assessment of the accounting decisions made. Where necessary, we have also looked into the billing and contract documents for the projects included in the sample.

Recognition and measurement of capitalized own work in connection with investment projects

Facts and risk and reference to further information	Audit process
EUR 293.6 million was capitalized for activities related to the planning and construction of assets in the 2017 financial year. The majority of the capitalized own work relates to personnel costs. Employees enter their service hours on orders which are transferred to the SAP system monthly with the rates charged. Own work is valued at plan cost rates during the year. At the end of the year, a re-calculation is carried out based on the actual costs and the actual productive hours of the employees. The calculation of the cost rates is mainly based on data that has been automatically transferred; individual calculation procedures also include manual steps. For the financial statements, there is a risk that the capitalized own work and the associated balance sheet items of the fixed assets will be misrepresented due to incomplete or incorrect service assessments or service evaluations. Information on the own work capitalized in the financial year is provided in the Notes to the Consolidated Financial Statements under item "B. Notes on the Consolidated Statement of Financial Position and the Consolidated Income Statement, 5. Other own work capitalized".	During the audit, we gained an understanding of the recognition and measurement of own work in connection with investment projects and of the effectiveness of selected internal controls. This applies in particular to internal controls relating to the recording of services provided. In addition, we checked the calculation of the cost rates and the basic data (mainly different cost types, service and attendance hours) used in this document for plausibility. This included a review of the distinction between expenses that can be capitalized and those that cannot be capitalized and their treatment in the calculation models. We discussed major deviations between the plan approaches and the actual values in the re-calculation with the respective business unit controllers or with the staff responsible for cost accounting.

Responsibilities of Management and of the Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU and with Section 245a Austrian Company Code (UGB), and for ensuring that they present a true and fair view of the assets, the financial position and the financial performance of the Group. In addition, management is responsible for such internal controls as it determines necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management intends to either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation and the Austrian Standards on Auditing, which require the application of ISA, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these consolidated financial statements.

As part of an audit in accordance with the EU Regulation and the Austrian Standards on Auditing, which require the application of ISA, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the by the management reasonableness of accounting estimates and related disclosures made by the management.

- conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Comments on the Consolidated Management Report

Pursuant to Austrian Generally Accepted Accounting Principles, the consolidated management report is to be audited as to whether it is consistent with the consolidated financial statements and as to whether it was prepared in accordance with the applicable legal regulations.

Regarding the consolidated non-financial statement contained in the consolidated management report, it is our responsibility to examine whether it has been prepared, to read it and to evaluate whether it is, based on our knowledge obtained in the audit, materially inconsistent with the consolidated financial statements or otherwise appears to be materially misstated.

Management is responsible for the preparation of the consolidated management report in accordance with Austrian Generally Accepted Accounting Principles.

We conducted our audit in accordance with Austrian Standards on Auditing for the audit of the consolidated management report.

Opinion

In our opinion, the consolidated management report was prepared in accordance with the valid legal requirements, includes appropriately stated information in accordance with Section 243a Austrian Company Code (UGB) and is consistent with the consolidated financial statements.

Statement

Based on the findings during the audit of the consolidated financial statements and due to the thus obtained understanding concerning the Group and its circumstances, no material misstatements in the consolidated management report came to our attention.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the consolidated management report and the auditor’s report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, to consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Additional information according to Article 10 of the EU Regulation

We were elected by Annual General Meeting as auditors on May 10, 2017, and appointed by the Supervisory Board on October 9, 2017. We have been auditors without interruption since the 2015 financial year.

We declare that the audit opinion in the section "Report on the Consolidated Financial Statements" is consistent with the additional report to the Audit Committee pursuant to Article 11 of the EU Regulation.

We declare that we have not provided any prohibited non-audit services and that we have maintained our independence from the audited company in the performance of the audit.

Beyond the audit of the audited company and the companies controlled by it, we have not rendered any services that were not disclosed in the consolidated financial statements or the consolidated management report.

Responsible Austrian Certified Public Accountant

The engagement partner on the audit resulting in this independent auditor’s report is Mr. Mag. Gerhard Posautz, Certified Public Accountant.

Vienna, March 29, 2018

BDO Austria GmbH

Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Mag. Gerhard Posautz	Mag. Peter Bartos
Auditor	Auditor

*) This report is a translation of the original report in German, which is solely valid. Publication or sharing with third parties of the Group financial statements together with our auditor's opinion is only allowed if the financial statements and the management report are identical with the audited version. This audit opinion is only applicable to the German and complete financial statements with the management report. Section 281 paragraph 2 UGB (Austrian Company Code) applies to alternated versions.

About this report

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